

# Shaping a new CPP

CPPGroup Plc  
Annual Report and Accounts 2023



# Shaping a new CPP

CPPGroup is on a journey to reposition itself as a digital parametric business with bold ambitions for the future, led by Blink Parametric and supported by our Indian and Turkish businesses. Our strategic priorities remain the right ones to deliver for our stakeholders in a growing and dynamic market.



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Highlights

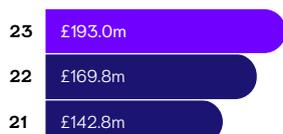
# A resilient performance

## Financial highlights

Revenue

**£193.0m**

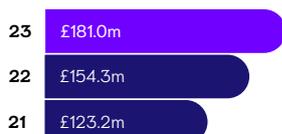
+14%



Revenue from Core business units<sup>1</sup>

**£181.0m**

+17%



(Loss)/profit before tax

**£(6.1)m**

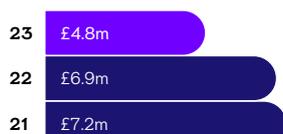
-351%



EBITDA

**£4.8m**

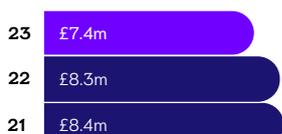
-30%



EBITDA from Core business units<sup>1</sup>

**£7.4m**

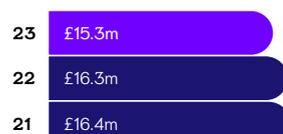
-11%



Net funds

**£15.3m**

-6%



1. Core business units comprise revenue and EBITDA from Blink Parametric, CPP India, CPP Turkey and Globiva.

## Operational highlights

- Group refocused on three Core businesses (Blink Parametric, CPP India and CPP Turkey) and performing well.
- Seven new business partners and a 100% client renewal rate for Blink Parametric.
- Strong growth in CPP India and CPP Turkey.
- Change Management Programme (CMP) proceeding as planned, with Phase 1 of the new Indian IT platform delivered.
- Exit from Legacy operations progressing as expected and at pace.
- Planned divestment of Globiva over three years for approximately £5.1 million. Disposal of minority interest in KYND for £2.6 million (February 2024).
- ▶ Read our Chief Executive Officer's statement on page 6

At a glance

# Assistance for better customer days

CPPGroup Plc is a UK AIM-listed business, with a history in creating and scaling assistance products that reduce disruptions to everyday life and make bad days better.

**Our purpose and product categories articulate the problems we are here to solve**

**My Health**

**£59.3m**

of revenue, +27% on 2022

Access to health check assessments, online doctor consultations and discounted medical, pharmacy, optician and dentistry services. Supported with life and critical illness insurance, and hospital cash cover.

**LivCare**  
**Mobile Doctor Services**

**My Finances**

**£43.5m**

of revenue, +11% on 2022

Immediate assistance and financial protection to protect payment cards and mobile banking.

**Card Protection**  
**ATM Protection**

**My Travel**

**£0.6m**

of revenue, +36% on 2022

Real-time, automated solutions if consumers' flights are cancelled or delayed or if their luggage is lost.

**Parametric Flight Disruption**  
**Parametric Lost Luggage**

**My Tech**

**£49.8m**

of revenue, +28% on 2022

Keeping consumers connected and protected through theft and damage insurance, repair and replacement services, and anti-virus software for phones and gadgets.

**Phone and Gadget Insurance**

**My Digital Life**

**£5.7m**

of revenue, +12% on 2022

Safeguarding consumers' online identities through the monitoring of online personal data in the event of data breaches.

**Dark Web Monitoring**  
**Identity Protection**  
**Mobile Payments Protection**

**My Home**

**£18.6m**

of revenue, -17% on 2022

Helping consumers look after their homes through preventative maintenance services, extended warranties for appliances and home emergency assistance, combined with entertainment features.

**Extended Warranty**  
**Home Emergency**

\* Other (primarily Globiva revenues): £15.5m of revenue, -9% on 2022.

These products are provided to over 10 million customers through long-standing partnerships with well-established insurance, banking and finance companies either as embedded solutions or as relevant add-ons to enhance their core offering and deliver additional revenue streams.



## We operate across three Core businesses

We keep it focused. Our structure is straightforward with the Group promoting best practice and specialist expertise through three agile and decentralised Core business units.



### Blink Parametric (Blink)

An award-winning InsurTech business with a global parametric platform, Blink supplies insurance companies with embedded technology solutions which deliver real-time automated claims assessment and payments.

We have 17 active distribution customers in markets across North America, Europe, the UK and Asia.

We are building scale through investments in capabilities, processes and people to capitalise on the recovering travel sector.

Customers  
**1.4m**

Number of policies with Blink technology included

Revenue  
**£0.8m**

(+85%)

EBITDA loss  
**£(1.8)m**



### CPP India (including Globiva)

Our largest business, CPP India distributes its products and services primarily to market-leading non-banking financial companies in India.

Its strength comes from designing products at a local market level and partnering with third parties to create service wrappers that drive value for partners and their end customers.

We focus on organic growth through new product development and securing new partners, supported by advancements in its digital capabilities.

This market also includes our interest in Globiva, a leading Business Process Management (BPM) company.

Customers **8.8m** Revenue **£175.5m** EBITDA **£8.0m**

(-11%)

(+17%)



### CPP Turkey

CPP Turkey is a multi-partner, multi-product business with a growing micro-insurance and assistance product portfolio.

We have over 22 long-standing partnerships across the mobile, digital, insurance and financial services sectors enable organic growth through access into new partner channels and sector verticals.

Customers **1.3m** Revenue **£4.7m** EBITDA **£1.2m**

(+27%)

(+46%)

## We have a clear ambition and plan for the future

Our corporate strategy to 2026 is to exit our Legacy operations and migrate towards a digitally focused parametric business, led by our purpose and our Core businesses – Blink, supported by CPP India and CPP Turkey.

**Led by our purpose**  
Making bad days better

**To be guided by refreshed values and behaviours in 2024**

**Informing our ambition**  
To be a global digitally led parametric business

**A globally scalable, growth focused business with a lower central cost model and a suite of higher margin, tech-based products**

**Delivered by our strategic priorities:**

- Scaling Blink
- Growing our Indian and Turkish businesses
- Addressing IT infrastructure
- Simplifying the Group

➤ See pages 16 and 17

# A growth-led strategy for all stakeholders



**David Morrison**  
Non-Executive Chairman

The last year has been one of notable progress for the Group, as it set about implementing the outcomes of its strategy review concluded in October 2022.

The accompanying CMP, a set of detailed operational plans and activities by which the Group will achieve its desired outcomes, will, at its conclusion, see the business exit fully from its Legacy operations and migrate towards a digitally focused parametric business, led by Blink and supported by CPP India and CPP Turkey.

We have made good progress; the Group achieved almost all of the objectives it set itself for 2023, with only the second and smaller phase of the new IT platform for its Indian business being delayed until the spring of 2024. However, we will not rest on our collective laurels, as we look to build a business which delivers sustainable long-term value for shareholders.



2023 was a year of strategic momentum for the Group and will shape how CPP operates over the coming years, ensuring the long-term sustainability of the business.”

## Strategy for growth

Our strategy remains unchanged, and there have, particularly in the last quarter of 2023, been several indicators that suggest it is both robust and appropriate:

- Blink, the Group's parametric business primarily focused on providing digitally delivered assistance products to the global travel market, has secured seven new client wins and exited the year with a record pipeline of new business opportunities. In addition, Blink achieved a 100% renewal rate of its existing client base and, in most instances, secured volume growth.
- Our businesses in India and Turkey, despite currency headwinds, have achieved growth in revenues and profitability.
- The Group's Legacy businesses, which, as expected, continued their decline in 2023, have started to be closed or wound down. During the year the Group exited from its operations in Spain and commenced the closure process for its business in the UK.

## Change Management Programme

The CMP consists of seven inter-dependent projects, which include the delivery of a new standalone IT platform for CPP India, a capacity and functional build for Blink, and an orderly exit programme from our Legacy operations.

Some key highlights on the good progress achieved in 2023 include:

- new IT platform (Phase 1) for Indian business delivered in August 2023;
- investment in Blink's operational capacity to support future growth;
- closure of Legacy operations in Spain;
- closure planning for the Legacy UK business completed, with closure process to commence in 2024; and
- planned divestment of Globiva for approximately £5.1 million announced in November 2023.

The plans and objectives that we have set ourselves for 2024, particularly those relating to the closure of the Legacy businesses and associated IT platforms, are demanding. We are, as ever, mindful that not all such endeavours proceed exactly as planned and there may well be disappointments and delays along the way. However, through the CMP that we have put in place, we aim to mitigate risk and meet expectations.

## Financial results

Group revenues, which include results from our Legacy operations, increased by 14% to £193.0 million whilst EBITDA of £4.8 million (2022: £6.9 million) was, as expected, lower than the prior year.

The trading performance from Core operations (Blink, CPP India, CPP Turkey and Globiva) was robust, with revenues increasing by 17% to £181.0 million whilst EBITDA, which also includes central costs, reduced to £3.0 million (2022: £5.0 million).

Our balance sheet shows cash of £19.0 million (2022: £21.0 million), which allows the Group to fund its working capital and CMP commitments.



With what we have achieved through the Change Management Programme so far, I remain confident that we have all the building blocks in place to achieve our goal of migrating CPP to a digitally led parametric business.”

## People

I am firmly of the view that there are few businesses of our size and resources which could have contemplated the challenge of transforming from one business model to another. That we have chosen to do so, achieved so much and still delivered revenue growth from our Core operations is a clear testament to the quality, dedication and hard work of our colleagues across the Group, for which I would like to express my gratitude.

## Board and shareholders

Following certain allegations made against Hamish Ogston in a newspaper article in the latter part of last year, I stood down as his nominee on the Board, but was invited to remain in post as an independent Non-Executive Director and Chairman. For the avoidance of doubt, Mr Ogston remains a substantial and supportive shareholder, but he has had no active engagement in the Company since 2013. Subsequent to the article in question, it was not considered an appropriate time to continue with the process to find an additional Non-Executive Director, and there is currently no search in train. However, the membership of the Board will be reviewed again during the course of this year.

## Outlook

We have had a positive start to the year with trading performing in line with expectations and we are encouraged by the good pipeline of new business within Blink. There is much to be satisfied with, but we remain cautious and measured, as there is much to do between now and the end of this year and next.

## David Morrison

Non-Executive Chairman

25 March 2024



# Strategic execution on track and building momentum



**Simon Pyper**  
Chief Executive Officer

## Full year performance

That we have been able to implement and execute the CMP, to divest non-core businesses such as Globiva and KYND, and, at the same time, deliver growth from our Core business is, I believe, a testament to the quality of the people that I have the privilege to work with.

The Group's key Indian and Turkish businesses, despite currency headwinds, performed well. Both businesses added new partners and new products and are well positioned to make further progress in 2024. Blink, the Group's parametric business, primarily focused on the global travel market, also made good progress, securing seven new business partners, and achieved a 100% renewal rate of its existing client base. These are further proof points of the value Blink provides to both the insurer and end customer.

“

We are encouraged by the progress of our strategic execution and continue to focus on becoming a digitally focused assistance company for partners, customers and colleagues alike.”

Despite good revenue growth, EBITDA from our Core business units was lower than prior year at £7.4 million (2022: £8.3 million) reflecting the investment in Blink and a mix change in CPP India product sales, both of which were expected, and £0.8 million adverse currency movements, which were outside of our control.

- Blink investment:** Blink is the Group’s only global product, one currently focused on delivering parametric InsurTech solutions to the worldwide travel insurance market. It forms a key part of the Group’s strategy and requires sustained investment over the near to medium-term if it is to realise its full potential. Blink reported an EBITDA loss of £1.8 million compared to a marginal loss in the prior year.
- Indian margin erosion:** as expected, CPP India’s gross profit margin has been adversely impacted by the growth of lower margin products such as LivCare and, to a lesser extent, the customer acquisition costs associated with a growing Card business. CPP India’s gross profit margin reduced by 1.2 percentage points to 9.3% (2022: 10.5%).

- Currency headwinds:** the Group derives 91% of its revenues in Indian rupees which weakened by 6% against sterling during the period. On a constant currency basis, the Group would have reported an additional £0.8 million of EBITDA. A comparatively weak position with our main trading currencies may well continue for the foreseeable future.

The operating loss of £6.4 million (2022: £2.6 million profit) includes depreciation charges of £2.8 million (2022: £2.5 million) and exceptional items of £8.4 million (2022: £1.7 million) which are associated with the CMP.

## Business unit performance

£ millions	Revenue			EBITDA <sup>1</sup>		
	2023	2022	Change	2023	2022	Change
CPP India	161.0	134.8	19%	5.8	5.6	5%
Globiva	14.5	15.8	(8)%	2.2	2.4	(10)%
CPP Turkey	4.7	3.2	46%	1.2	0.7	59%
Blink	0.8	0.5	85%	(1.8)	(0.4)	(291)%
Core business units total	181.0	154.3	17%	7.4	8.3	(11)%
Central Functions	—	—	n/a	(4.4)	(3.3)	(30)%
Core total	181.0	154.3	17%	3.0	5.0	(39)%
Legacy <sup>2</sup>	12.0	15.5	(22)%	1.8	1.9	(8)%
Group total	193.0	169.8	14%	4.8	6.9	(30)%

1. EBITDA represents earnings before interest, taxation, depreciation, amortisation and exceptional items.

2. Legacy comprises the UK, Spain, Italy and Portugal.

### CPP India: EBITDA of £5.8 million (2022: £5.6 million), EBITDA margin of 3.6% (2022: 4.1%)

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 has increased by £26.2 million or 19% versus prior year and by 27% on a constant currency basis. Growth has been driven by LivCare, which is a health and wellness product sold via our largest business partner, Bajaj Finance Limited (Bajaj). Whilst this product does secure strong new business for both the Group and Bajaj, it is, and will continue to be, a relatively low-margin product for CPP India. The resulting mix change in sales volumes from higher margin products to LivCare reduced CPP India’s gross profit margin by 1.2 percentage points to 9.3% (2022: 10.5%), which equates to £1.9 million in gross profit.

In August, the Group delivered Phase 1 of a new IT platform for CPP India, which is now operational servicing Bajaj policies. Phase 2, due to go live in the spring of 2024, will allow CPP India to operate independently from the Centre and to service its growing partner base more effectively. Additionally, once the new IT platform is fully operational the Group will be able to close down its costly legacy IT operations.

The EBITDA margin reduced by 0.5 percentage points reflecting both the reduction in the gross profit margin and the increase in operating costs, some of which reflects the profit-based reward structure for the in-country executive team.



## Blink

Blink is a technology and software platform provider focused on delivering innovative Travel Disruption (flight delay and lost luggage) solutions for the global travel sector. It is the Group’s only offering which can be sold, serviced, and delivered across multiple geographies. Blink, is along with CPP India and CPP Turkey, the future of CPP Group.

## Chief Executive Officer's statement continued

### CPP India continued

Bajaj has informed the Group that due to regulatory changes it is transferring a portion of its LivCare book to locally based insurers. The sale of these LivCare policies ceased in March 2024. However, due to the benefits derived from the CMP, the Group expects to absorb the estimated EBITDA shortfall from LivCare within its current market estimates.

### Globiva: EBITDA of £2.2 million (2022: £2.4 million), EBITDA margin of 15.2% (2022: 15.5%)

Globiva is 51% owned by the Group and provides outsourced customer relationship management, back-office functionality and automated human resource services to a predominantly tech-focused client base. As a consequence of the well-publicised global tech downturn, the business, which has a significant number of tech companies on its roster, has seen a softening in seat occupancy and consequently revenues. In addition, given the relatively high operational gearing of such businesses, the softening in revenues has had an immediate, albeit modest, adverse impact on EBITDA growth.

In November 2023, the Group announced a phased divestment of its shareholding in Globiva for an aggregate consideration of approximately £5.1 million. The divestment of Globiva, which will be completed in early 2027, is consistent with Group's strategy and, moreover, provides a satisfactory outcome for both parties.

### Turkey: EBITDA of £1.2 million (2022: £0.7 million), EBITDA margin of 24.6% (2022: 22.6%)

CPP Turkey performed well during the year with EBITDA increasing by 134%. That the business has been able to deliver real growth following the earthquake in February and in such a turbulent economic environment reflects the quality and strength of our proposition, of our relationships with our business partners and of our newly formed management team.

### Blink: EBITDA loss of £1.8 million (2022: £0.4 million loss)

Blink is a technology and software platform provider focused on delivering innovative travel disruption (flight delay and lost luggage) solutions for the global travel sector. It is the Group's only offering which can be sold, serviced and delivered across multiple geographies. Blink is, along with CPP India and CPP Turkey, the future of CPP Group.

Towards the end of last year as part of the Group's CMP, we set in place two workstreams, one focused on building capacity (people, processes and structures) and the other on growth (new product development and sales and marketing). These workstreams will not fully conclude until Q1 2024. The necessary investment into Blink as part of this has led to the increased full year EBITDA losses compared to prior year.

Whilst it is too early to draw conclusions from our full year results, there are a number of proof points, such as seven new client wins including several blue-chip insurance clients, the 100% renewal of partner contracts in 2023 (including Blue Cross in Canada) and numerous industry awards, all of which suggest that both our approach and strategy are sound. At the same time, Blink has also demonstrated the quality and value of its proposition to its partners with policies sold which includes Blink's services increasing by 46%, the volume of flights tracked by Blink increasing 78% and claims paid using Blink's technology increasing 63%.

### Legacy business: EBITDA of £1.8 million (2022: £1.9 million)

Following the withdrawal from China, Mexico and Bangladesh in 2022, we continue to make good progress with exiting our Legacy businesses. As forecast, revenue from the UK and European back books (predominantly Card Protection and Identity Protection) continued to decline. However, EBITDA reduced modestly by £0.1 million as the commencement of closure activities across our Legacy markets reduced costs, most notably in Spain which included beneficial commission terms on the transfer of certain business to underwriters.

In the final quarter of 2023, the Group completed the closure of its Spanish business and commenced the wind-down and closure process for its UK operations.

### Central costs: £4.4 million (2022: £3.3 million)

Central overheads before appropriate recharge to business units are £10.1 million (2022: £9.0 million), of which £3.7 million (2022: £3.5 million) relates to the cost of the Group's IT operations. The new IT platform for our Indian business when fully deployed will enable the decommissioning of our expensive legacy IT systems. There will be dual-running costs into H1 2024, but we expect a significant reduction in the running cost of the Group's IT estate thereafter. Net of recharges, our reported central costs have increased by £1.1 million (30%) due to costs associated with Legacy closures, preparations for decommissioning legacy IT platforms and additional share scheme charges.

### Operational highlights

From an operational perspective, the Group is now at the implementation stage of its CMP which, at its conclusion, will see the Group exit from its Legacy businesses and focus on growing its Core Blink, Indian and Turkish operations. The Group achieved the majority of its 2023 objectives, having over the past year delivered the first phase of a new IT platform for its business in India, exited from its Legacy operations in Spain and commenced the closure process for its Legacy UK business.

## Change Management Programme

In October 2022, we announced our strategy to shift towards an InsurTech business led by Blink and supported by CPP India and CPP Turkey, whilst addressing the challenges presented by our declining Legacy book. The CMP is the ‘how’ we build a better future for the Group, one which on completion will provide better outcomes for all shareholders and other stakeholders.

Planning:	Implementation:		
<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<ul style="list-style-type: none"> <li>Established a Change Management Programme and timeline for implementation.</li> </ul>	<ul style="list-style-type: none"> <li>India IT platform Phase 1 (Bajaj products) operational in August.</li> <li>All material Legacy books in run off.</li> <li>Initial Blink scalability requirements complete.</li> <li>Globiva disposal agreed.</li> </ul>	<ul style="list-style-type: none"> <li>India IT platform Phase 2 (Card products) operational in the spring.</li> <li>Legacy IT platforms decommissioned.</li> <li>Legacy books continue to runoff/close.</li> <li>Legacy customer data minimised and securely stored.</li> </ul>	<ul style="list-style-type: none"> <li>Legacy books continue to runoff/close in line with plan to minimise residual activity.</li> <li>Central model adjusted in line with requirements.</li> <li>CMP complete.</li> </ul>

In 2023 we achieved all but one of the objectives that we set ourselves, with only Phase 2 of the new IT platform for CPP India delayed to the spring of 2024.

During the year we delivered:

- Phase 1 of new IT platform for CPP India delivered in August. The platform is fully operational with over 5 million live policies being administered and serviced.
- Blink launched a new market-leading, white-labelled online user experience platform. The scalability and speed of deployment increased, with a step change in infrastructure and operational capability supported by hiring of senior operational, customer service and technical management roles.
- Spanish Legacy business closed in November.
- Italian portfolio transferred from legacy IT systems to a third party fully managed service provider in June.
- Wind-down and closure programme for the UK business is underway.
- Planning finalised for the decommissioning of the Group’s expensive legacy IT systems. Decommissioning is expected to be complete in H1 2024.

Our objectives for 2024 include: the decommissioning of legacy IT platforms; migration of legacy customer data to lower cost third party platforms; continued investment in Blink; and the delivery of Phase 2 of the new India IT platform.

### Our colleagues

I would like to thank all my colleagues for their commitment, hard work and professionalism. We should take pride in what we have achieved thus far and we should be confident about our future and the business we are building together.

### Outlook

We are confident about the outlook and growth prospects for our Core operations although adverse currency headwinds look set to continue for the foreseeable future. The CMP is expected to consume cash as we continue to exit from our Legacy business and incur closure costs, such as redundancies. That aside, our focus remains unchanged, on reshaping and building a business which will improve outcomes for all stakeholders over the longer-term. Whilst progress is never as fast as I would like, I remain confident that we are travelling in the right direction and at an appropriate speed.

### Simon Pyper

Chief Executive Officer  
25 March 2024

Strategic framework

# A growth focused approach

## Key business ambition

To move CPP to a global InsurTech business model, transforming the way we provide assistance to ensure our business partners and their customers benefit from their relationship with us for the longer-term.

## How we achieve this

We will be guided by our purpose of 'making bad days better' to create, deliver and scale assistance products and solutions.

## Our strategy

To exit our Legacy businesses and migrate towards an InsurTech business model, led by Blink and supported by CPP India and CPP Turkey.

### Our growth strategy

- Organic growth through the extension of key contracts and diversification of our business partner base.
- Operationally scaling our Blink business unit, which has global reach.
- Development of innovative products to serve new and growing consumer segments.
- Brand, marketing and thought leadership development.

### Our enabler strategy

- Delivering the new Indian IT platform to better service business partners in market and drive operational efficiencies.
- Simplifying the Group through the exit of our Spanish, Italian and UK Legacy businesses.
- Decommissioning our expensive legacy IT platforms in favour of market responsive and lower cost models.
- Divesting shareholdings in non-core businesses to allow re-investment in our InsurTech model.
- Investing in the culture and talent required to scale each of our Core businesses.

## Delivering

Purpose-led organisation

Global, growth orientated business

Tech-based, higher margin products

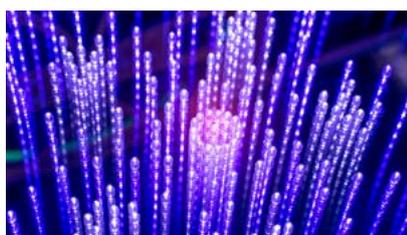
Accelerating growth of Annualised Recurring Revenue

Removal of the drag of the Legacy business on the Group's value

Investment case

# Building a strong foundation in attractive markets

As we invest in accelerating our transition to a parametric business with increased digital delivery, we will forge an ever closer relationship with our business partners to deliver long-term value creation.



### InsurTech focus

Parametric services are changing the shape of the insurance market. Blink, the Group's parametric InsurTech business, continues to progress well, contracting with seven new blue-chip insurance clients to provide parametric services to the travel market. The business provides an opportunity for rapid medium-term value creation and completes the year with high-margin Annual Recurring Revenue of £1.0 million, an increase of 63%.



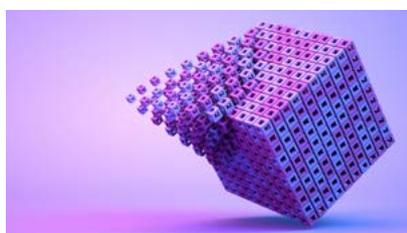
### Established businesses in growth markets

We have established, well-managed businesses in India and Turkey which have been growing rapidly for a number of years. India is an exciting market, with a growing middle-class and consistently strong GDP growth which will continue to fuel the addressable market for both our own products and those of our partners.



### Simple operating model focused on sustainable growth from a lower cost base

A simplified structure focused on three Core growth businesses (Blink, CPP India and CPP Turkey). Non-core investments are being exited along with an accelerated withdrawal from Legacy operations. These actions will improve profit sustainability, while completion of the CMP will lower the cost of delivery and benefit margins in the medium-term.



### Partnerships with leading global businesses

We create products that bring our partners ancillary revenue streams, profit and enhanced customer loyalty, as well as delivering highly valued services to their customers.



### Sufficient resources to transform the business

A cash position of £19.0 million at the end of 2023, along with expected future cash flows from growth in our Core operations and the realisation of value in non-core investments provides the Group with sufficient resources to complete the CMP, as well as fund investment in Blink.

## Business model

# A model to accelerate growth

A decentralised, resilient model creating future value for all stakeholders.

### Sources of value

#### Talent

Caring and committed colleagues, with a decentralised structure to empower growth in our Core business units.

#### Technology

A parametric platform and standalone IT infrastructure in India and Turkey enable us to serve partners and customers in market effectively.

#### Business partnerships

The breadth of our partnerships gives us unique insights into the needs of partners and their customers to drive the development of our solutions.

#### Operational excellence

A strong control environment helps us manage risk effectively and maintain operational resilience.

### What and where

#### What we do

Our businesses deliver everyday assistance products and solutions with a low ticket cost, including flight delay and lost luggage; personal cyber; healthcare services; payments and device protection; and home assistance services.



#### Where we do it

These products are either embedded as Software as a Service (SaaS) within partners' core products globally or combined with third party services to augment partners' propositions in India and Turkey to fit commercial and consumer needs.

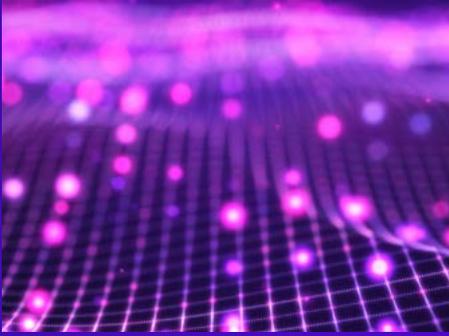
**Sold and renewed to customers in three formats**



**Retail**  
 Customers are offered assistance products for an annual price. These can be one-time revenue streams or renewable on an annual basis.  
 Business partners benefit from acquisition and renewal commission payments, as well as product, claims management and customer service expertise.



**Wholesale**  
 Wholesale variants of our retail products are offered to business partners who wish to offer their customers inclusive and enhanced benefits to their core product or service.  
 These are funded by the partner, with commercial terms based on volume and redemption assumptions.



**SaaS**  
 Distribution partners pay a minimum recurring per-user fee, alongside multi-year contracts, for service provision to our parametric software solutions, leading to strong visibility on high-margin recurring revenue streams.

**Delivered through multi-channel, white-labelled business partner experiences**

**What our model delivers**

**For business partners**

Creating shared value with our trusted business partners through the delivery of differentiated products and solutions that improve usage and attract and retain their target customers.

**For customers**

Showing our care and commitment through the delivery of transparent assistance and digital experiences.

**For our colleagues**

Providing meaningful careers, development and a flexible environment.

**For shareholders**

Consistent double-digit revenue growth. Investment in Core businesses to drive a lower central cost model and higher-margin products to provide future sustainable returns.

**For society**

Development of an ESG strategy to fulfil our responsibilities to our communities and the environment.

Market overview

# The trends shaping our business

We recognise the need to adapt to changes in the environment, including emerging threats and the opportunities presented by new technology and changing partner and consumer mindsets.



## Uncertain economic outlooks

### What we are seeing

The global economy is at an uncertain moment, with geopolitical and societal vulnerabilities continuing to build. Inflation has reached multi-decade highs in many economies resulting in continued cost-of-living stress for consumers – 80% of consumers in the UK and 65% in India are concerned over high prices and inflation<sup>1</sup> – which will impact our partners through loan delinquency and reduced lending. The renewal of products and services may too face pressure due to the drag on consumer finances.

### Our response

- Development of value for money products and services that deliver peace of mind, resilience and protection for consumers, whilst providing additional revenue streams for partners.
- Improvements in the customer experience to maintain our renewal income in CPP India and CPP Turkey, and the inclusion of wider services to drive engagement and usage.
- Building for long-term value through deepening our relationships with partners to access more distribution channels with a wider product set.



## Embedded insurance growth

### What we are seeing

Spurred on by the growth of embedded finance, embedded insurance is creating new channels for micro-insurance distribution that cater to new and underserved customer segments. As financial transactions become more digital, and elements of the Internet of Things (IoT) are incorporated into more properties and devices – such as appliances, wearables and homes – the potential for embedded insurance is forecast to expand to \$722 billion in global GWP by 2030<sup>2</sup>. This will see the volume of insurance premiums increasingly built into types of third party transactions (e.g. retailer), bypassing traditional insurers.

### Our response

- We are focused on supporting our partners with the development of micro-propositions that target these new segments including Unified Payments Interface (UPI) cover and mobile phone screen protection in India. These products can be easily integrated into multiple channels through the delivery of our new IT models.
- Investment in our Blink parametric platform to provide transparent, flexible and personalised products for our partners that integrate into the embedded insurance opportunity.



## Rapidly accelerating technology

### What we are seeing

Digital disruption across global insurance and financial services markets continues at pace with customer preference for digital channels growing, making investment in digital infrastructure essential. The industry is witnessing a surge in the use of AI, telematics and IoT. This will lead to an increase in new data, new product categories, more personalised pricing and real-time service delivery, driving the rise of parametric insurance. In addition, a lower consumer receptiveness to outbound telemarketing due to the preference for online channels may decrease conversion rates in this CPP channel in the longer-term.

### Our response

- Investing in locally aligned IT solutions that build on our core strengths and enable better integration into partner channels, diversification of channel mix, and quicker deployment and customisation of propositions.
- Invested in the development and implementation of a new product toolkit and process within our Blink business to leverage new, more real-time data sources to develop a wider range of propositions for partners.

Links to risks	1	1	1 2 5
Links to strategy	1 2	1 2	1 2 3



### Increased customer centricity

#### What we are seeing

Across the industry, we will see advancements in claims processing and engagement with customers continuing to be a priority – especially as insurance providers have less scope to differentiate themselves on price due to the cost-of-living pressures. Because of this, insurers are looking to establish their product as more competitive in another way – through a better user experience, utilising AI, automation to optimise pricing, the shift away from legacy methods of inspection/repair and increased outsourcing in high-frequency, low-severity lines.

#### Our response

- We continue to invest in our digital strategy to deliver increasingly configurable propositions to our partners and their changing models, making our customer interfaces more engaging and intuitive by strengthening their digital engagement layer with data analytics to elevate the customer experience and support hassle-free claims for our partners.
- Our Blink business launched a new white-labelled user experience to drive further usage and engagement.



### Travellers planning for uncertainty

#### What we are seeing

Global leisure travel remains robust, up roughly 31% in March 2023 compared to the same period in 2019, representing an impressive 25% year-over-year-to-date change from 2022 to 2023<sup>1</sup>. While COVID-19-related concerns and cancellations have reduced, the disruption caused by the virus remains. To protect against the unexpected, including cost-of-living pressures, the sector has responded with increased Cancel for Any Reason cover and flexible booking policies. Consumers have also responded with an increased intention to purchase travel insurance – up from 21% of travellers (France, Germany, Italy, Belgium and the UK) in 2019 to 55% in 2022<sup>4</sup>.

#### Our response

- We have invested in the scaling and improvement of our travel solution products – including the improved tracking of flights and automatic tracking of lost luggage to deliver transparent products that deliver a real-time resolution and increase confidence.
- The Blink roadmap will pinpoint areas of uncertainty and complexity when travelling to help travellers steer through changing plans and provide additional peace of mind.

1. Ford Future Trends, 2023.
2. InsTech London and Simon Torrance, 2021.
3. Mastercard, 2023.
4. Allianz Partners, 2023.



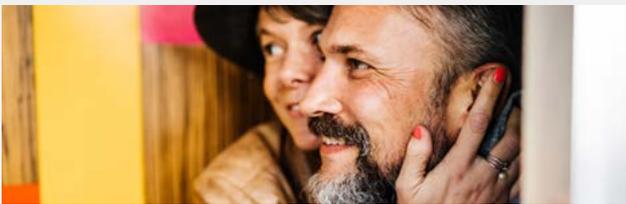
Links to risks	<a href="#">1</a> <a href="#">2</a>	<a href="#">1</a> <a href="#">2</a>
Links to strategy	<a href="#">1</a> <a href="#">3</a>	<a href="#">1</a>

Our strategic priorities

# A strategy for change and progress

In October 2022 we set out our strategy, one which will see CPP move away from its Legacy businesses towards a digital parametric business for tomorrow, led by Blink and supported by CPP India and CPP Turkey.

## 1 Scaling Blink



### How we shaped CPP in 2023

- Scalability programme to drive capabilities, improve operational controls and enhance our infrastructure and security environment, supported by hiring of senior operational and technical roles.
- Creation of a Customer Success function to secure retention of existing clients including Blue Cross on multi-year agreements.
- Creation of a product idea toolkit and product development process embedded to develop propositions within and outside of the travel insurance sector.
- Refreshed user experience contributing to an increase in the number of flights tracked, increased usage, increase in claims paid and agreements with clients.
- Growth of prospective client base through the effective targeting of multi-national and regional insurers. The pipeline has begun to materialise with recent client wins including a global agreement with MAWDY (a MAPFRE company) and a regional agreement with Zurich in Asia Pacific.

### 2024 objectives

- Completion of the operational scalability programme in Q1 2024. We will continue to focus on the reliability and security of our platform through future ISO 27001 accreditation.
- Annual Recurring Revenues to more than double over 2023 levels as we look to further monetise the pipeline and develop go-to-market strategies for new products.
- Development of marketing strategy to position Blink as a thought leader in parametric solutions for travel and a reputation as a partner of choice.
- Development of people strategy and colleague value proposition to ensure that we attract and retain the right talent to deliver on the business opportunity.

## 2 Growing our Indian and Turkish businesses



### How we shaped CPP in 2023

- A strong year in India, fuelled by increased demand for our health and wellness proposition.
- Diversification of our business partner base through new partner agreements in both markets and contract extensions with Lendingkart in India.
- Successful deployment of new product launches including a health product in Turkey and a new health and wellness protect in our Indian markets.

### 2024 objectives

- Extension of our multi-partner distribution relationships in Turkey and India to protect against economic volatility and distributor concentration risk.
- Expansion of the current Bajaj Finance relationship in India. A significant milestone in 2024 is the Bajaj contract renewal.
- Extend in new channels and new customer segments with existing partners through new products, including a screen damage product in rural India and penetrating the dominant agency channel in the Turkish insurance market.

Links to risks

➤ See pages 35 and 36



➤ See pages 35 to 37



**Outcomes of the strategy:**  
Purpose-led organisation

A global, growth orientated business

This strategy remains unchanged as it propels the Group forward with clarity and confidence so that it can unlock its potential value.

In 2023 we laid the foundations and commenced the implementation of the strategy. We have made a strong start, delivering the majority of our key milestones and demonstrating early markers of confidence through new business partner agreements across our Core business units, 100% renewal rate of our existing Blink client base and increased customer volumes.

We now stand at the real crux of the implementation phase with several interdependent projects of the CMP reaching their core delivery points and so ensuring that the new shape of the Group is completed by 2026.

### 3 Addressing IT infrastructure



#### How we shaped CPP in 2023

- Our IT systems are vital to making us flexible and responsive, and able to quickly adapt our offering for our clients. Phase 1 of the India platform was delivered in August with all Bajaj policies now serviced through the platform. The platform supports new capabilities and supports colleagues to deliver an excellent customer experience.
- A new target operating model has been designed to manage the new Indian platform.
- The Italian Legacy business transferred its policies onto a third party managed platform to allow for the decommission of our expensive legacy systems.

#### 2024 objectives

- The second phase of the new IT platform for India will be delivered in spring 2024, transferring the remaining products and partners, and enabling CPP India to operate independently from legacy technology and respond at pace to partner needs.
- Development of a robust, independent IT infrastructure in our Turkish business to efficiently serve business partners and respond to market requirements.
- Transfer the UK Legacy book of customers onto a third party managed platform.
- Completion of the migration of our legacy data to secure third party platforms as we decommission our expensive legacy platforms in H1 2024 resulting in reduced IT costs across the Group from H2.

➤ See pages 35 to 37



### 4 Simplifying the business and lay the foundations for the new model



#### How we shaped CPP in 2023

- The closure of the Legacy Spanish business was completed in Q4 with the transfer of the majority of our renewal book to underwriters and closure of other contracts and product lines in the country.
- Planning for the wind-down and closure process of our UK business is scoped, agreed with the UK regulators and underway. Renewals ceased on 31 December 2023.
- The Group reached an agreement to dispose of our 51% holding in Globiva, an Indian Business Process Management company, over the next three years for an overall consideration of approximately £5.1 million. This simplifies the Group and provides cash flow to support the CMP.
- We refreshed our look and corporate websites to signify a meaningful change within the business, and better reflect our digitally-led parametric market positioning.
- 2023 saw the creation of an ESG Committee for the Group to identify our material and climate-related risks and opportunities to bolster our longer-term sustainability.

#### 2024 objectives

- In Q1 2024 we sold our minority interest (13.3% fully diluted shareholding) in KYND, a provider of cyber risk management solutions, for £2.6 million. The additional cash resources generated from the disposal will be used to support the CMP and invest further in our Blink business.
- Renewals cease in the UK, leading to the run-off of all policies by the end of 2026.
- Appropriate exit options from the Italian market to be planned.
- Each of our business units has its own culture and behaviours, and we will be working across the Group to bring this together to develop a core CPP identity and set of corporate values in H1 2024 to support our path towards becoming a purpose-led organisation.
- Development of an ESG strategy in H1 2024 to deepen our connection with our communities and colleagues and ensure we respond to identified risks and opportunities.

➤ See pages 35 to 37



Differentiated, higher-margin tech-based products

Accelerating growth in Annualised Recurring Revenue (ARR)

ESG and TCFD

# A path to sustainable value

CPP is a business that is guided by its purpose of ‘making bad days better’, and it is in our nature to extend this into our Environmental, Social and Governance (ESG) strategy to better position us for commercial growth, with a positive impact on society and the environment.

The Board recognises the importance of ESG and has created an ESG Committee to oversee and support Management in the implementation and development of the Group’s ESG strategy. The ESG Committee’s terms of reference are available on our website at [corporate.cppgroup.com/about-us/responsibility](https://corporate.cppgroup.com/about-us/responsibility).

In 2023 we refreshed our ESG framework following qualitative analysis on the material issues influencing the Group and our stakeholders. We plan to deliver our ESG goal of contributing to a sustainable future through the promotion of financial and social equality and resilience in the following ways:

ESG pillars	Material issues (high importance and high impact)	ESG sustainable goals
<p><b>Consumer resilience</b> Developing affordable, real-time assistance products that boost resilience and protection for consumers.</p>	<p><b>Technological innovation</b> <b>Customer experience</b> <b>Product innovation</b></p>	<p>We have aligned our ESG strategy with the UN Sustainable Development Goals (SDGs):</p> 
<p><b>Empowering colleagues</b> Creating a purposeful, engaging and rewarding culture that nurtures conditions for diversity, inclusion and wellbeing, and where our colleagues are engaged, developed and rewarded.</p>	<p><b>Colleague development and retention</b></p>	
<p><b>Responsible business</b> Strong governance.</p> <p>Raising colleague awareness on climate change and understanding and reducing the environmental impact of our operations.</p> <p>Improving equality and inclusivity in our communities through training, job creation, volunteering and fundraising.</p>	<p><b>Data governance and cyber security</b> <b>Regulatory environment</b> <b>Systems resilience and disaster recovery</b> <b>Responsible partnerships</b></p>	

### Consumer resilience

The Group is focused on the development and innovation of its technology infrastructure. We believe that strong, agile technology is key to the provision of high-quality customer experiences and a cornerstone to enabling speed and flexibility in product innovation; as such it also sits at the heart of our ESG response.

The first phase of a new customer services platform for the Indian business was delivered in 2023, providing a flexible modern technology solution that enables us to better serve our business partners and improve the pace and options for new product delivery. Investment has also continued within our Blink business, with focus on both ongoing development of the business' core technology, and the implementation of an enhanced customer experience and new product development process.

➤ Further detail on our progress can be found on pages 16 and 17

### Empowering colleagues

**Our people are fundamental to our success.**

We aim to create an environment where all colleagues can thrive, nurturing a culture of belonging and trust, whilst promoting inclusivity and diversity within our teams.

We engage with our colleagues in numerous ways, including quarterly All-Colleague Q&A calls with the Group's Executive Management Committee as well as through a Group-wide intranet. During 2023 the focus of our people strategy has been to support our colleagues through the implementation of the CMP. In H1 2024, we aim to collaborate with colleagues to refresh our values in line with our strategic ambitions and ensure that our purpose is embedded across the business.

To support our transition into a digitally led parametric business we need to ensure that colleagues have the right skills and values, and that we attract and retain diverse talent. A people strategy is under development within Blink to support its next stage of growth. At the Group level we will refresh our Great Performance Conversations to ensure colleagues are clear about ways to enhance their development and feel supported in the delivery.

### Responsible business

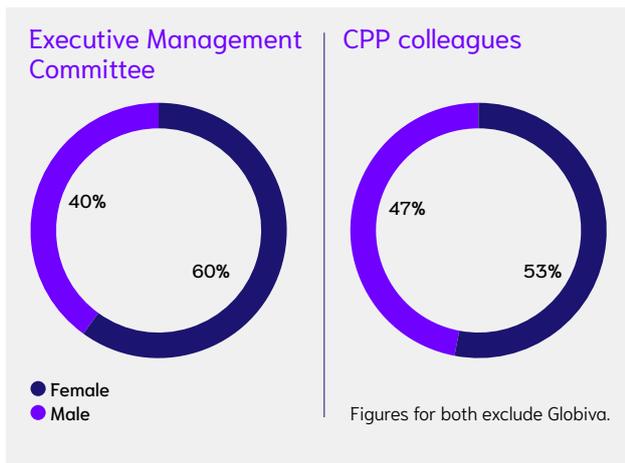
We have robust systems of governance and controls in place to ensure transparency and integrity in decision making across the Group, including mandates and policies at both Group and local levels and an established structure of oversight, which includes both Management Committees, risk oversight and Internal Audit. CPP Group has a whistleblowing mechanism in place, which is available to all colleagues on our intranet.

Strong operational resilience is achieved through our focus on cyber security, business continuity and disaster recovery within our control environment. We perform detailed due diligence of all key elements of our supply chain, and in 2024 further work is being undertaken to standardise the process of rolling monitoring for key suppliers across the Group. Group colleagues undertake training on areas of particular risk including annual e-learning on cyber security, data security and bribery and corruption.

We recognise the need to reduce our environmental footprint, despite our business model lending itself to lower consumption than most industries. We proactively manage office-based consumption through renewable energy sources in our Leeds office, and energy saving modes for lighting, lower energy consumption laptops and workstations, recycling bins and hybrid working throughout the Group. We conducted baseline carbon emission calculations in FY23 to improve our understanding of the environmental impact of our operations.

### Looking ahead

Looking ahead to 2024, the ESG Committee are focused on developing our ESG strategy, goals and measures so that we can articulate a clear pathway to support equality and inclusion efforts, as part of our roadmap to cultivate an innovative culture, improve the resilience and protection of consumers, and operate in a way that reduces our impact on the environment and adds value to our communities.



ESG and TCFD continued

# TCFD Report

Our first Task Force on Climate-related Financial Disclosures (TCFD) Report has been produced in line with the new climate-related reporting requirements in accordance with section 414CB of the Companies Act 2006.

Our initial assessment identified a small number of potential future risks for the Group to monitor and consider. The Board is satisfied that none of these present a material impact to the Group's activities and at this stage are, as expected, broad areas of consideration which will become more defined over time.

Moving forward we aim to make enhancements to our approach and targets as we build our expertise and incorporate advancements in climate science, disclosure standards and best practice.

## Governance

The Board is responsible for overseeing the integration of climate-related risks into the Group's overall risk management framework. We have the same level of oversight and approach to identifying and monitoring our climate-related risks as we do for the Group's other risks as outlined in the Risk Management and Principal Risks section of the Annual Report (pages 34).

Climate-related risks and opportunities are being integrated into our Group risk management framework as we embed an ESG framework into the business. Any ESG and climate-related risks and opportunities are reported up to the ESG Committee for review on a biannual basis and the Committee engages with the business unit leadership as required. The ESG Committee, chaired by Non-Executive Director Simon Thompson, reports on the ESG progress, risks and opportunities twice per annum to the Group's Operations Board and EMC. Any areas of high risk will be escalated by the Chief Risk Officer through to the Group Board. Any decisions or guidance will be passed back to the ESG Committee to execute.

## Strategy

We conducted a qualitative scenario analysis, supported by external consultants to identify climate-related risks and opportunities to understand our longer-term resilience. We focused our first scenario analysis on our current Core revenue lines and key growth products. Two scenarios were considered:

- Climate Chaos, a scenario which will see a temperature rise of 4°C by 2100 (aligned to Representative Concentration Pathway (RCP) 8.5); and
- Proactive Transition, achieving global net zero by 2050 in line with a 1.5°C warming by 2100 (aligned to RCP 2.6).

The impacts of the risks and opportunities were assessed against three time horizons: short-term (2024–2026), medium-term (2026–2035) and long-term (2035–2050). While the risks of climate change are not, at this stage, expected to have a significant impact on the Group in the short-term, the Group may be somewhat impacted by medium- to long-term risks.

However, the analysis also highlighted the climate resilience of our business, and potential opportunities that climate change and the transition to a net zero world could bring.

## Risks and opportunities Net zero legislation and regulation

It is reasonable to expect that over the coming decades countries will start to implement more legislative and regulatory responses to achieving net zero. As a global company, we expect to face differing and localised environmental policies, legislation and carbon taxation across both the geographies where the Group has a physical presence and countries where we sell our products.

As a service business our carbon emissions are relatively low, which reduces the risk of climate legislation adding material cost or complexity to products and services. We have well-established processes for the identification of regulatory change and implementation of process adjustments to meet regulatory need, which reduces the reputational risk. We have begun monitoring our carbon emissions, allowing us to identify areas for potential reduction, which will help minimise the impact of this risk further.

As part of the Group's regulatory horizon scanning and ongoing Risk Management, we will continue to monitor for new climate-related regulations and policies to enable a response in a timely manner to help mitigate risk.

## Extreme weather events

We assumed a range of extreme weather events occurring with increasing frequency across the short-, medium- and long-term, and the potential impact to our Core businesses. In the medium-term Group revenue will be generated from a wider range of geographies, as we grow our Blink business. This will balance revenue from India and Turkey and provide an inherent degree of protection against disruption from localised extreme weather events. In the short-term significantly prolonged extreme weather in India could have an impact on our in-store distribution routes, but the risk is considered limited at present given the in-country geographic spread of sales. In the medium- to long-term the risk associated with extreme weather increases the Group's desire to provide flexible sales and service models for enhanced future resilience.

CPP India and CPP Turkey both operate My Health products that offer health check assessments and doctor consultations, amongst other services. Our product roadmaps evaluate propositions in line with consumer and market needs. The potential impact of extreme weather events and air pollution on the health of consumers has the potential to drive greater consumer demand for these products over the medium- to longer-term.

### Decline in the air travel market

We considered a scenario where an increase in extreme weather events or a shift in climate patterns reduced people’s ability, desire or willingness to travel, or regulations aimed at restricting carbon emissions or general negative consumer sentiment disproportionately affected air traffic.

Whilst our assessments show that the likelihood of these risks are low in the short- to medium-term with ever growing demand for air travel, this could represent a longer-term risk.

The impact of disruption to travel is complex. It could lead to a reduction in the global air travel market if fewer consumers travel in a bid to reduce their personal carbon footprints, but potentially increase the demand for delay or cancellation insurance by those travellers who continue to fly, increasing the desirability of Blink’s core product.

Extreme weather events could distort product claims profiles and add complexity to the pricing and operation of travel delay products.

There is little perceived risk in the short-term. We will continue to review market trends and adapt our product offering in line with consumer needs. In the medium-term Blink’s strategy includes developing into new product lines which will inherently balance reliance on travel in the longer-term. Extreme weather events may also create an opportunity for new parametric product development, either by consumer demand in relation to extreme event insurance or through the provision of new datasets available for Blink to use in the creation of products.

We have a strong process to assess and capitalise on new market opportunities and monitor the availability of data to enhance the product development of our Blink products.

### Risk management

We employed the following risk and opportunity management approach:

- **Identify:** A workshop to consider the potential risks and opportunities associated with climate change was held for senior representatives across the business, including the ESG Committee and EMC representation from our Group COO and from CPP India.
- **Assess:** The likelihood and potential impact were discussed considering our own business and our value chain operations, as well as the potential impacts to revenue and reputation.
- **Manage:** All risks are now integrated into the Group’s Risk Management Framework. All opportunities are being maintained by the ESG Committee, which will continue to engage with the relevant business leads to monitor realisation plans.

We will continue to monitor the risks and opportunities and repeat the scenario analysis following the completion of the CMP in 2026.

### Metrics and targets

We are at the start of our climate impact journey and have taken the step this year to understand and calculate the emissions of our global business.

We are committed to monitoring and, where possible, reducing our carbon emissions across the business. We are working on expanding and upgrading our footprint reporting in line with material risks to and opportunities for the Group. Since a large proportion of our 2023 emissions are from the divested Globiva business, we will develop our net zero roadmap and emission reduction targets with a smaller, more accurate dataset as appropriate over the coming years.



### Our carbon emissions<sup>1</sup>

	GHG emissions (tCO <sub>2</sub> e)		Percentage of emissions	
	Group total	CPP Group <sup>2</sup>	CPP Group <sup>2</sup>	Globiva <sup>3</sup>
Scope 1 – Combustion of gas <sup>4</sup>	8.9	0%	0%	100%
Scope 2 – Purchased electricity (location based) <sup>4</sup>	850.0	6%	6%	94%
<b>Total Scope 1 and 2 (location based)</b>	<b>858.9</b>	<b>6%</b>	<b>6%</b>	<b>94%</b>
Scope 3: Category 6 – Business travel <sup>5</sup>	272.5	89%	89%	11%
<b>Total gross tCO<sub>2</sub>e (location based)</b>	<b>1,131.5</b>	<b>26%</b>	<b>26%</b>	<b>74%</b>
Revenue (£’m)	193.0	178.5	178.5	14.5
<b>GHG emission intensity (tCO<sub>2</sub>e/£’m revenue)</b>	<b>5.8</b>	<b>1.7</b>	<b>1.7</b>	<b>57.7</b>

1. CPP is exempt from the Streamlined Energy and Carbon Reporting (SECR) framework as we produce less than 40,000 kWh energy use in the UK. All calculations have been made in line with the GHG Protocol Corporate Accounting and Reporting Standard methodology.
2. CPP Group comprises CPP India, CPP Turkey, Blink and Legacy (the UK, Italy, Spain and Portugal).
3. Although we only have a 51% stake in Globiva, this is a controlling stake and therefore we have included 100% of its emissions. As we divest in the coming years, this will be reflected in our carbon calculations.
4. Scope 1 and 2 emissions exclude CPP Italy and Globiva – IndiQube Alpha office due to lack of data availability.
5. The type of the business travel data available and therefore analysed is different between CPP Group and Globiva. For CPP Group, data has been collected on air, rail and hotel travel in the UK and Ireland, and air travel for the remaining regions. For Globiva, only air travel data has been collected.

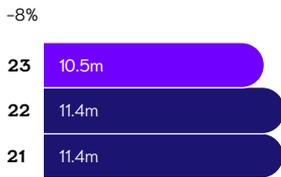
Key performance indicators

# Measuring our performance

CPP has five strategic KPIs that show the impact and progress of strategic execution.

Live policies<sup>1</sup>

**10.5m**



**Measure**

The total number of active policies that provide continuing cover or services to policyholders.

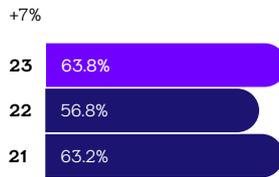
**Performance**

The live policy base has reduced by 8% year on year. Customer numbers in India have reduced by 11%, which reflects a shift in LivCare sales to a higher premium, lower volume product variant; consequently, there has been no impact on reported revenues. Turkey's live policies have increased 27% which has been largely offset by the closure of Spain and continued reduction in the UK book.

1. Live policies do not include policies in which Blink's services are embedded.

Annual renewal rate

**63.8%**



**Measure**

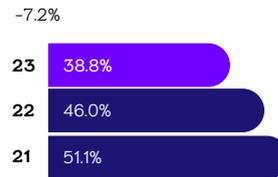
The net amount of annual retail policies remaining on book after the scheduled renewal date, as a proportion of those available to renew.

**Performance**

The annual renewal rate for 2023 has increased by 7.0 percentage points (ppt). The increased rate reflects an improvement of 9% in India, as the regulatory changes applied in late 2021 which negatively impacted the rate in the prior year have passed through the renewal book. India's current renewal rate of 60% represents a normalised rate. In addition, rates improved in both the UK and Spain as both markets moved towards closure.

Cost/income ratio

**38.8%**



**Measure**

Cost of sales (excluding commission) and administrative expenses<sup>1</sup> as a percentage of revenue.

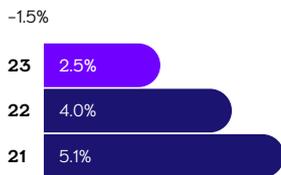
**Performance**

Our cost/income ratio has decreased 7.2 ppt year on year due to the mix benefit of growth in India, particularly in LivCare, which has a comparatively low cost base (excluding commissions).

1. Cost of sales (excluding commission) and administrative expenses (excluding depreciation, amortisation and exceptional items) as a proportion of revenue.

EBITDA margin

**2.5%**



**Measure**

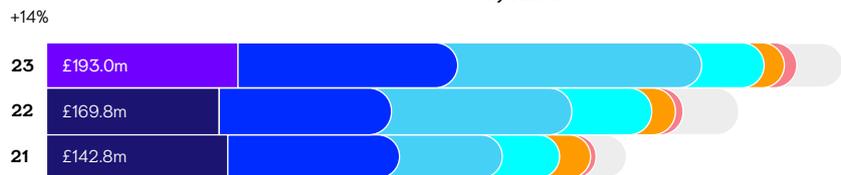
EBITDA as a percentage of revenue.

**Performance**

Our EBITDA margin has decreased by 1.5 ppt year on year due to a further shift to lower margin product variants in India and an increase in central costs.

Revenue from major products

**£193.0m**



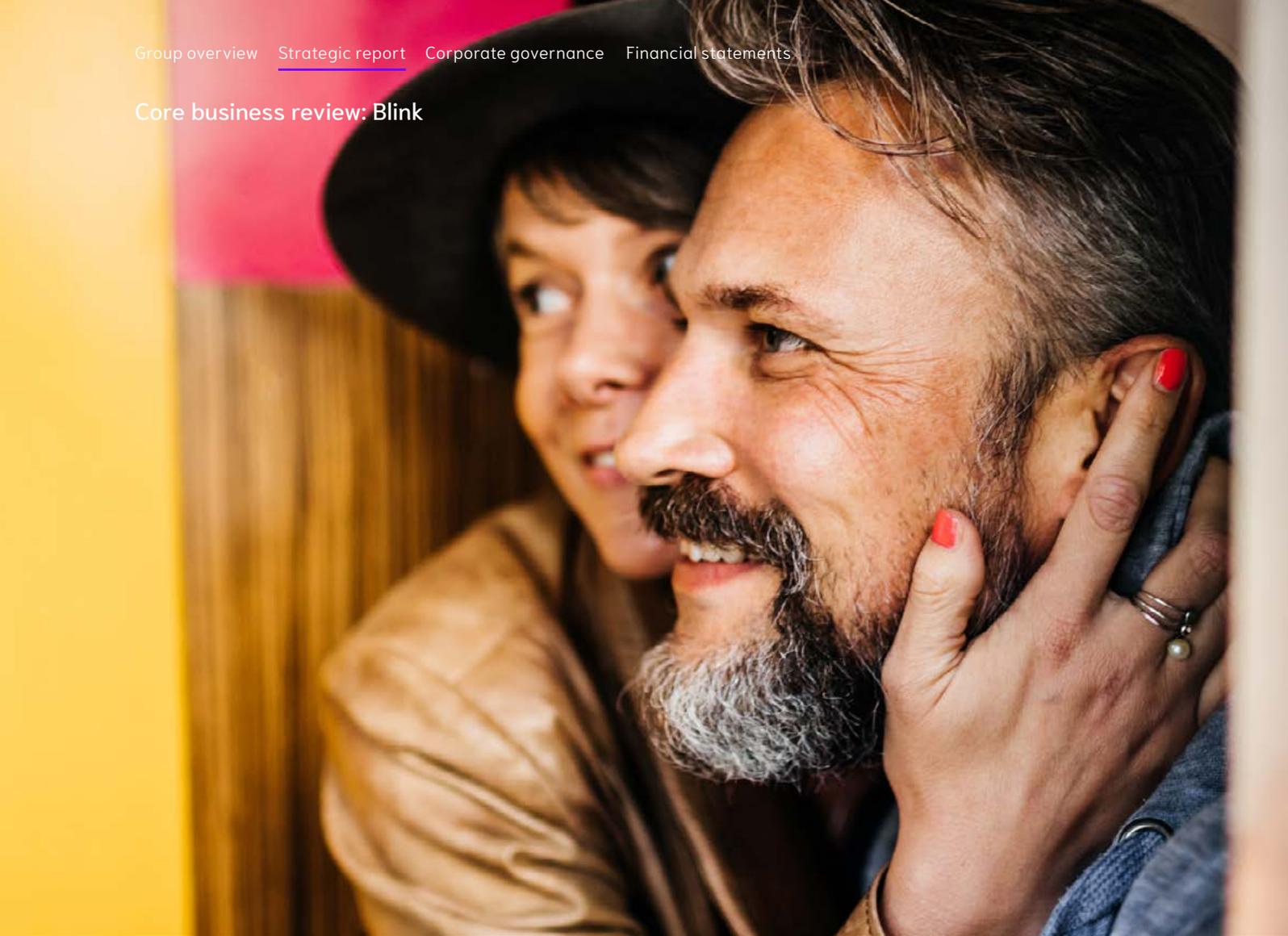
**Measure**

Revenue from the Group's major products and services (note 5 to the financial statements).

**Performance**

Revenue in My Health and My Tech has grown by 27% and 28% respectively in the year reflecting increased sales of LivCare and FoneSafe in India. My Finances has increased 11% following a resurgence in Card Protection sales in India, partly offset by the continued decline in the renewal books in our Legacy UK and European markets. My Home (Asset Secure) and Other (Globiva BPM) have declined by 17% and 9% respectively.

Core business review: Blink



# Blink

Blink is a global parametric InsurTech business that provides insurers with customisable, white-labelled solutions that deliver automated claims assessment and payments for their core products.

## Financial highlights

Revenue

**£0.8m**

reported (2022: £0.5 million)

**£1.0m**

Annual recurring (2022: £0.6 million)

EBITDA loss

**£(1.8)m**

(2022: £(0.4) million)

## Products

Flight disruption  
Lost luggage  
Personal cyber

## Partners

## Core business review: Blink continued

### A platform for opportunity

#### Building effective scale as we grow is key to our strategy.

We provide real-time, seamless services and automated claims decisions, with high levels of resilience to deliver reliable outcomes to our clients' customers. In the year we set in place an operational scaling programme as part of the Group's CMP to drive capacity in our people, processes and structures. We strengthened our operations through enhancing our infrastructure, security environment and operational controls. This includes new change controls, adoption of Microsoft Azure and SIEM, along with the creation and implementation of procedures and policies to provide us with the capability and capacity to grow. As expected, the increased investment and focus on the business has led to EBITDA losses increasing; however, we have seven new partners contracted in 2023. The pipeline is strong, and we have recorded 100% renewal of existing contracts which ideally places the business to capitalise on the global travel insurance opportunity, a market which is estimated to reach \$108.8 billion by 2030\*.

Alongside this, the business moved to a new office in Cork to accommodate the improved scaling, recruiting key senior operational and finance roles. We have also invested in our Client Success function which has a remit to improve relationships and identify service issues to drive product improvements. This has contributed to a 40% reduction in the number of service tickets generated, enhancing client confidence and trust, and making a positive impact with a 100% renewal of contracts in the year, including Blue Cross.



### Scalable and reliable solutions

#### Product quality was one of the primary drivers of growth in 2023.

Bolstered by the growth of our technical team, we enhanced the robustness of our flight tracking capabilities, widened our language capabilities, and onboarded new payment providers to enable us to scale our primary parametric flight disruption solution more effectively and at pace. In our lost luggage solution, we moved away from manual elements within the proposition towards a slick, automated process to enhance the scalability and accelerate deployment with existing partners.

We also deployed a new white-labelled user experience which provides distance between competitor offerings in the market and has been successfully implemented to new and existing clients.

We have implemented a product ideation toolkit and product development process, developing Blink's first product outside of the travel sector through the onboarding of the Group's personal data monitoring proposition onto the Blink platform. The solution is designed to give consumers more confidence and reassurance online by securely monitoring the internet and dark web for leaks of their personal data. This service is increasingly relevant as consumers progressively adopt more digital technology, sparking a surge in online transactions, and increased awareness of data breaches<sup>1</sup>. The solution is fully scalable and in 2024 we will apply the Blink enhanced user experience to aid deployment across the future pipeline.

Our client-focused, technology-led approach to innovation has seen us repeatedly recognised by the industry and we have received several more awards this year.

These awards help to position Blink as a market-leading solution for insurers which are seeking to improve their claims experience and support the extension of the Blink pipeline.

\* Statista, 2023.



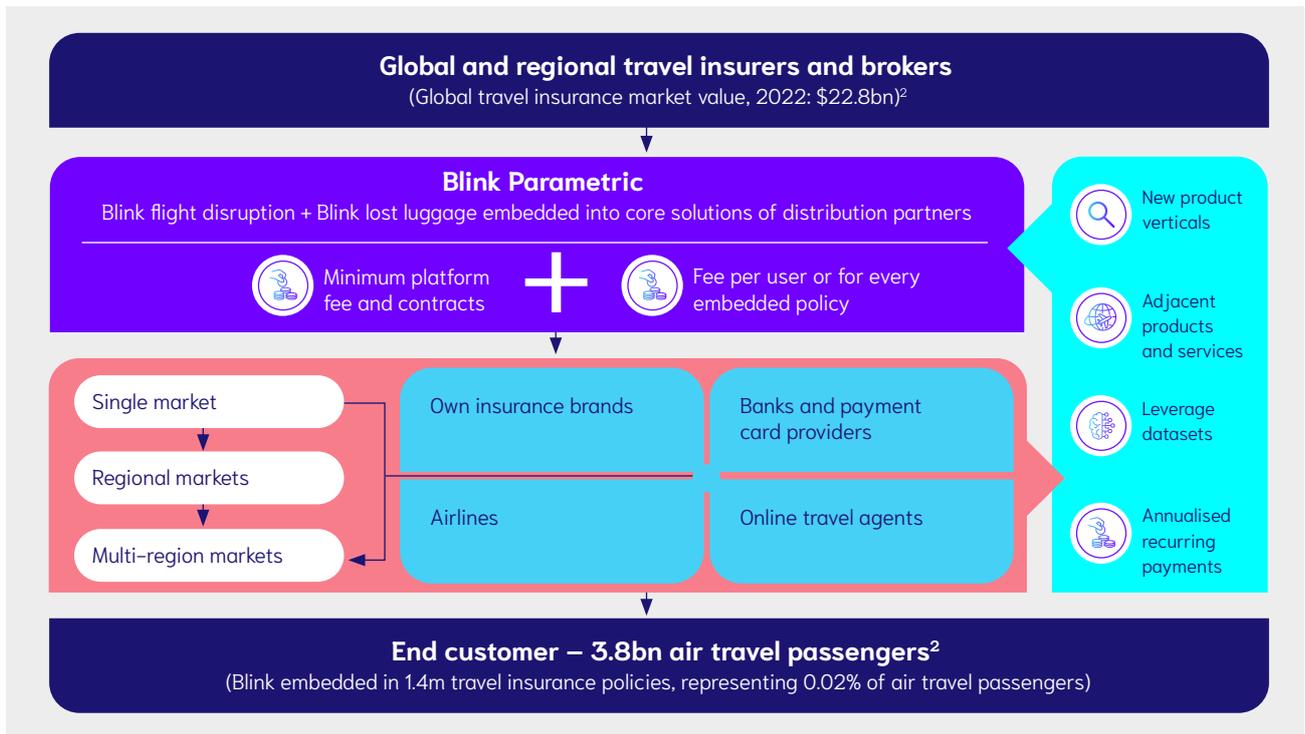
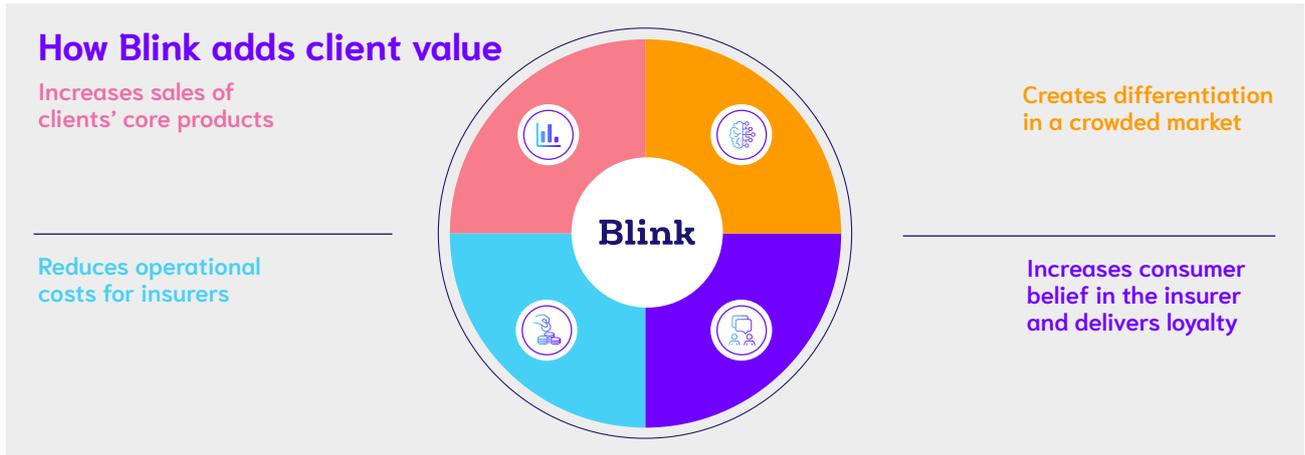
## Widening distribution

### Blink generates revenue by including its technology in both new and renewal insurance policies sold by insurers.

In 2023, we sharpened our distribution approach through the targeting of large multinational insurers, initially working in one of their geographical markets whilst deepening the relationship with a view to extend our distribution paths further into their global businesses. We see significant headroom in the market as insurers increasingly look to integrate our flight disruption and lost luggage solutions to differentiate and respond to consumer concerns over increased flight delays and cancellations. We have recorded 100%

renewal of existing contracts which ideally places the business to capitalise on the opportunity within global travel insurance.

We have secured high-profile clients in the year through this distribution model, signing our first global agreement with MAWDY (a MAPFRE company) and a regional strategic framework agreement with Zurich in Asia Pacific. In addition, new partnerships were signed with global and regional insurance clients including Europ Assistance (Italy), BCAA (Canada), Travel Insured International (USA) and GetCover (UK) enabling us to extend our reach into ten travel insurance markets.



## Outlook

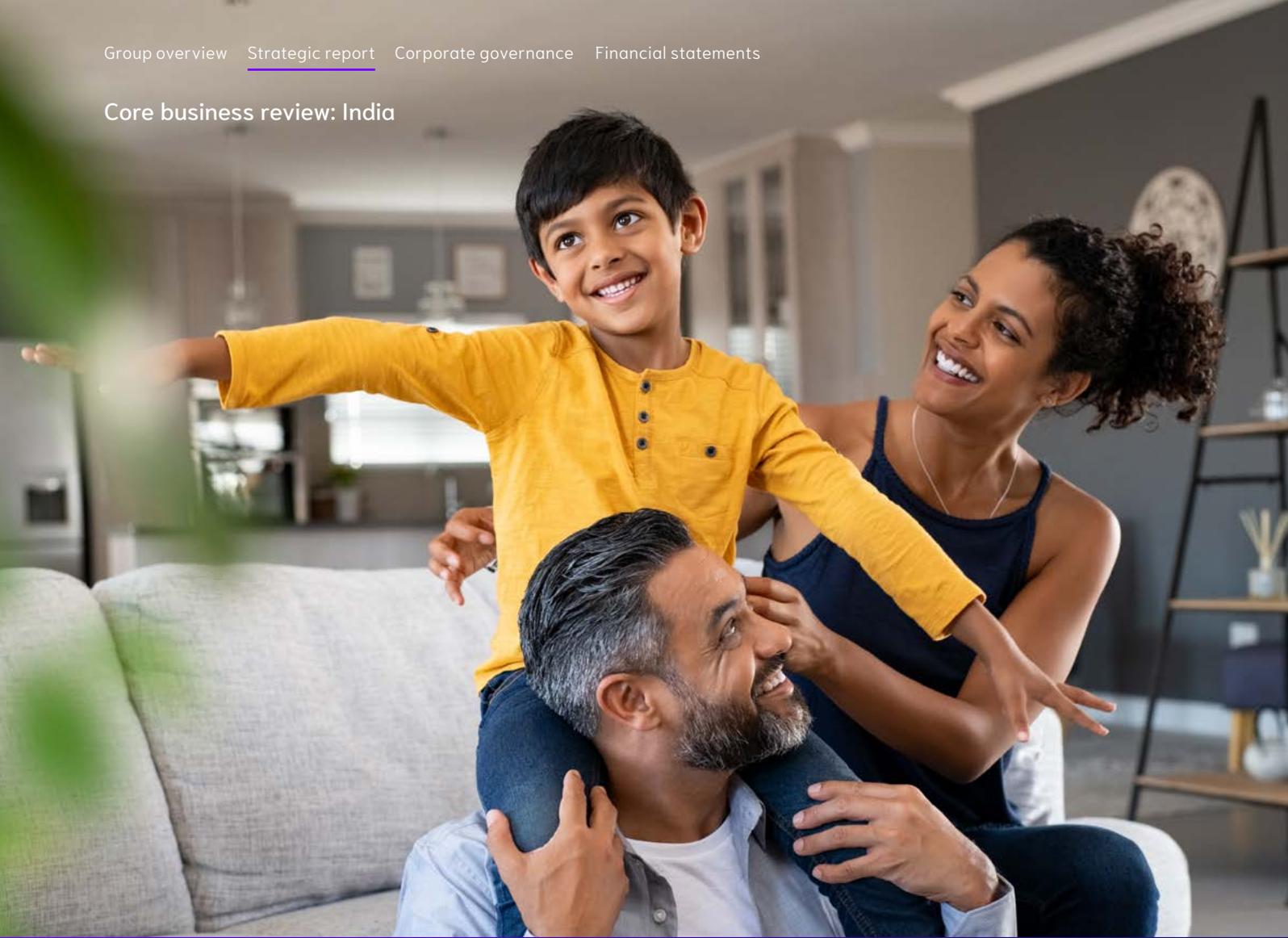
### We have made good strategic progress in the year and with tailwinds from the recovery in the global travel insurance sector the opportunity for Blink is promising.

Ensuring the sustainability of our growth is paramount, and we will continue to invest in our Blink business over the near and medium-term so it can succeed by doing what it does best – forging highly effective partnerships and utilising our SaaS platform to create and launch innovative and reliable solutions for clients. We will progress our

proposition through delivering additional travel-related solutions to expand the current market opportunity, in addition to assessing adjacent insurance product lines for product development in H2 2024. We will continue to focus on strengthening the reliability and security of our platform as the business scales, with ISO 27001 accreditation and 24/7 global support models a priority for 2024.

1. Thales Consumer Digital Trust Index, 2022.
2. Statista, 2022.

Core business review: India



# CPP India

CPP India offers a range of products from cancellation of lost payment cards, health care services, phone and gadget protection, and extended warranties. All products come bundled with a range of value-added wrappers created through our extensive insurer and service provider ecosystem.

## Financial highlights (excluding Globiva)

Revenue

**£161.0m**

(2022: £134.8 million)

EBITDA

**£5.8m**

(2022: £5.6 million)

## Products

Card Protection (3.0m customers)  
FoneSafe (2.1m customers)  
LivCare (1.6m customers)  
Asset Care (2.1m customers)

## Partners



### Double-digit growth

CPP India, which represents 83% of Group revenues, on a constant currency basis, has seen strong revenue growth of 27%, reaching £161.0 million, and an 8% increase in EBITDA to £5.8 million. On a reported basis, the weaker Indian rupee reduced the growth to 19% and 5% respectively. The growth was driven by LivCare (health and wellness), FoneSafe (mobile protection) and a resurgence in Card Protection. Our largest distributors remain Bajaj and SBI Card with good growth through both, whilst Tata Capital emerged as an additional large partner in the year with a 31% revenue increase.

Our LivCare product was the strongest performer of the year with 27% revenue growth year on year, at £58.6 million, fuelled by rising incomes, the growth of the middle-class and better health awareness. Nevertheless, the LivCare proposition is the lowest margin product in our portfolio.

The importance of advancing our digital capabilities to create operational efficiencies is understood and in August we achieved a significant milestone with the delivery of Phase 1 of the India platform, with over 5 million policies now on the platform. Phase 2, which will transfer the non-Bajaj business, will be delivered in the spring of 2024. The platform will allow India to operate independently and improve the digital delivery of our products so it can effectively serve its key distribution partners.

### Emerging product lines

Product diversification remains a pivotal driver as we target segments with strong growth factors such as the healthcare sector. In December 2023, we launched new health and wellness products, Healthprotekt and Hospicash, which include tele-doctor services, pharmacy vouchers, gym access, dietician consultations and complimentary hospital cash cover.

In Q1 2024 we will also launch a Unified Payment Interface (UPI) protection product with Bajaj which presents an attractive opportunity. The product covers fraudulent UPI transactions with our bundled value-added services wrapper. At present, there are 300 million UPI users and 500 million merchants who use UPI, and in 2023 there were 83 billion UPI transactions (up from 19 billion in 2020), with the number estimated to rise to 379 billion by 2027<sup>1</sup>.

We will extend the depth of our partnership with Bajaj further in H1 2024 with the launch of a screen damage product, tapping into the increase of mobile phone financing in the rural market. During the COVID-19 lockdown, the number of smartphones in rural India more than doubled, with 74.8% of rural households owning a smartphone (up from 36% in 2018)<sup>2</sup>. The product meets a real need for the rural consumer as authorised repair centres are significant distances away from the customer, and our solution will deliver a remote claim settlement via video call or a scanned repair bill from a closer, non-authorised centre so that the consumer can receive a more immediate resolution.

### Progressing our partnerships

CPP India distributes its products and services primarily to major non-banking financial companies (NBFCs). This will remain a dominant channel for us in 2024, and we will also look to increase our distributor footprint with large-scale banks in the year, supported by our new platform.

We secured contract renewals with a five-year agreement with Lendingkart in July 2023 and a three-year agreement with Tata Capital in January 2024.

We also have secured a new win with DBS Bank to distribute Card Protection via API integrations, for launch in February 2024.

### Outlook

India is an exciting market, with the growing middle class and strong GDP growth fuelling the addressable market for our products.

We expect continued growth in our Indian market in 2024. We will look to strengthen our relationships with Bajaj in December 2024 and SBI in March 2025 as we renew our current agreements.

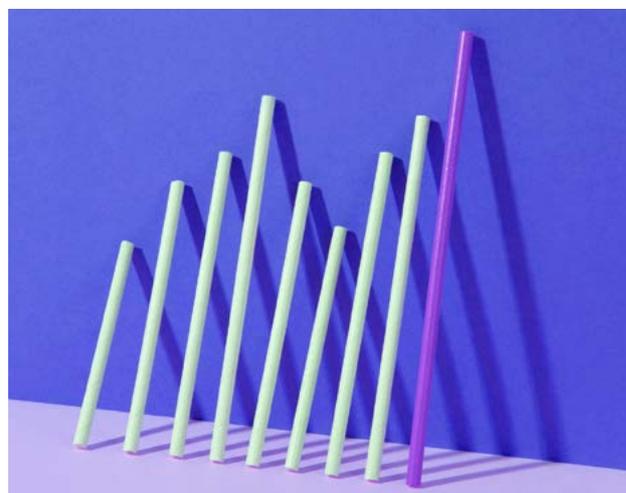
### Globiva

Globiva provides outsourced customer relationship management, back-office functionality and automated human resource services to a predominantly financial services, tech and digital client base.

Globiva has had a challenging year with revenue declining by 8% to £14.5 million (2022: £15.8 million). The business experienced good growth in 2022 through adding tech-based companies to its roster; however, the global slowdown in tech funding has impacted the business in 2023 with a reduction in demand. This softening in billable seat numbers had been largely compensated by the end of 2023, but through the traditional, more stable, financial services sector which is more secure but lower margin business. Consequently, the softening in revenue has led to a modest reduction in EBITDA to £2.2 million (2022: £2.4 million).

In November we entered into an agreement with the founders of Globiva for the disposal of the Group's majority interest in the company for an aggregate consideration of approximately £5.1 million over a three-year period.

1. Statista, 2023.
2. Annual Survey for Education Report, 2023.



## Core business review: Turkey



# CPP Turkey

A multi-product, multi-partner and multi-channel business with a growing reputation for real-time assistance and micro-insurance products across the mobile, digital and financial services sector.

### Financial highlights

Revenue

**£4.7m**

(2022: £3.2 million)

EBITDA

**£1.2m**

(2022: £0.7 million)

### Products

- Card Protection
- ID safe
- Mobile Payments Protection
- ATM Protection
- Digital Protection
- Health Protection
- Auto Protection
- SME assistance
- Home assistance
- Blink flight delay
- Blink personal data monitoring

### Partners



### Performance in turbulent times

Our Turkish business has delivered excellent growth in 2023. Revenues increased 125% on a constant currency basis to £4.7 million and EBITDA of £1.2 million was 134% higher than 2022, with EBITDA margin now at 25%. This has been driven by sustained growth in the number of customers acquiring our products across a broader portfolio, cost management and policy premium increases implemented over the past year in response to rising inflation. Nevertheless, on a reported basis this solid local performance was reduced through the ongoing devaluation of the Turkish lira.

Renewal revenue grew by 43% in the year with renewal rates remaining steady at 61% as we focused on managing customer renewals and developing the customer experience. This is despite challenges that could have had a greater detrimental impact including the devastating earthquake in February 2023, a turbulent Turkish economy, subdued GDP growth and lower levels of consumer confidence and disposable income.

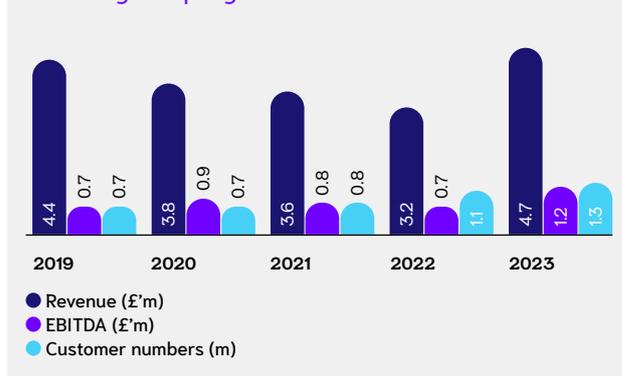
### Multi-product and multi-channel strategy

Our business partners are increasingly demanding innovative, small ticket micro-insurance and assistance services to attract and retain customers, and to drive additional revenues to alleviate the external economic pressures. We have introduced new products in the year which will support us as we look to access new sectors, new channels and new business partners to build out revenues in 2024.

Our long-standing, trusted relationships with Denizbank and AK Insurance have served us well as we accessed new channels within their businesses to market our products to their customers. Business partner channels accounted for 47% of sales in the year, and this has grown by 34% due to gaining access within their agency channels. The agency channel is a core distribution channel in the wider insurance market, and initiatives in the agency channel are showing early promise as our new SME assistance product with AXA and our health protection product within the Turkey insurance agency channels accounted for 31% of 2023 total new sales. Continuing to penetrate our partners' agency channels will form a central part of our distribution strategy into 2024, in addition to growth in digital channels.

Considering the challenges that may be awaiting us in 2024, especially changes in consumer behaviour in the event of a recession, we will encourage increased usage of our products through enhancements in the customer experience to maintain confidence in our renewal income. Initiatives include in-life communication with customers, sourcing low-cost alternative assistance services that complement our product bundles and prompt usage, and setting up feature campaigns with high usage rate services such as fuel discount, dental packages and health checkups.

### Tracking our progress



### Outlook

The outlook for CPP Turkey is mixed, with forecasted economic growth of 3.25% in 2024, down from 4% in 2023<sup>1</sup>. Inflation remains high at nearly 65% and interest rates increased to 45% in January 2024 which will restrict disposable income and the availability of consumer loans in the first half of the year, likely affecting our reported performance. However, the Central Bank is striking a more positive tone as it expects the inflation crisis to ease, after a forecasted 75% inflation rate in summer, with a marked cooling to 36% towards the end of the year.

In 2024 we hope to enter new business partner relationships and continue our distribution success within their core channels. In June 2024 we will begin work to redevelop our IT infrastructure to support the growth of our business partner and new channel pipeline. In addition to ongoing cost management, we will collaborate with partners to increase the penetration of existing and new products to drive renewed growth.

1. IMF, October 2023.

# Disciplined performance, supporting strategic progress

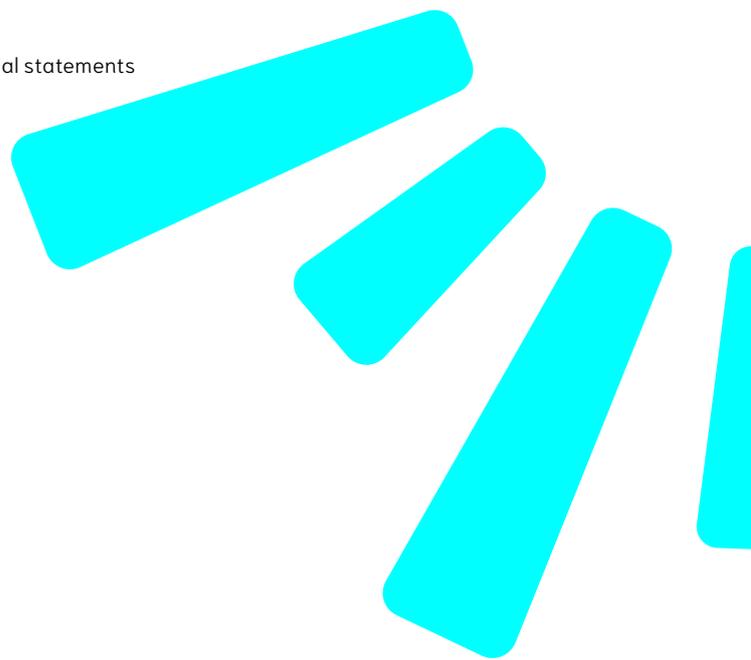


David Bowling  
Chief Financial Officer

The Group made good financial progress in the year, growing revenue in its Core operations. The CMP has progressed to plan with Legacy operations being wound down or exited, Phase 1 of the new Indian IT platform in operation and servicing the business, and Blink continuing to grow. As a result, and as expected, EBITDA has reduced whilst the Group repositions itself as a technology-led business focused on three Core businesses. The withdrawal from the Legacy markets through the CMP will continue to reduce cash in the medium-term, yet the Group is in a solid financial position with which to complete its simplification in order to improve outcomes for all stakeholders.

Revenue growth

**14%**



The Group has made other positive strides in its simplification with the planned exit from Globiva over three years for consideration of approximately £5.1 million and the post-period disposal of its interest in KYND for £2.6 million. The cash consideration from these transactions will support the CMP and further investment required to scale Blink.

Group revenue increased by 14% (21% constant currency) to £193.0 million (2022: £169.8 million). Revenue growth was driven by our Core operations which represent 94% of Group revenues and were 17% higher than last year at £181.0 million (2022: £154.3 million). New business has been particularly strong in India increasing by 19% principally through the relationship with Bajaj. EBITDA has, as expected, reduced to £4.8 million (2022: £6.9 million). The reduction in EBITDA reflects additional investment in Blink, a softening of margins in India and currency headwinds.

Continuing operations	2023	2022
Revenue (£ millions)	<b>193.0</b>	169.8
Gross profit (£ millions)	<b>30.9</b>	30.8
EBITDA (£ millions) <sup>1</sup>	<b>4.8</b>	6.9
Operating (loss)/profit (£ millions)	<b>(6.4)</b>	2.6
(Loss)/profit before tax (£ millions)	<b>(6.1)</b>	2.4
Taxation (£ millions)	<b>(2.0)</b>	(2.3)
(Loss)/profit for the year (£ millions)	<b>(8.1)</b>	0.1
Basic loss per share (pence)	<b>(97.84)</b>	(1.73)
Cash generated by operations (£ millions)	<b>5.5</b>	7.3

1. Excluding depreciation, amortisation and exceptional items.

Gross profit remained broadly flat at £30.9 million (2022: £30.8 million). However, the gross profit margin has decreased to 16.0% (2022: 18.1%) which is a continuation of the change in market mix with growth in our Indian business which has higher costs of acquisition from new sales than the Legacy renewal books it is replacing. In addition, a shift to lower margin product variants and inflationary pressures have impacted our margins in India and Globiva. We expect our gross profit margins to continue to reduce in the short- to medium-term as withdrawal from the Legacy markets is completed as part of the CMP before stabilising in 2025 and improving incrementally thereafter. The margin will continue to be weighted towards India, which is operating at a gross margin of approximately 9%.

EBITDA reduced to £4.8 million (2022: £6.9 million) reflecting additional investment in Blink’s operational capability as the business is prepared for scale, the softening margins in India and adverse currency movements in the rupee and lira. On a constant currency basis EBITDA would have been £5.6 million which is £0.8 million higher than reported. Administrative expenses, before depreciation and exceptional items, continue to be closely monitored, albeit there has been an increase in the year as a result of business growth in India and Turkey, scaling Blink and general inflationary pressures. The cost base is expected to reduce in 2024 as the benefits of closing Legacy operations and decommissioning the Legacy IT platforms come through.

Depreciation and amortisation charges have increased to £2.8 million (2022: £2.5 million). The increase reflects the Phase 1 launch of the Group’s new technology platform in India in August 2023. The Group’s depreciation charges are expected to increase further in 2024 as Phase 2 of the platform is launched in the spring.



These results demonstrate the underlying strength of our Indian and Turkish businesses, and the progress we have made in scaling Blink.”

## Chief Financial Officer's report continued

### Exceptional items

As expected, the Legacy closure activity led to substantial exceptional charges of £8.4 million (2022: £1.7 million) which relate to:

- onerous contract provision of £3.4 million (2022: £0.2 million) reflecting an estimate for future contractual losses in the UK and Spain as the businesses are wound down and the Group's legacy IT systems are decommissioned;
- restructuring and closure costs of £3.7 million (2022: £0.8 million) comprising redundancy and settlement costs in Spain, the UK and Turkey, along with charges for retention schemes established to safeguard the delivery of the CMP activities over an extended period of time;
- IT impairment charges of £0.2 million (2022: £0.2 million) relating to closure activities; and
- Deferred Bonus Plan (DBP) charges of £1.1 million (2022: £nil). The DBP is a share-based retention measure for the Executive Management Committee (EMC) whereby participants agreed to defer a portion of their 2022 annual bonus in return for share options.

The IT impairment and DBP charges are non-cash items. At the balance sheet date, £5.9 million remains to be paid over the next three years to settle CMP liabilities.

The substantial exceptional costs result in an operating loss of £6.4 million (2022: £2.6 million profit). Consequently, the Group is reporting a loss before tax of £6.1 million (2022: £2.4 million profit) and a loss after tax of £8.1 million (2022: £0.1 million profit).

### Tax

The tax charge for the year is £2.0 million (2022: £2.3 million), which is an effective tax rate (ETR) of negative 32% (2022: positive 96%). The tax charge includes £1.5 million (2022: £1.6 million) relating to India.

The negative tax rate reflects the substantial CMP exceptional charges and increased operational investment in Blink; against both of these factors the Group is unable to offset all the losses or recognise tax credits. At the same time the Group continues to generate taxable profits in India and Turkey.

### Adjusted ETR

	Continuing operations			Exceptional items			Adjusted		
	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m
2023									
(Loss)/profit before tax	(0.7)	(5.4)	(6.1)	1.4	7.0	8.4	0.7	1.6	2.3
Tax	(1.8)	(0.2)	(2.0)	—	(0.2)	(0.2)	(1.8)	(0.4)	(2.2)
ETR	(248)%	(4)%	(32)%	4%	3%	3%	277%	24%	97%

	Continuing operations			Exceptional items			Adjusted		
	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m
2022									
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%

The exceptional items in the year have reduced profit before tax by £8.4 million (2022: £1.7 million) whilst there has been an associated reduction in tax of £0.2 million (2022: £0.2 million). Without the exceptional items the Group's ETR would be 97% (2022: 61%).

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 277% (2022: 82%), which includes withholding taxes on dividend repatriations from India and Turkey and the loss-making Central Functions. The notable increase in Core adjusted ETR reflects the increased losses generated by additional operational investment in Blink and higher central costs.

A high and volatile Group ETR is expected to persist until Legacy operations are exited. The CMP is expected to improve both the Group and Core operations ETR in the medium-term as the simplification of the Group enables UK-based central costs to be further reduced and Blink moves towards profitability.

## Dividend

Due to the costs and uncertainties associated with the CMP, the dividend payment remains suspended until further notice. If circumstances change, the Board will review and update shareholders when appropriate to do so.

## Foreign exchange

The general weakening against sterling of the Group's main trading currencies, the Indian rupee and Turkish lira, has led to an adverse exchange rate movement in the Group's results. The Indian rupee has depreciated by 6% (2022: 5% appreciation) whilst the Turkish lira has continued to weaken with a further 48% reduction in 2023 (2022: 63% reduction).

The reported results compared to 2023 include the following adverse foreign exchange movements: £10.3 million (2022: £4.5 million favourable) within revenue; and £0.8 million (2022: £0.1 million favourable) at an EBITDA level.

## Cash flow and net funds

	2023 £'m	2022 £'m
EBITDA	4.8	7.0
Exceptional items <sup>1</sup>	(7.2)	(1.7)
Non-cash items	0.1	—
Working capital movements <sup>2</sup>	7.8	2.0
Cash generated by operations	5.5	7.3
Tax	(1.9)	(3.5)
Operating cash flow	3.6	3.8
Capital expenditure (including intangibles)	(3.9)	(2.7)
Lease repayments	(1.4)	(1.4)
Disposal of discontinued operations	—	(0.9)
Net finance revenues	0.7	0.4
Costs of refinancing the bank facility	(0.1)	—
Dividends	—	(0.7)
Net movement in cash <sup>3</sup>	(1.1)	(1.5)
Net funds <sup>4</sup>	15.3	16.3

1. Cash-based exceptional items, being onerous contract provisions and restructuring and closure costs. The other exceptional items in the year were non-cash.

2. Working capital includes £5.9 million (2022: £0.4 million) relating to exceptional items not yet paid.

3. Excluding the effect of exchange rates.

4. Net funds comprise cash and cash equivalents of £19.0 million (2022: £21.0 million) and a borrowing asset of £0.1 million (2022: £nil) less lease liabilities of £3.8 million (2022: £4.7 million).

The net funds position has decreased to £15.3 million (2022: £16.3 million), which includes cash of £19.0 million (2022: £21.0 million). The Group had a net cash outflow of £1.1 million (2022: £1.5 million) in the year following an acceleration in costs to develop the IT platform in India, which enabled the successful launch of Phase 1 in August and progress on Phase 2 which is expected to launch in spring 2024.

Cash generated by operations has reduced to £5.5 million (2022: £7.3 million) reflecting increased investment to scale Blink and restructuring costs as closure activities progress in Spain and the UK, including the UK-based IT function. There is a net working capital benefit in the year of £7.8 million which in part reflects restructuring costs and onerous contract provisions that have been recognised but not yet paid.

Tax paid has decreased to £1.9 million (2022: £3.5 million) which is due to lower taxable profits in India and a reduction in overseas dividends to the UK which typically suffer withholding taxes.

The Group had cash balances of £19.0 million; however, cash is expected to progressively reduce in the medium-term as the UK is run-off, other CMP liabilities are settled and investment continues in Blink. In addition, as the Group's growth has shifted to overseas markets a substantial amount of the cash balance is generated in India and Turkey. As a result, not all of our cash resources are immediately available for distribution or on demand for working capital purposes around the Group. At 31 December 2023, approximately 40% of the cash balances were considered 'restricted'. There are also tax costs associated with returning overseas funds to the UK so cash planning is increasingly crucial, as the Group's cash resources reduce over the medium-term.

In June 2023, the Group renewed its £5.0 million revolving credit facility (RCF) for a further three-year term to August 2026. The RCF renewal, which is on improved terms, is a positive endorsement of the Group's strategic direction and will provide cash flow flexibility as the business progresses through the CMP. The RCF is currently undrawn.

## Events after the balance sheet date

On 15 February 2024, the Group disposed of its 13.3% (fully diluted basis) shareholding in KYND for a cash consideration of £2.6 million. The investment in KYND was non-core to the Group. The transaction is another positive step in the simplification of the Group and will provide additional cash resources to support the CMP and investment in Blink.

## David Bowling

Chief Financial Officer  
25 March 2024

## Risk management and principal risks

# Managing key risks

This report explains the Group's risk oversight arrangements along with an overview of what we consider the principal risks facing the Group.

The Board devotes a section of its standing agenda to the oversight of the Group's risk position, dedicating time to consideration of the most notable current and emerging risks along with assessing and challenging management's mitigation plans. During the year the Board has considered a broad range of risk but given the scale and breadth of activity particular focus has been given to the risks surrounding the Group's CMP. The Board has given focus to:

- **Change risks** – the ongoing implementation of the CMP continues to create a substantial level of change execution risk across the Group. The programme is large and complex, with multiple project workstreams spanning different Group entities with intricate interdependencies and risks.
- **People risks** – our colleagues are the Group's most valued resource. Risk discussions have considered key person dependencies (KPDs), resource stretch and skill exposures inherent with the CMP. The Board also closely monitors the risk associated with change impacting colleague morale and wellbeing.
- **Information technology risk** – the CMP includes large-scale technology development and structural change; as such there has been a focus on the future information technology strategy of the Group and the risks associated with choosing and developing new IT solutions.

### Risk management framework

The Group has a formal structure for the identification and management of risk which is in use across all business units. Reflecting the notable variations in risk environment within the countries that CPP operates, each country is responsible for managing its risks, with challenge and assurance oversight from Group control functions and independent review by Internal Audit.

Individual countries are responsible for the collation and reporting of risks and controls assurance on a quarterly basis supported and challenged by the Group's Risk function. The Group Internal Audit function provides independent monitoring and reporting into the Group's Audit Committee.

Along with reporting at a country level the Group Risk function collates the Group's risk position as reported to the Board, which includes ongoing risk assessment of the CMP.

### Risk environment

The Group operates across multiple countries and, as such, is impacted by events in each country along with their macro-economic environments. Turkey continues to experience economic volatility and hyperinflation. CPP Turkey retains a successful strategy of continued product and partner diversification promoting new business to counter the impact of the economic environment.

Volatility in sterling against the Group's other relevant exchange rates (Indian rupee and Turkish lira) has been closely monitored, with fluctuations creating a significant impact on the Group's profit and cash management.

## Principal risk areas

1. Business risk	Mitigation
<p>Business risk is that posed by changes in the external environment in which the Group operates, which could damage the success of the business. The Group is exposed to multiple potential sources of business risk including:</p> <ul style="list-style-type: none"> <li>• Reliance on key business partners. The Indian business continues to have strong business relationships with some of India’s most significant non-banking financial services businesses and although this has yielded successful growth, the Group recognises the concentration risk that this has brought.</li> <li>• Competition from new market entrants or innovative service propositions or an inability to translate new and innovative products into scalable products in market.</li> <li>• Revenue volatility due to macro-economic conditions, such as the hyperinflationary environment in Turkey.</li> </ul>	<p>The Group addresses these risks through its strategic and business planning processes. Business plans are formed for all Group entities on an annual basis and reviewed, challenged and monitored by both Executive Management and the Board with particular focus on areas of known risk exposure to ensure sustainable revenue growth and diversification. In 2023 the Group has placed significant focus on the growth of its parametric business, Blink, which provides modern and innovative new product channels for the Group on a global scale.</p>
2. Operational risk – change	Mitigation
<p>The Group has an ambitious CMP which includes substantial technical development and strategic change within business units, including book closures, transfers and divestments, that are designed to accelerate the natural cessation of the Group’s Legacy businesses. Aligned to this the Group is focused on the development of scalable infrastructure to support the growth of Blink, its digital parametric business.</p> <p>The scale of change creates many areas of potential risk. Particular areas of focus in 2023 have included the impact of change in relation to:</p>	
i) People change risks	
<p>Discussions have considered:</p> <ul style="list-style-type: none"> <li>• KPDs focusing on where the Group relies on small teams with expert knowledge to execute key activities;</li> <li>• resource stretch, reflecting the scale of the project and reliance on key individuals at all levels; and</li> <li>• potential skills exposures where activities are not within colleagues’ core experience. Along with this, the Board has closely monitored and discussed the most effective methods to address the risks associated with negative impact on colleague morale during transformational change.</li> </ul>	<p>Where appropriate, and possible, the Group has used external specialist resource to supplement skill sets and outsourced provisions to mitigate KPD risks across the CMP.</p>
ii) Information technology change risks	
<p>As part of the CMP, the Group is making a material change in the overall design of its IT infrastructure. CMP workstreams during 2023 include the development of a new customer services platform for the Group’s Indian business, the implementation of managed service technology solutions for the Legacy businesses within the UK and Italy, and tendering for managed service provisions for the ongoing provision of CPP Turkey’s IT platform. There has been a significant focus on the future IT strategy of the Group and the risks associated with developing and migrating to new IT solutions and the formation of a new overall IT model for the Group. The effective delivery of functional and secure solutions within planned timelines has been a primary focus throughout the year.</p>	<p>The IT development workstreams have comprehensive project management and governance in place including a regular steering committee which includes the Executive Directors. The Group utilises external specialist resources and outsourced service provision to augment its internal resource and reduce delivery risks.</p>
iii) Financial change risks	
<p>The scale of the Group’s change programme means that it may potentially have a significant impact on the Group’s available cash and cost base.</p>	<p>As part of financial planning, detailed consideration is given to the impact of enacting change on the Group’s financial position (including cash) across future years, with appropriate contingency and stress analysis undertaken to ensure no concerning exposures exist. Close attention is being paid to potential emerging financial risks as the CMP progresses.</p>

 Increase
  Stable
  Improving

## Risk management and principal risks continued

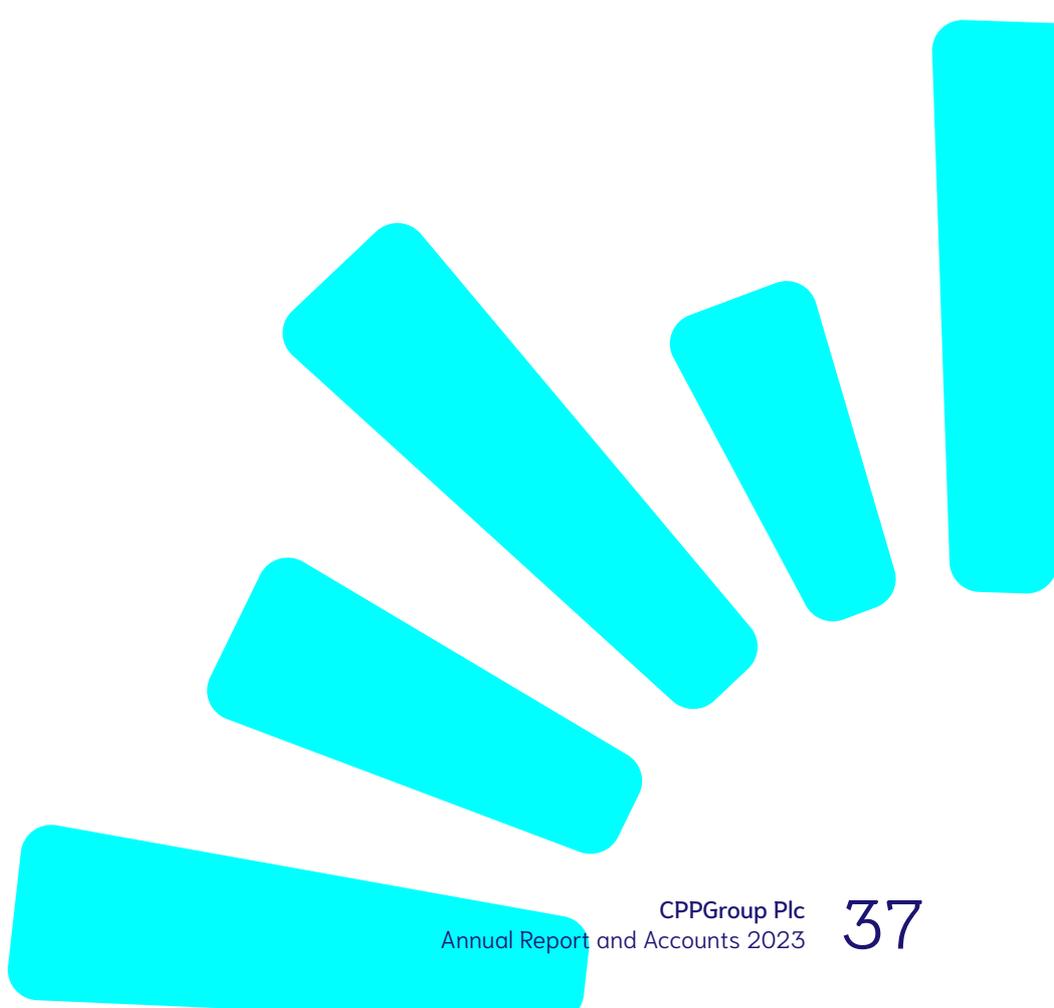
### Principal risk areas continued

2. Operational risk – change continued	Mitigation
<b>iv) Legal and regulatory change risks</b>	
Legal and regulatory risks include the risks associated with accelerating the cessation of business within regulated entities, enacting changes to legal contracts and arrangements and the risks associated with ensuring effective data governance during a period of substantial change.	Specific workstreams have been established within the programme to focus on data governance requirements and oversee effective management of data throughout the CMP. Where appropriate, specialist/local legal and regulatory advisory has been taken.
<b>Overall mitigation</b>	
The CMP has a comprehensive governance framework, with each change project reporting into the Group's Operations Board on a weekly basis. Detailed consideration is given to change plans and timelines, their impacts, risks and the adequacy of mitigation plans for those risks.	
3. Operational risk – people	Mitigation
As well as the specific risks within the CMP, the Board continues to pay particular attention to the risks associated with our colleagues across the Group. We continue to see competitive recruitment markets in many of our territories with particularly buoyant markets for technical roles, both in the UK and India, creating risk for these specialist areas.	As part of its strategic planning the Group has sought to geographically spread its technical resource and where appropriate uses outsourced service support to help reduce the pressures of a single market and limit KPD.
4. Operational risk – outsourced services	Mitigation
Across the Group there are a variety of material third party suppliers that provide core services to our propositions. Consequently, the Group pays close attention to supply chain risk and exposure.	Regular risk reviews are in place for core suppliers along with annual due diligence assessments for key providers.
5. Operational risk – information technology	Mitigation
Information technology includes the risks associated with the design, operational resilience and security of the Group's IT infrastructure ensuring a comprehensive understanding of the Group's IT risks remains a central focus with particular consideration given to:	
<b>i) Cyber risk</b>	
Cyber risk incorporates a wide array of potential threats to Group businesses which can include network or perimeter threats or a breach of online controls.	Controls to mitigate cyber-attacks are in place and managed by specialist colleagues with challenge and oversight by specialist resource within the risk team; this remains an ever evolving area of risk which is closely monitored.
<b>ii) Business resilience</b>	
Ensuring ongoing resilience of systems. The Group's operations utilise complex IT architecture comprising multiple systems managed across several countries and supported by a combination of internal and external technology teams.	Ongoing monitoring of systems resilience is in place along with disaster recovery planning and testing on a regular basis.

 Increase
  Stable
  Improving

<p><b>6. Regulatory risk</b></p> <p>Regulatory risk covers the risk of failure to comply with the regulation and legislation governing our Group businesses. The Group focuses on compliance with the regulation and legislation governing our business activities across all territories to help ensure strong customer outcomes in all our activities. We continue to see an increase in regulatory scope, focus and activity in many geographies, most notably in India which has seen active changes to consumer protection legislation and data regulation.</p>	<p><b>Mitigation</b></p> <p>Horizon scanning for relevant regulatory change is in place across the Group with regular updates to the Board on key regulatory changes and where appropriate change plans to ensure ongoing compliance.</p> <p style="text-align: right;">—</p>
<p><b>7. Data governance</b></p> <p>Data governance remains a key area of focus. GDPR regulations are well established in European entities and Turkey. The progress of The Indian Data Bill has been closely watched throughout 2023 and a project initiated to review the new requirements and plan for implementation in 2024. A specific workstream is devoted to ensuring the effective management of data within the CMP, as the scale of data transfers and system migrations associated with the closure of the Legacy books increases the risk of failures in data management processes or inadvertent regulatory breaches; as such this area is very closely monitored.</p>	<p><b>Mitigation</b></p> <p>The Group has both local and central focus on data management and data governance. Specific reporting is included within the Group's Operations Board in relation to data risk within the CMP.</p> <p style="text-align: right;">↑</p>
<p><b>8. Reputational risk</b></p> <p>Reputational risk is the risk to earnings resulting from negative market or public opinion. The impact of the Sunday Times article on Hamish Ogston, a shareholder in the Group, has been closely monitored. Although Mr Ogston has had no involvement in the Group, save that reserved for a shareholder, for several years, any negative association could be damaging.</p>	<p><b>Mitigation</b></p> <p>The Board is responsible for overseeing adequate management of reputational risk across all Group entities. This is done through oversight of the risk management framework, which includes quarterly assessments and challenge of all risk areas across the Group.</p> <p style="text-align: right;">↑</p>

↑ Increase    
 — Stable    
 ↓ Improving



## Section 172(1) Statement

# Maintaining stakeholder relationships

The Directors fully understand their responsibilities under section 172(1) of the Companies Act to promote the success of the Company for the benefits of its members, having regard amongst other matters to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company in maintaining a reputation for high standards of business conduct; and
- the need to act fairly between all members of the Company.

The Board confirms that it has had regard to the matters set out above during the year.

The Board has identified its key stakeholders as the Company's shareholders, colleagues and business partners. Further details of each of these key stakeholders, along with the forms of engagement undertaken by the Board, are set out within this report.

## Our shareholders

### Why they matter to us

Our shareholders provide valuable insight into the market and the impact of our strategy, which are key to enabling us to grow and invest in the future success of the business.

### Types of engagement

- Annual General Meeting.
- Regular communications such as Annual Report and Accounts, half-yearly trading results, trading updates, RNS and RNS Reach announcements, press releases, and investor fact sheets.
- The investors area of the Company's website.
- Non-Independent Non-Executive Director intermediation with respective sponsoring shareholders.

### How the Board engages

- CEO and CFO meetings with major shareholders and retail investors to outline performance and future direction of the business.
- CEO and CFO feedback to the Board on shareholder interactions.
- A nominee Director of one of the major shareholders continues to be a member of the Board.



The Strategic Report section on pages 2 to 39 of this Annual Report has been reviewed and approved by the Board of Directors on 25 March 2024.

**Simon Pyper**  
Chief Executive Officer



## Our colleagues

### Why they matter to us

Our colleagues continue to be our most valuable resource, being key to the continuing success and growth of our business.

### Types of engagement

Maintaining colleague wellbeing and morale remained a major focus for the business in 2023, especially during a continuing period of significant change. With this in mind, the following activities took place to support our colleagues:

- All colleagues across the Group continue to be invited to join regular video calls with the Group CEO and EMC.
- Collective consultation was managed carefully across the UK and Spain to ensure colleagues at risk of redundancy were fully supported through the process.
- Long service celebrations were held across the Group for colleagues reaching 10, 15 and 20 years of service.
- Board members continue to be visible which provides colleagues the ability to meet the Chairman and other Board members informally.
- Colleague feedback was sought as part of the Group rebranding project.

### How the Board engages

- Continued investment in cultural development.
- Office visits to interact with local teams, with visits to the offices in the UK, Turkey, India and Ireland during 2023.



## Our business partners

### Why they matter to us

The long-term sustainability of our business depends on building and maintaining long-lasting mutually beneficial relationships with our partners.

### Types of engagement

- Commercial discussions.
- Face-to-face meetings.
- Press releases.
- Communications such as Annual Report and Accounts, half yearly trading results, trading updates, and RNS and RNS Reach announcements.

### How the Board engages

- The Board retains oversight through regular face-to-face meetings along with communications between the executive team and business unit management and their feedback to the Board as a whole.

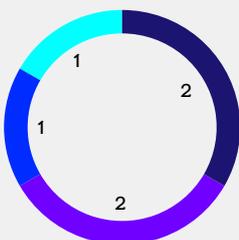


Board of Directors & Company Secretary

# Leadership for a sustainable future



### Board skills and experience



- Strategy and investment expertise
- Finance and sector expertise
- Legal and company administration
- Strategic, compliance and governance matters

### Key

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- Chair of Committee



## 1 David Morrison

**Non-Executive Chairman**

### Appointment

November 2020.

### Experience

David has spent the majority of his career in private equity, starting with 3i plc, before spending 13 years with Abingworth Management, predominantly with responsibility for investment activity in the United States. In 1998 he started Prospect Investment Management, which was responsible for making and managing early-stage investments on behalf of a small group of investors. Notable holdings included PayPoint plc and Venture Production plc, both of which became FTSE 250 companies whilst Prospect's clients were shareholders.

### External appointments

David was appointed as a Non-Executive Director of Record plc on 1 March 2023, and subsequently became Chairman. David also sits on the board of various private companies and is a Member of the Council of Management and a Trustee of the Ditchley Foundation.

### Skills brought to the Board

Strategy and investment expertise.

## 2 Simon Pyper

**Chief Executive Officer**

### Appointment

January 2022.

### Experience

Simon was formerly the Chief Executive Officer and Chief Financial Officer of digital marketing group Be Heard Group plc. Prior to this, he was Chief Financial Officer of AIM-listed GlobalData plc for ten years. During his tenure, Simon oversaw its admission to AIM and facilitated its acquisition-led growth strategy. He has also held various financial and commercial positions with Musgrave UK and the Arcadia Group. Simon is a member of the Chartered Institute of Management Accountants and holds an MBA from Henley Management College.

### External appointments

None.

### Skills brought to the Board

Sector and financial expertise.

## 3 David Bowling

**Chief Financial Officer**

### Appointment

March 2022.

### Experience

A qualified Chartered Accountant, David has been with CPP Group for over ten years undertaking a number of senior roles within the Group Finance function, most recently as Group Finance Director. Prior to CPP he was Group Accountant for Barchester Healthcare Limited.

### External appointments

None.

### Skills brought to the Board

Finance and sector expertise.



## 4 Simon Thompson

**Non-Independent  
Non-Executive Director**

### Appointment

June 2020.

### Experience

Simon held senior positions in investment banks before becoming Managing Director at Barclays Global Investors. He was Chair of London Stock Exchange's Institutional Investor Group and the Investment Association's Dealing Committee. He was a Partner of hedge fund Millgate Capital before moving to Legal & General Investment Management as COO.

### External appointments

Simon is a Director of several private companies and a local charity Chair alongside his work as a mentor and board adviser.

### Skills brought to the Board

Strategy and investment expertise.



## 5 Jeremy Miller

**Independent  
Non-Executive Director**

### Appointment

December 2021.

### Experience

Jeremy, who is a qualified Chartered Accountant, working with KPMG early in his career, has over 30 years' investment banking experience working for leading financial services firms. He has held senior roles at Dresdner Kleinwort Wassertein and James Capel and most recently as London COO at Centerview Partners.

### External appointments

Jeremy remains a Non-Executive Director of This Land (in respect of which he is currently Interim Non-Executive Chairman) and Cavendish Financial and Non-Executive Chairman of the National Merchant Buying Society.

### Skills brought to the Board

Expertise in advising on strategic, compliance and governance matters.



## 6 Sarah Atherton

**General Counsel and  
Company Secretary**

### Appointment

January 2021.

### Experience

A qualified solicitor, Sarah joined CPP's in-house legal team in 2010 from Walker Morris LLP. Initially working for the Group's UK businesses, Sarah later moved into Group legal roles, most recently taking up the role of General Counsel and Company Secretary.

### External appointments

None.

### Skills brought to the Board

Legal and company administration.

# Chairman's introduction to governance



## Chairman's introduction

On behalf of the Board I am pleased to present our Corporate Governance Report for the year ended 31 December 2023.

As your Chairman, I am responsible for ensuring that the Board operates within a sound governance framework that underpins the Group's ability to achieve its strategic goals.

The Board has adopted the Quoted Companies Alliance Corporate Governance Code (the QCA Code) which remains well suited to the Group.

The ten principles of the QCA Code are addressed below with an outline of how the Group complies with each principle, and any departures from the Code (principle 9).

**David Morrison**  
Non-Executive Chairman

### Principle 1: Establish a strategy and business model which promote long-term value for shareholders

A full description of our business model and strategy are given on pages 12 to 17. 2023 has seen the Group continue to progress the CMP which is substantial and will not be fully complete until 2025. Key challenges to their execution are detailed under 'Risk management and principal risks' on pages 34 to 37.

### Principle 2: Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good relationships with shareholders. The Chairman is responsible for ensuring that appropriate channels of communication are established between the Executive Directors and shareholders, ensuring that the views of shareholders are made known to the Board.

The Annual General Meeting (AGM) provides the Board with an opportunity to meet and communicate directly with private investors.

### Principle 3: Take into account wider stakeholder and social responsibilities and their implications for longer-term success

Our business model seeks to add value to the wider community, with particular reference to:

- our business partners;
- our shareholders;
- our customers;
- our colleagues; and
- our communities.

▶ Details of how we seek to create value for each of these stakeholders are given in the business model on page 13

An outline of how the Directors have discharged their duties in accordance with section 172(1) of the Companies Act 2006 can be found on pages 38 and 39.

### Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Group's risk framework enables risks to be identified, measured, managed, monitored and reported consistently and objectively, with regular risk updates provided to the Board for consideration. A full description of the Group's Risk Management Framework and principal risks is given on pages 4 to 37.

### Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Board believes that the ratio of Executive to Non-Executive Directors is appropriate, allowing the Board to exercise objectivity of decision making and proper control of the Group's business.

In October 2023, the Chairman resigned as the nominee for Hamish Ogston, a shareholder in the Company. As a result, the Board now considers, following consultation with its nominated adviser, that the Chairman is independent, meaning that the Board currently has a ratio of two Independent Non-Executive Directors to one Non-Independent Non-Executive Director.

The Group had intended to appoint an additional Independent Non-Executive Director during the course of 2023. Following the change in the status of the Chairman, the Board now comprises a majority of Independent Non-Executive Directors. As a result, further consideration is being given to the position with regard to Board composition and requirement for any additional appointment.

Non-Executive Director Jeremy Miller holds a total of 40,000 shares in the Company (representing 0.45% of issued share capital). The Board is satisfied that Jeremy remains independent notwithstanding this.

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the estimated time commitment expected of them. The average anticipated time commitment is two days per month, although the nature of the role makes it impossible to be specific. Directors understand that they may be required to devote additional time in respect of preparation time and ad hoc matters that may arise from time to time. A potential Director candidate is required to disclose all significant outside commitments prior to appointment and any future external appointments must be approved in advance by the Chairman.

▶ The number of meetings attended by each Director during 2023 is given on page 45

### Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The members bring a diverse range of skills and experience to the Board, but it is recognised that a larger Board would, at a cost, be able to deliver greater diversity and broaden the skills present in the Board. As noted above, it continues to be an issue under constant review.

▶ Details of the experience and skills of each of the Directors are given on page 41

The Board receives at its meetings detailed reports from senior management on the performance of the Group and other information as necessary. Regular updates are provided on relevant legal and regulatory, corporate governance, and financial reporting developments.

All Directors have access to the advice and services of the Company Secretary and the Board also obtains advice from professional advisers as and when required.

### Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board undertook an internal evaluation of its performance and effectiveness during the first quarter of 2023. Whilst this review was not externally invigilated, it was based on an externally facilitated questionnaire and took into account the views of both Board members and other members of the Company's senior management team.

### Principle 8: Promote a corporate culture that is based on ethical values and behaviours

Our business distributes products through long-term partnership arrangements. Quality of approach and a high level of integrity are essential for sustainable success and, having made good progress in fundamentally changing the organisation, we recognise the need to ensure we have the right people in the right place and in the right roles.

The Board continues to support an open, honest and authentic culture that extends consistently throughout the Group.

## Corporate Governance Report continued

### Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Papers for Board and Committee meetings are circulated in advance of meetings, including to any Director who is unable to attend. Each member of the Board has access to all information relating to the Group and to the advice and services of the Company Secretary, along with external advice at the expense of the Group, should they need it.

Details of our governance framework are given on page 44

The following departures from the QCA Code should be noted. The Remuneration Committee has a Non-Independent Non-Executive Chairman and until 5 October 2023, membership included an additional Non-Independent Non-Executive Director. The Audit Committee's membership also includes a Non-Independent Non-Executive Director, and until 5 October 2023, included two Non-Independent Non-Executive Directors. Given the small size of the Board, the Directors consider these departures to be necessary. The changes with effect from 5 October 2023 are a result of the Chairman's resignation as a nominee for Hamish Ogston, following which the Board has determined, after consultation with its nominated adviser, that he should be considered as independent.

### Principle 10: Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

The Company maintains a corporate website at [corporate.cppgroup.com](http://corporate.cppgroup.com) which complies with AIM Rule 26 and contains a range of information of interest to institutional and private investors, including the Group's annual and half-yearly reports, trading statements and all regulatory announcements relating to the Group.

As soon as practicable after the conclusion of any general meeting, the voting results are released through a regulatory information service (RIS) with a copy of the announcement posted on the Company's website at [corporate.cppgroup.com/investors/company-announcements/](http://corporate.cppgroup.com/investors/company-announcements/).

All historical Annual Reports are available on the Company's website at [corporate.cppgroup.com/investors/results-reporting/](http://corporate.cppgroup.com/investors/results-reporting/), and Company circulars and notices of general meetings are available at [corporate.cppgroup.com/investors/company-announcements/](http://corporate.cppgroup.com/investors/company-announcements/).

## Our governance framework

### Our Board

As at the date of this report the Board comprises five Directors – the Chairman, two Executive Directors, one Independent Non-Executive Director and one Non-Independent Non-Executive Director.

See page 41

#### Membership at 31 December 2023

The Board comprised five Directors – the Chairman, two Executive Directors, one Independent Non-Executive Director and one Non-Independent Non-Executive Director.

#### Meetings held in 2023

Seven, along with seven additional ad hoc Board meetings.

#### Key matters reserved for the Board:

- responsibility for the overall leadership of the Group and setting the Group's values and standards;
- approval of the Group's long-term ambitions, objectives and commercial strategy;
- material changes to the Group's corporate structure, including any acquisitions or disposals;
- ensuring maintenance of a sound system of internal control and risk management;
- approval of annual and half-year results and trading updates;
- approval of the annual financial budget;
- approval of the dividend policy; and
- material capital investments.

The full schedule of matters reserved to the Board is available on the Company's website, [corporate.cppgroup.com/about-us/corporate-governance/](http://corporate.cppgroup.com/about-us/corporate-governance/).

### Nomination Committee

#### Key objectives

Assist the Chairman in keeping the composition of the Board under review and lead the appointments process for nominations to the Board and other Board Committees.

#### Membership at 31 December 2023

- David Morrison (Chairman)
- Simon Thompson
- Jeremy Miller

#### Meetings held in 2023

Three

Read more about our Nomination Committee on page 46

### Audit Committee

#### Key objectives

To assist the Board in discharging its duties and responsibilities for financial reporting and internal financial control.

#### Membership at 31 December 2023

- Jeremy Miller (Chairman)
- Simon Thompson
- David Morrison

#### Meetings held in 2023

Six

Read more about our Audit Committee on pages 47 and 48

### Remuneration Committee

#### Key objectives

Recommend to the Board the remuneration of the Chairman, Executive Directors, Company Secretary and senior management.

#### Membership at 31 December 2023

- Simon Thompson (Chairman)
- David Morrison
- Jeremy Miller

#### Meetings held in 2023

Eight

Read more about our Remuneration Committee on pages 49 to 51

### Directors' attendance at Board and Committee meetings in 2023

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Attendance
David Morrison					93%
Simon Pyper		—	—	—	100%
David Bowling		—	—	—	100%
Simon Thompson					100%
Jeremy Miller					100%

## Roles and responsibilities

### Chairman

The Chairman, David Morrison, is responsible for the leadership of the Board and setting its agenda, ensuring that the Board as a whole plays a full and constructive part in the determination and development of the Group's strategy and overall commercial objectives.

### Chief Executive Officer

The Chief Executive Officer, Simon Pyper, oversees the management of the business and, supported by his EMC, is responsible for the day-to-day running of the business. He is accountable to the Board for the Group's operational and financial performance.

### Board Committees

The Audit Committee, the Remuneration Committee and the Nomination Committee are standing Committees of the Board. Written terms of reference for these Committees, including their objectives and the authority delegated to them by the Board, are available upon request from the Company Secretary or via the Company's website at [corporate.cppgroup.com/about-us/corporate-governance/](https://corporate.cppgroup.com/about-us/corporate-governance/). Terms of reference are reviewed annually by the relevant Committee and approved by the Board.

The Company Secretary acts as secretary to all Board Committees; Committees also have access to independent expert advice, if required.

### Internal control and compliance

The Board and the Audit Committee receive regular reports on compliance with Group policies and procedures. The Board, and the Audit Committee on its behalf, confirm that, through discharging their responsibilities under their terms of reference, they have reviewed the effectiveness of the Group's system of internal controls and are able to confirm that necessary actions have been or are being taken to remedy any failings or weaknesses identified.

- Full details of the Group's system of internal control and its relationship to the corporate governance structure are contained in the risk management and principal risks section of this report on pages 34 to 37

### Conflicts of interest

The Company Secretary keeps a record of any actual or potential conflict of interest declared by the Directors. Directors are required to declare any specific conflicts that arise from each Board agenda and a Director would be expected to refrain from voting on any matter that represented an actual or potential conflict of interest.

## Report of the Nomination Committee

# Report of the Nomination Committee



**David Morrison**

Chairman of the Nomination Committee

### Other members

**Jeremy Miller**

**Simon Thompson**

Given the size and current circumstances of the business, this is an 'ad hoc' Committee that meets as and when required.

### Key objectives

To assist the Board in ensuring that the Board and its Committees comprise individuals with the requisite skills, knowledge and experience to ensure they are effective in discharging their responsibilities.

### Key responsibilities:

- carry out a formal selection process for Executive and Non-Executive Directors and propose to the Board any new appointments;
- oversee succession planning for Directors and senior managers below Board level;
- review the structure, size and composition of the Board (including the skills, knowledge, experience and diversity required);
- make recommendations to the Board in respect of the membership of the Board Committees in consultation with the Chairmen of those Committees; and
- make recommendations to the Board on the reappointment of any Non-Executive Director at the conclusion of their specified term of office.

### Membership and meetings

Current membership is David Morrison (Chairman), Jeremy Miller and Simon Thompson. Other individuals and external advisers attend meetings at the request of the Committee Chairman. The Committee met three times during the year.

### Main activities of the Committee during the year

The following principal items were dealt with during the year:

- consideration of the requirements for, and conducting a search in respect of, an Independent Non-Executive Director; and
- completion of a Board evaluation exercise.

### Board diversity

The Board considers itself diverse in terms of the background and experience each individual member brings to the Board and recognises the benefits that greater diversity at the most senior levels of the Company may bring. The terms of reference of the Committee require that in each appointment to the Board, the Committee must 'consider candidates on merit and against objective criteria, and with due regard for the benefits of diversity on the Board, including gender' in identifying and recommending candidates.

### David Morrison

Chairman of the Nomination Committee

25 March 2024

## Report of the Audit Committee

# Report of the Audit Committee



**Jeremy Miller**

Chairman of the Audit Committee

### Other members

**David Morrison**

**Simon Thompson**

On behalf of the Audit Committee, I am pleased to present the Audit Committee Report for the year ended 31 December 2023.

The Audit Committee Report sets out details of its composition and responsibilities and an overview of the work undertaken by the Committee during the year.

### Meetings and membership

Although only Committee members are entitled to attend meetings, the entire Board is invited and typically attends. Others attend by invitation of the Committee Chairman. During the year the External Auditor, the Group Head of Internal Audit and the Global Head of Financial Reporting and Tax attended meetings to report to the Committee and provide clarification and explanations where appropriate. Details of attendance at the Committee can be found on page 45.

Each Committee member is considered to possess recent and relevant financial experience and the Board is satisfied that the Committee, as a whole, has sufficient experience and competence relevant to the Group's business.

### Main activities during the year

The Committee fully recognises its role in protecting the interests of shareholders and other stakeholders having responsibility for monitoring the integrity of published financial information, including the review of significant financial judgements; reviewing the selection and appointment of the External Auditor and the effectiveness of the external audit process; and monitoring performance of the Internal Audit function in assessing the Group's internal control and risk management systems.

In 2023, the main activities of the Committee were:

### Key accounting items

The Committee has received management papers providing regular updates on the development of the Group's key accounting approaches during the year, including revenue recognition, onerous contracts and restructuring provisions (including approach and timing), share-based payments, segmental reporting and discontinued operations.

### Financial statements

The Committee reviewed and discussed financial disclosures made in the annual results announcement, the Annual Report and Accounts and the Half Year Report, together with any related management letters, letters of representation and reports from the External Auditor.

## Report of the Audit Committee continued

### Main activities during the year continued Key financial reporting and accounting issues

The primary areas of judgement considered by the Committee in relation to the 2023 financial statements and how they were addressed by management are shown below:

Area of judgement	Management action
Revenue recognition	The Committee has received detailed updates from senior management in relation to the revenue recognition approach across the Group during the year. This primarily considered cost base changes in our Indian products. The Committee has concluded that revenue recognition continues to be dealt with appropriately.
Onerous contract provisions	The Committee received papers from senior management detailing the approach to and timing of onerous contract provisions. The Committee challenged the papers assessing the adequacy of approach in relation to IAS 37 and is comfortable that the balances are accurately reflected. This conclusion has been supported by the Auditor's Report (see pages 58).

The Committee also received various materials supporting statements on risk management, internal controls and long-term viability, which along with consideration of the accuracy, integrity and consistency of the messages conveyed within the Annual Report and Accounts have enabled the Committee to recommend the document to the Board as a fair, balanced and understandable reflection of the Group's position.

#### External Auditor

The Committee has primary responsibility for overseeing the relationship with the External Auditor and approves the External Auditor's engagement letter, audit fee and audit and client services plan (including the planned levels of materiality). The External Auditor attends meetings as appropriate and meets at least annually with the Committee without Executive Management present. The Chairman of the Committee also meets privately with the External Auditor on a regular basis.

The Committee receives regular detailed reports from the External Auditor, including a formal written report dealing with the audit objectives, the Auditor's qualifications, expertise and resource, the effectiveness of the audit process, the procedures and policies for maintaining independence and compliance with the ethical standards issued by the Financial Reporting Council. The Committee is satisfied with the performance of the External Auditor during the year and the policies and procedures in place to maintain its objectivity and independence and has recommended that PKF Littlejohn LLP (PKF) be reappointed at the forthcoming AGM.

#### External Auditor's independence, objectivity and effectiveness

Fees paid to the External Auditor are shown in note 7 to the consolidated financial statements. The External Auditor may provide non-audit services from time to time. The Committee keeps under review the level of non-audit fees as a proportion of the total fees paid to PKF. There has been no non-audit work carried out during the year.

The following controls are in place to ensure that the External Auditor's objectivity and independence are safeguarded:

- a policy on the use of the External Auditor for non-audit work has been agreed by the Committee. This ensures that work would usually only be awarded when, by virtue of the External Auditor's knowledge, skills or experience, the External Auditor is clearly to be preferred over alternative suppliers;
- the Committee receives and reviews each year an analysis of any non-audit work awarded to the External Auditor over the financial period; and
- the Committee receives each year a report from the External Auditor outlining any matters that it considers bear on its independence and which need to be disclosed to the Audit Committee.

#### Internal Audit

The Committee defines the responsibility and scope of the Internal Audit function and approves its annual plan. Each quarter, the Committee discusses with the Group Head of Internal Audit any significant matters arising from the Internal Audit assurance programme and management's response to significant audit findings and notable control weaknesses including planned improvements and agreed actions. In addition, the Committee receives and reviews all instances of whistleblowing in the business.

The Committee has assessed the resources available to the Internal Audit department to complete its remit and approved the continued use of an outsourced Internal Audit model. The Committee concluded that the model, with an in-house Group Head of Internal Audit supported by outsourced resource in India, Turkey, the UK and Europe, is seen as an effective method of providing the required flexibility in coverage and specialist skills to effectively audit the Group.

The Internal Audit function uses a risk-based approach to provide assurance across Group companies and functional areas. The Internal Audit Plan is regularly reviewed to ensure that it reflects change and business development across the Group. Adjustments to the Internal Audit Plan were agreed by the Committee to ensure the most appropriate coverage for the Group. The ambitious change agenda of the Group continues to be heavily reflected in the focus of the Internal Audit Plan in 2024, with a notable proportion of the function's time devoted to Group IT change initiatives.

The appointment and removal of the Group Head of Internal Audit is the responsibility of the Committee. The Internal Audit department continues to have unrestricted access to all Group documentation, premises, functions and employees, as required. The Group Head of Internal Audit has direct access to the Board and the Audit Committee and is jointly accountable to the Audit Committee Chairman and Group CFO.

#### Committee effectiveness

From time to time the Committee carries out a self-assessment exercise to help assess its own effectiveness. This exercise, which was last carried out in 2021 and identified no significant issues, is based around completion of a gap analysis against best practice.

#### Jeremy Miller

Chairman of the Audit Committee

25 March 2024

Directors' Remuneration Report

# Directors' Remuneration Report



**Simon Thompson**  
Chairman of the Remuneration Committee

**Other members**

**David Morrison**

**Jeremy Miller**

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report (the Remuneration Report) for the year ended 31 December 2023.

The Remuneration Report sets out details of the Remuneration Committee, including its composition and responsibilities, the Group's executive remuneration policy and details of Directors' remuneration for the year under review.

As an AIM-listed company, CPPGroup Plc (CPP) is not required to prepare the Remuneration Report in accordance with the Directors' Remuneration Report Regulations 2002 or the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (together, the Regulations). We do, however, support the principles of the Regulations and seek to follow them to the extent that they are relevant to CPP as an AIM-listed company.

**Role and responsibilities of the Remuneration Committee**

The Committee is responsible for recommending to the Board the remuneration of the Chairman, the Executive Directors, the Company Secretary and the EMC. The remuneration of Non-Executive Directors is a matter for the Chairman and the executive members of the Board. The Committee also recommends and monitors the level and structure of remuneration for the EMC.

**Activities during the year**

The main activities of the Committee during the year under review and up to the date of this report were:

- reviewing new Long Term Incentive Plans (LTIPs);
- reviewing short-term incentive plans;
- strategy for year end salary reviews against an inflationary environment;
- agreeing terms for senior appointments and exits; and
- review of Group Remuneration Policy.

**Advisers to the Remuneration Committee**

The Committee received advice over the year from Eversheds Sutherland LLP (Eversheds), which provided no other services to the Company. Fees paid to Eversheds during the year totalled £142,000 (2022: £37,000) with the increase reflecting support for the Group's new LTIPs.

The Committee also receives advice and support from the Group HR Director, the Group CEO, the Group CFO and the Company Secretary.

No other advisers have provided significant services to the Committee in the year.

## Directors' Remuneration Report continued

### Remuneration policy

The executive remuneration policy is designed to ensure that the remuneration of Executive Directors and the EMC is sufficient to recruit, retain and motivate high-quality individuals, whilst increasing the sustainable value of the business. The Committee reviews the remuneration policy from time to time, taking whatever action it considers necessary to ensure that remuneration is aligned with the overall strategic objectives of the Group.

In accordance with its terms of reference, in considering executive pay, the Committee has regard to levels of remuneration and terms and conditions across the Company, especially when determining annual salary increases. The Committee receives information about pay and conditions across the Group and, except in exceptional circumstances, executives ordinarily receive the same percentage increase as other colleagues in the country in which they operate.

### Executive Directors' remuneration

In the year under review, the Executive Directors' total remuneration package comprised:

- fixed pay, including base salary, pension contributions at a statutory level under the Group's stakeholder pension plan, and an allowance to spend on a range of benefits available within the Group's flexible benefits scheme; and
- variable pay, comprising bonus opportunity and participation in the Group's Deferred Share Bonus Plan (DBP), 2023 Long Term Incentive Plan (2023 LTIP) and Capital Appreciation Plan (CAP).

### Service contracts and letters of appointment

The Executive Directors have service contracts that are subject to six months' notice by either party.

Non-Executive Directors receive written letters of appointment, and their appointments are subject to one month's notice.

Copies of Directors' service contracts and letters of appointment are available for inspection by shareholders at the Group's registered office.

### Directors' remuneration (audited information)

The remuneration of the Executive and Non-Executive Directors serving during the year was as follows:

	Base salary/ fees £'000 2023	Taxable benefits £'000 2023	Bonus £'000 2023	Pension £'000 2023	Total £'000 2023	2022
<b>Executive Directors</b>						
Simon Pyper <sup>1</sup>	300	1	320	12	633	430
David Bowling <sup>2</sup>	200	10	162	8	380	243
<b>Non-Executive Directors</b>						
David Morrison	110	—	—	—	110	110
Simon Thompson	71	—	—	—	71	60
Jeremy Miller	75	—	—	—	75	77

1. Simon Pyper's bonus figure includes a one-time payment of £50,000 to relinquish an external Non-Executive Director role. In the prior year Simon took 25% of his total bonus award as cash, with the remaining 75% being granted as share options through the DBP.

2. David Bowling's prior year remuneration reflected earnings from 7 March 2022, being his date of appointment as CFO. On a full year basis David's total remuneration for 2022 would have been £284,000. In addition, in the prior year David took 35% of his total bonus award as cash, with the remaining 65% being granted as share options through the DBP.

### Bonuses

Executive Director and EMC bonus awards in 2023 were linked to the Group's financial performance ensuring that Directors' pay is aligned to the Group's strategic priorities, including execution of the CMP. The 2023 bonus award is cash based whereas the prior year award was split between cash and share options granted through the DBP.

### Share incentives

Details of awards held, granted and exercised by the current Directors in the Group's share plans are detailed below:

Director	Balance held at 1 January 2023	Number of share options granted in year	Number of share options exercised in year	Number of share options lapsed in year	Balance held at 31 December 2023
Simon Pyper <sup>1</sup>	—	467,188	—	—	467,188
David Bowling <sup>2</sup>	—	315,618	—	—	315,618

1. Simon Pyper's share options granted in the year comprise 219,941 under the DBP and 247,247 under the 2023 LTIP.

2. David Bowling's share options granted in the year comprise 114,370 under the DBP and 201,248 under the 2023 LTIP.

### Current share plans

During the year the Group introduced the Deferred Bonus Plan (DBP), 2023 Long Term Incentive Plan (2023 LTIP) and Capital Appreciation Plan (CAP). The plans are designed to deliver value creation for shareholders and ensure alignment with shareholder interests, as well as recognising the importance of long-term engagement and retention of the EMC and senior management to deliver the strategy and CMP which will be to the benefit of all shareholders. The DBP was granted on 31 March 2023, and the 2023 LTIP and CAP were granted on 27 September 2023, following consultation with the Company's major shareholders. Clawback and malus provisions apply to all the plans.

### Deferred Bonus Plan (DBP)

The options awarded under the plan represented an agreement by participants to defer a proportion of their total bonus award for 2022 as the strategy and CMP progress. The share options awarded under the plan were valued at £1.02, being the average closing price for the Company's shares for a period of 30 days from the announcement of the strategy and CMP on 19 October 2022.

To act as a longer-term incentive the shares granted will vest in two tranches with 50% vesting on 31 December 2023, and the remaining 50% will vest on 31 December 2024. The share options granted are nil cost and carry no performance conditions other than continuous employment.

### 2023 Long Term Incentive Plan (2023 LTIP)

It was acknowledged that, save for the DBP, the EMC was absent a target-based LTIP. The plan is designed to encourage key person retention and to only reward participants alongside improved shareholder returns through increasing the share price.

The awards are structured as nil-cost options. The vesting of the options will not be linked to a time-based schedule but will vest subject to satisfaction of the performance conditions which are as follows:

Tranche	Share options (number)	Share price target	Maximum vesting period
1	168,073	£3.70	3 years
2	252,114	£4.75	4 years
3	420,185	£6.00	5 years
<b>Super-Max</b>	252,114	£9.00	6 years

The share options vest if the average closing share price of a share on AIM over a period of 90 consecutive calendar days equals or exceeds the share price target. Each tranche of share options lapses if the share price target is not met within the maximum vesting periods.

### Capital Appreciation Plan (CAP)

A cash-based plan that is targeted at the Group CEO, Group CFO, Group COO and Blink CEO.

The purpose of the CAP is to achieve:

- appropriate incentivisation for its participants (in combination with the 2023 LTIP);
- a balanced 2023 LTIP for all participants which provides headroom for non-EMC members to participate; and
- reduced dilution for shareholders.

The maximum aggregate amount that can be paid under the CAP is £1.5 million.

The following performance conditions are applicable:

Tranche	CAP amount	Share price target	Maximum vesting period
1	£150,000	£3.70	3 years
2	£600,000	£4.75	4 years
3	£750,000	£6.00	5 years

Consistent with the 2023 LTIP, the CAP only becomes payable if the average closing share price of a share on AIM over a period of 90 consecutive calendar days equals or exceeds the share price target. Each tranche of the CAP lapses if the share price target is not met within the maximum vesting periods.

### Shareholder dilution

The Group acknowledges the ABI guidelines that commitments to issue new shares or reissue treasury shares when aggregated with awards under all of the Company's other schemes must not exceed 10% of the issued ordinary share capital in any rolling ten-year period commencing on admission of the Group's shares to AIM. However, the options granted under the DBP and 2023 LTIP will in aggregate exceed the ABI guidelines. The Directors consider this necessary to incentivise appropriately and retain the EMC and other senior management as they execute the strategy and CMP whilst aligning interests with shareholders through the delivery of greater shareholder value. The 2023 LTIP was granted following consultation with the Company's major shareholders.

Newly issued shares are currently used to satisfy the exercise of all equity-settled options.

### Directors' shareholdings

The Directors who were in post at the end of the year under review held the following beneficial interests in the Company's ordinary shares:

	Ordinary shares held at 31 December 2023	Ordinary shares held at 31 December 2022	Interests in unexercised shares under incentive plans
Simon Pyper	31,662	19,881	467,188
David Bowling	3,153	3,153	315,618
Jeremy Miller	40,000	20,000	—
Simon Thompson	25,000	—	—

### Simon Thompson

Chairman of the Remuneration Committee

25 March 2024

## Directors' Report

The Directors present their Annual Report and audited financial statements of the Group for the year ended 31 December 2023.

### Principal activities

The principal activity of the Group is the provision of assistance products. Further information on the Group's business can be found in the following sections of the Annual Report, which are incorporated by reference into this report:

- the Strategic Report on pages 2 to 39;
- the Corporate Governance Report on pages 40 to 54;
- the Report of the Nomination Committee on page 46;
- the Report of the Audit Committee on pages 47 and 48; and
- the Directors' Remuneration Report on pages 49 to 51.

### Directors

The Directors who served throughout the year and to the date of this report are shown in the table below.

David Morrison	Chairman
Simon Pyper	Chief Executive Officer
David Bowling	Chief Financial Officer
Simon Thompson	Non-Independent Non-Executive Director
Jeremy Miller	Independent Non-Executive Director

Under the Company's Articles of Association any Director who has been a Director at each of the preceding two AGMs and who was not appointed or reappointed by the Company in general meeting at, or since, either such meeting shall retire by rotation. Accordingly, David Morrison and Simon Thompson will seek election at the forthcoming AGM.

- Brief biographical details for each Director are set out on page 41
- Details of Committee memberships are set out in the Corporate Governance Report on page 45
- Details of Directors' beneficial interests in and options over the Company's shares are set out in the Directors' Remuneration Report on pages 49 to 51

### Dividends

The Directors are not recommending that a final dividend be paid in respect of 2023. No dividend was paid for the year ended 31 December 2022.

### Insurance

The Company has appropriate insurance cover in place in respect of any potential litigation against Directors.

### Events after the balance sheet date

Refer to note 36 on page 101 for details.

### Annual General Meeting

The AGM of the Company is to be held on 7 May 2024. The notice of the AGM and an explanation of any non-routine business are set out in the circular accompanying this Annual Report or on the Company's website at [corporate.cppgroup.com](http://corporate.cppgroup.com).

The notice of the meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be proposed at the meeting.

### Change of control provisions

Some agreements to which the Company or its subsidiaries are a party may be at risk of termination by counterparties in certain restricted circumstances in the event of a change of control of the Company. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

### Capital structure

Details of the issued share capital, together with movements in the Company's issued share capital for the period, can be found in note 31 on page 96.

The Company's capital comprises ordinary shares of £1 each, which carry no right to fixed income. Each fully paid share carries the right to one vote at a general meeting of the Company.

- Details of the Group's employee share schemes are set out in note 32 on pages 97 and 98

### Business relationships

The Board is fully aware that the long-term sustainability of our business depends on building and maintaining long-lasting mutually beneficial relationships with our partners. With a B2B2C operating model, insights and requests from business partners in terms of product and marketing strategies are key to the Board's focus and development in these areas. The Group CEO and CFO often meet with prospective and existing business partners, reporting back to the Board on the results of those meetings.

## Substantial shareholdings

On 31 December 2023, the Company had been notified, in accordance with the Disclosure and Transparency Rules of the FCA, of the notifiable interests in the ordinary share capital of the Company set out in the table below. As far as the Directors are aware, as at 31 December 2023 no person had a beneficial interest in 3% or more of the voting share capital except for the following:

Name	Ordinary shares	%
Mr Hamish Ogston	3,604,760	40.74%
Funds managed by Phoenix Asset Management Partners Limited	2,130,645	24.08%
Schroders plc	1,760,364	19.90%

Mr Hamish Ogston holds a beneficial interest in 40.74% of the issued shares of the Company. Under the terms of a relationship agreement between Mr Ogston and the Company dated 22 December 2014 and effective from the Company's admission to AIM, for so long as Mr Ogston and any person or corporate body connected to him (a Controlling Shareholder) holds, in aggregate, 30% or more of the ordinary shares or the voting rights attaching to the shares, Mr Ogston shall not and shall procure that each Controlling Shareholder shall not:

- vote in favour of or propose any resolution to amend the Articles of Association which would be contrary to the principle of the independence of the Company from the shareholder or any of the Controlling Shareholders;
- take any action which precludes any member of the Group from carrying on its business independently of Mr Ogston or any Controlling Shareholder; or
- take any action (or omit to take any action) to prejudice the Company's status as a company admitted to AIM or its suitability for admission to AIM or the Company's compliance with the AIM Rules, other than in the circumstances of a takeover or merger of the Company.

## 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. 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.

## Colleagues

The Group is committed to employment policies that provide equality of opportunity to all colleagues based only on their relevant skills and capabilities and that ensure no colleague or applicant is treated unfairly on any grounds including: ethnic origin; religion; gender; sexual orientation; or disability.

Every possible support will be offered to any colleague who becomes disabled during the course of their employment, with reasonable adjustments made wherever possible.

The Group communicates with colleagues by means of regular business updates and quarterly CEO calls on the intranet.

## Anti-bribery and corruption

The Group is committed to ensuring that it has effective processes and procedures in place to counter the risk of bribery and corruption. A formal anti-bribery policy is in place and appropriate training is provided according to the level of risk attached to a role.

## Modern Slavery Act

The Group has a zero-tolerance approach to modern slavery and will not knowingly support or deal with any business involved in slavery and/or human trafficking. Our Modern Slavery Policy reflects our commitment to maintaining ethical practices in all of our supply chains and across our business. The steps taken to help manage the risks outlined by the legislation are detailed in our modern slavery statement published annually on our website [corporate.cppgroup.com/modern-slavery-statement/](https://corporate.cppgroup.com/modern-slavery-statement/).

## Auditor

Each person who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

PKF Littlejohn LLP has expressed its willingness to continue in office as Auditor. Accordingly, a resolution to reappoint PKF Littlejohn LLP will be proposed at the AGM.

By order of the Board

## Sarah Atherton

General Counsel & Company Secretary

25 March 2024

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards (UK IAS) and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts until they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing the consolidated financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Company financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

**Simon Pyper**

Chief Executive Officer  
25 March 2024

**David Bowling**

Chief Financial Officer  
25 March 2024

## Independent Auditor's Report

To the members of CPPGroup Plc

### Opinion

We have audited the financial statements of CPPGroup Plc (the parent company) and its subsidiaries (the Group) for the year ended 31 December 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company balance sheets, the consolidated and parent company statements of changes in equity, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom generally accepted accounting practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- A comparison of actual results for the year to past budgets to assess the forecasting ability/accuracy of management.
- Reviewing the two-year plan prepared by management for the period, providing challenge to key assumptions and reviewing the reasonableness of the following:
  - significant movements in forecasted cash flows and evaluating the reasoning for the changes, including consideration of the impact of the CMP;
  - the accuracy of the two-year plan forecasts by comparing the forecasts to historical trends and performance; and
  - substantiating the forecasts' inputs with supporting documentation.
- Review of the parent company and its subsidiaries' correspondence with regulators up to the date of signing our audit report;
- Review of the financial statements disclosures for the year ended 31 December 2023 and its supporting documents;
- Assessment of the risks faced by the Group and the parent company, which include:
  - credit risk, liquidity risk, currency risk, funding risk and capital risk (including minimum solvency capital requirements);
  - operational resilience and business continuity plans;
  - ability to continually provide services to customers;
  - compliance with regulations; and
  - maintaining appropriate oversight and control over the Group's significant international components; and
- reviewing post-year end RNS announcements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Independent Auditor's Report continued

To the members of CPPGroup Plc

### Our application of materiality

The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the Group financial statements was £1.93 million (2022: £1.71 million) based on 1% (2022: 1%) of revenue. We based the materiality on revenue because we consider this to be the most relevant performance indicator of the Group and is a significant driver of profit or loss for the year.

The performance materiality was £1.45 million (2022: £1.37 million). We set performance materiality at 75% (2022: 80%) of overall financial statement materiality to reflect the risk associated with the judgemental and key areas of management estimation within the financial statements.

The materiality applied to the parent company financial statements was £1,204,600 (2022: £153,000) based on 1% of net assets (2022: 5% of profit before tax), as there is no revenue recorded in the parent company. The performance materiality was £903,450 (2022: £122,400). For each component in the scope of our Group audit, we allocated a materiality that was less than our overall Group materiality. As a Group which is in the process of growing certain parts of the business whilst simultaneously winding down others, component materiality was set with reference to either revenue, profit before tax or net assets.

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £96,500 (2022: £85,300).

No significant changes have come to light through the audit fieldwork which has caused us to revise our materiality figure.

### Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgements by the Directors and considered future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. Of the 28 components of the Group, a full scope audit was performed on the complete financial information of 10 components, and for the components not considered significant, we performed a limited scope review which analytical review together with substantive testing as appropriate on Group audit risk areas applicable to those components based on their relative size, risks in the business and our knowledge of the entity were appropriate to respond to the risk of material misstatement.

Of the 28 reporting components of the Group, three significant components are located outside United Kingdom and audited by PKF network firms operating under our instruction and the audit of the remaining components was performed in Leeds, conducted by PKF Littlejohn LLP, using a team with specific experience of auditing companies operating in the financial services sector and publicly listed entities.

The Senior Statutory Auditor interacted regularly with the component audit teams during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the Group and parent company financial statements.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our scope addressed this matter
<p><b>Revenue recognition</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumption that revenue recognition is a significant fraud risk.</p> <p>IFRS 15 <i>Revenue from Contracts with Customers</i> requires that the Group, for each of its material revenue streams, identify the individual performance obligations owed to its customers, against which revenue is allocated and recognised.</p> <p>Due to the nature of the Group's products, most notably in the Indian market, which involve the provision of different services over varying periods of time, the recognition of revenue is complex and involves the application of management judgement when identifying specific performance obligations.</p> <p>The key judgements applied include the identification of, and allocation of revenue between, different performance obligations, particularly in India where revenue growth is fastest and most complex.</p> <p>Management judgement is also applied when determining the costs associated with discharging the Group's various performance obligations, used as the basis for the revenue allocation calculations performed.</p> <p>We consider that there is significant audit risk in relation to:</p> <ul style="list-style-type: none"> <li>the appropriateness and compliance of the Group's revenue recognition policies under IFRS 15 for new and existing products; and</li> <li>the accuracy of revenue allocation calculations performed across the Group and the accuracy and completeness of underlying cost data upon which it is based.</li> </ul> <p>The critical accounting judgement and key accounting estimate disclosure for revenue recognition is set out in note 4 and the financial disclosures are set out in note 5.</p>	<p>We have carried out the following procedures:</p> <ul style="list-style-type: none"> <li>documented our understanding of the internal control environment in operation for the significant income streams and undertaken walkthroughs across all material revenue streams to gain assurance that the key controls within these processes have been operating in the period under audit;</li> <li>documented our understanding of the new Indian IT Platform and undertook walkthroughs to gain assurance that the key controls built around the system have been operating in the period under audit;</li> <li>assessed the design and tested the operating effectiveness of controls relating to the collation and apportionment of costs used in the revenue recognition calculations in the Group's material territories. We have also focused our controls testing in India on the accuracy of revenue recording;</li> <li>focused our controls testing in the UK on the Group's governance over the revenue recognition policies applied in each territory, as well as considering and challenging the revenue allocation mechanisms adopted;</li> <li>obtained and agreed a sample of costs incurred to supporting information to assess the accuracy and completeness of revenue allocation calculations performed in the Group material territories;</li> <li>tested a sample of revenue transactions recorded on either side of the year end to gain assurance over cut-off risk;</li> <li>reviewed any legal opinion/correspondence and challenged management's classification of their products where appropriate;</li> <li>used data analytics to perform analytical procedures and performed substantive tests of detail in order to audit the underlying revenue balances in India and the UK;</li> <li>reviewed intra-group revenue and ensured transactions are eliminated correctly on consolidation, along with any intra-group profits; and</li> <li>reviewed any post-year end revenue credit adjustments to ensure that these credits are recorded in the correct period and these adjustments are valid postings.</li> </ul> <p>Based on the work performed and evidence obtained, we consider management's approach to revenue recognition to be reasonable.</p>

## Independent Auditor's Report continued

To the members of CPPGroup Plc

### Key audit matters continued

Key audit matter	How our scope addressed this matter
<p><b>Onerous contract provisions</b></p> <p>In the prior year the Group publicly communicated its decision to close its Legacy businesses; however, there are contracts in place that the Group has to service till they lapse.</p> <p>The CMP has now finalised the timeline for closure of the Legacy businesses, and this has been formally communicated to regulators and employees. Hence management has created a constructive obligation and needs to recognise a provision for contracts which have now become onerous. The most material elements of this provision are within the UK Legacy business and Central Functions.</p> <p>The recognition of such provisions require both judgement, in terms of which costs should be included in the provision, as well as estimation of the future costs to be incurred in running down these contracts.</p> <p>The critical accounting judgement and key accounting estimate disclosure for onerous contracts is set out in note 4 and the financial disclosures are set out in note 28.</p>	<p>We have carried out the following procedures:</p> <ul style="list-style-type: none"> <li>• challenged the completeness of the costs used in management's calculations of the onerous contract provisions;</li> <li>• reviewed management's calculations of the onerous contract workings and substantively tested income and expenditure included in the calculations, challenging forward-looking assumptions made;</li> <li>• challenged the discount rate used in the calculations, given that the provisions are expected to be utilised over several years;</li> <li>• reviewed central overhead allocations included in the calculations for the reasonableness and consistency with prior periods; and</li> <li>• reviewed the presentation and disclosures of the provisions at year end for compliance with IAS 37.</li> </ul> <p>Based on the work performed and evidence obtained, we consider management's approach to providing for onerous contracts to be reasonable.</p>

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the Group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and parent company financial statements, the Directors are responsible for assessing the Group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the Group and the parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and the Company in this regard to be those arising from the Companies Act 2006, FCA Handbook, Solvency II, AIM rules and the Quoted Companies Alliance Corporate Governance Code. Local laws and regulations in the UK, India, Spain and Turkey were also considered.
- There was regular interaction with the component auditors during all stages of the audit, including procedures designed to identify non-compliance with laws and regulations, including fraud.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group or the parent company with those laws and regulations. These procedures included, but were not limited to:
  - discussions with management regarding potential non-compliance;
  - review of legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations; and
  - review of minutes of meetings of those charged with governance and RNS announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the revenue recognition policy of the Group and as noted above in the key audit matters section. We addressed this by challenging the assumptions and judgements made by management when auditing that critical accounting judgement.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and review of bank statements during the year to identify any large and unusual transactions where the business rationale is not clear.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Martin Watson (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

3rd Floor, One Park Row, Leeds, United Kingdom

25 March 2024

## Consolidated income statement

For the year ended 31 December 2023

	Note	2023			2022		
		Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	Total £'000
<b>Continuing operations</b>							
<b>Revenue</b>	5	<b>181,010</b>	<b>12,026</b>	<b>193,036</b>	154,267	15,516	169,783
Cost of sales		(159,031)	(3,060)	(162,091)	(133,924)	(5,087)	(139,011)
<b>Gross profit</b>		<b>21,979</b>	<b>8,966</b>	<b>30,945</b>	20,343	10,429	30,772
Administrative expenses		(22,739)	(14,608)	(37,347)	(18,469)	(9,689)	(28,158)
<b>Operating (loss)/profit</b>		<b>(760)</b>	<b>(5,642)</b>	<b>(6,402)</b>	1,874	740	2,614
<b>Analysed as:</b>							
EBITDA	5	3,013	1,770	4,783	4,928	1,925	6,853
Depreciation and amortisation		(2,408)	(362)	(2,770)	(2,055)	(452)	(2,507)
Exceptional items	6	(1,365)	(7,050)	(8,415)	(999)	(733)	(1,732)
Investment revenues	9	521	228	749	370	116	486
Finance costs	10	(471)	(15)	(486)	(630)	(26)	(656)
<b>(Loss)/profit before taxation</b>		<b>(710)</b>	<b>(5,429)</b>	<b>(6,139)</b>	1,614	830	2,444
Taxation	11	(1,761)	(199)	(1,960)	(2,000)	(343)	(2,343)
<b>(Loss)/profit for the year from continuing operations</b>		<b>(2,471)</b>	<b>(5,628)</b>	<b>(8,099)</b>	(386)	487	101
<b>Discontinued operations</b>							
Profit for the year from discontinued operations	14	—	—	—	—	676	676
<b>(Loss)/profit for the year</b>		<b>(2,471)</b>	<b>(5,628)</b>	<b>(8,099)</b>	(386)	1,163	777
<b>Attributable to:</b>							
Equity holders of the Company		(3,027)	(5,628)	(8,655)	(640)	1,163	523
Non-controlling interests		556	—	556	254	—	254
		(2,471)	(5,628)	(8,099)	(386)	1,163	777

	Note	2023			2022		
		Core pence	Legacy pence	Total pence	Core pence	Legacy pence	Total pence
<b>Basic and diluted (loss)/earnings per share</b>							
Continuing operations	13	(34.22)	(63.62)	(97.84)	(7.24)	5.51	(1.73)
Discontinued operations	13	—	—	—	—	7.64	7.64
		(34.22)	(63.62)	(97.84)	(7.24)	13.15	5.91

## Consolidated statement of comprehensive income

For the year ended 31 December 2023

	2023 £'000	2022 £'000
(Loss)/profit for the year	<b>(8,099)</b>	777
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Fair value gain on equity investment	<b>610</b>	152
Exchange differences on translation of foreign operations	<b>(696)</b>	(2,052)
Exchange differences reclassified on disposal of foreign operations	<b>68</b>	1,093
<b>Other comprehensive expense for the year net of taxation</b>	<b>(18)</b>	(807)
<b>Total comprehensive expense for the year</b>	<b>(8,117)</b>	(30)
<b>Attributable to:</b>		
Equity holders of the Company	<b>(8,571)</b>	(286)
Non-controlling interests	<b>454</b>	256
	<b>(8,117)</b>	(30)

## Balance sheets

As at 31 December 2023

	Note	Consolidated		Company	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Non-current assets</b>					
Goodwill	15	513	544	—	—
Other intangible assets	16	6,619	4,710	—	—
Property, plant and equipment	17	932	1,243	—	—
Right-of-use assets	18	3,122	3,936	—	—
Investments	19	—	—	19,210	15,545
Equity investment	20	—	2,041	—	—
Deferred tax assets	29	693	230	—	—
Contract assets	22	208	275	—	—
		<b>12,087</b>	12,979	<b>19,210</b>	15,545
<b>Current assets</b>					
Inventories	21	9	87	—	—
Contract assets	22	6,716	5,764	—	—
Trade and other receivables	23	13,761	19,841	71,353	81,832
Cash and cash equivalents	24	19,001	20,984	23,770	1,224
		<b>39,487</b>	46,676	<b>95,123</b>	83,056
Assets classified as held for sale	20	2,631	—	—	—
		<b>42,118</b>	46,676	<b>95,123</b>	83,056
<b>Total assets</b>		<b>54,205</b>	59,655	<b>114,333</b>	98,601
<b>Current liabilities</b>					
Borrowings	27	—	23	—	—
Income tax liabilities		(1,004)	(1,195)	—	—
Trade and other payables	25	(25,696)	(26,210)	(13,763)	(11,230)
Provisions	28	(1,877)	(224)	—	—
Lease liabilities	26	(907)	(966)	—	—
Contract liabilities	22	(11,581)	(11,238)	—	—
		<b>(41,065)</b>	(39,810)	<b>(13,763)</b>	(11,230)
<b>Net current assets</b>		<b>1,053</b>	6,866	<b>81,360</b>	71,826
<b>Non-current liabilities</b>					
Borrowings	27	105	—	—	—
Deferred tax liabilities	29	(646)	(702)	—	—
Provisions	28	(1,588)	(145)	—	—
Lease liabilities	26	(2,892)	(3,752)	—	—
Contract liabilities	22	(604)	(773)	—	—
		<b>(5,625)</b>	(5,372)	—	—
<b>Total liabilities</b>		<b>(46,690)</b>	(45,182)	<b>(13,763)</b>	(11,230)
<b>Net assets</b>		<b>7,515</b>	14,473	<b>100,570</b>	87,371
<b>Equity</b>					
Share capital	31	24,257	24,256	24,257	24,256
Share premium account		45,225	45,225	45,225	45,225
Merger reserve		(100,399)	(100,399)	—	—
Translation reserve		(1,351)	(825)	—	—
ESOP reserve		18,334	17,212	11,708	10,586
Retained earnings		19,192	27,201	19,380	7,304
<b>Equity attributable to equity holders of the Company</b>		<b>5,258</b>	12,670	<b>100,570</b>	87,371
Non-controlling interests	33	2,257	1,803	—	—
<b>Total equity</b>		<b>7,515</b>	14,473	<b>100,570</b>	87,371

The notes on pages 66 to 101 form an integral part of these financial statements.

The Company reported a profit for the financial year ended 31 December 2023 of £12,077,000 (2022: £429,000).

Approved by the Board of Directors and authorised for issue on 25 March 2024 and signed on its behalf by:

**Simon Pyper**

Chief Executive Officer

Company registration number: 07151159

**David Bowling**

Chief Financial Officer

## Consolidated statement of changes in equity

For the year ended 31 December 2023

	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
At 1 January 2022		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)/income for the year		—	—	—	(961)	—	152	(809)	2	(807)
Total comprehensive (expense)/income for the year		—	—	—	(961)	—	675	(286)	256	(30)
Equity-settled share-based payment credit	32	—	—	—	—	(206)	—	(206)	—	(206)
Exercise of share options		13	—	—	—	—	(7)	6	—	6
Deferred tax on share options	11	—	—	—	—	—	(9)	(9)	—	(9)
Effects of hyperinflation	3	—	—	—	—	—	3	3	—	3
Dividends paid	12	—	—	—	—	—	(663)	(663)	—	(663)
<b>At 31 December 2022</b>		<b>24,256</b>	<b>45,225</b>	<b>(100,399)</b>	<b>(825)</b>	<b>17,212</b>	<b>27,201</b>	<b>12,670</b>	<b>1,803</b>	<b>14,473</b>
(Loss)/profit for the year		—	—	—	—	—	(8,655)	(8,655)	556	(8,099)
Other comprehensive (expense)/income for the year		—	—	—	(526)	—	610	84	(102)	(18)
Total comprehensive (expense)/income for the year		—	—	—	(526)	—	(8,045)	(8,571)	454	(8,117)
Equity-settled share-based payment charge	32	—	—	—	—	1,122	—	1,122	—	1,122
Exercise of share options	31	1	—	—	—	—	(1)	—	—	—
Effects of hyperinflation	3	—	—	—	—	—	37	37	—	37
<b>At 31 December 2023</b>		<b>24,257</b>	<b>45,225</b>	<b>(100,399)</b>	<b>(1,351)</b>	<b>18,334</b>	<b>19,192</b>	<b>5,258</b>	<b>2,257</b>	<b>7,515</b>

## Company statement of changes in equity

For the year ended 31 December 2023

	Note	Share capital £'000	Share premium account £'000	ESOP reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2022		24,243	45,225	10,792	7,554	87,814
Profit and total comprehensive income for the year	1	—	—	—	429	429
Equity-settled share-based payment credit	32	—	—	(206)	—	(206)
Exercise of share options	31	13	—	—	(7)	6
Deferred tax on share options	11	—	—	—	(9)	(9)
Dividends paid	12	—	—	—	(663)	(663)
<b>At 31 December 2022</b>		<b>24,256</b>	<b>45,225</b>	<b>10,586</b>	<b>7,304</b>	<b>87,371</b>
Profit and total comprehensive income for the year	1	—	—	—	12,077	12,077
Equity-settled share-based payment charge	32	—	—	1,122	—	1,122
Exercise of share options	31	1	—	—	(1)	—
<b>At 31 December 2023</b>		<b>24,257</b>	<b>45,225</b>	<b>11,708</b>	<b>19,380</b>	<b>100,570</b>

## Consolidated cash flow statement

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Net cash from operating activities</b>	34	<b>3,610</b>	3,822
<b>Investing activities</b>			
Interest received		749	490
Purchases of property, plant and equipment	17	(335)	(526)
Purchases of intangible assets	18	(3,551)	(2,194)
Costs associated with disposal of discontinued operations	14	—	(128)
Cash disposed of with discontinued operations		—	(823)
<b>Net cash used in investing activities</b>		<b>(3,137)</b>	(3,181)
<b>Financing activities</b>			
Dividends paid	12	—	(663)
Costs of refinancing the bank facility		(128)	—
Repayment of the lease liabilities		(1,396)	(1,388)
Interest paid		(69)	(75)
Issue of ordinary share capital		—	6
<b>Net cash used in financing activities</b>		<b>(1,593)</b>	(2,120)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,120)</b>	(1,479)
Effect of foreign exchange rate changes		(863)	54
Cash and cash equivalents at 1 January		20,984	22,409
<b>Cash and cash equivalents at 31 December</b>	24	<b>19,001</b>	20,984

## Notes to the financial statements

For the year ended 31 December 2023

### 1. General information

CPPGroup Plc (the Company) is a public company limited by shares incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom. Its registered office is 6 East Parade, Leeds LS1 2AD. The Group comprises CPPGroup Plc and its subsidiaries. The Group's principal activity during the year was the provision of assistance products.

The consolidated and Company financial statements are presented in pounds sterling, the functional currency of the Company. All financial information is rounded to the nearest thousand (£'000) except where otherwise indicated. Foreign operations are included in accordance with the policies set out in note 3.

The Company has taken advantage of the exemption in the Companies Act 2006, section 408, not to present its own income statement. The Company reported a profit after tax for the year of £12,077,000 (2022: £429,000) which included dividends received from subsidiary undertakings of £11,534,000 (2022: £nil).

### 2. Adoption of new standards

#### New standards adopted

The following standards and Interpretations have become effective and have been adopted in these financial statements.

Standard/Interpretation	Subject
IAS 1	Disclosure of accounting policies
IAS 8	Definition of accounting estimates
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
IFRS 17	Insurance contracts

IFRS 17 is applicable for the first time in the current period. The Group's insurance operations are not material and as a result no adjustment has been made for this accounting standard change as the valuation of the remaining insurance contract balances in the Group's consolidated financial statements is expected to be materially the same under both IFRS 17 and IFRS 4.

Amendments to IAS 1, IAS 8 and IAS 12 also apply from this period. There has been no material impact to the Group on adoption.

#### Standards not yet applied

At the date of authorisation of these financial statements, the following relevant standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective and have been endorsed for the UK:

Standard/Interpretation	Subject	Period first applies (year ended)
IAS 1	Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants	31 December 2024
IFRS 16	Lease Liability in a Sale and Leaseback	31 December 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements	31 December 2024
IAS 21	Lack of Exchangeability	31 December 2025

The Group has assessed the standards not yet applied and has determined that IAS 1, IFRS 16, IAS 7 and IFRS 7 will not have a material impact to the Group's current accounting policies. The impact of IAS 21 is under review, which is expected to be concluded by 31 December 2024.

### 3. Significant accounting policies

#### Basis of preparation

These consolidated financial statements on pages 60 to 101 present the performance of the Group for the year ended 31 December 2023. The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards (UK IASs). The consolidated financial statements have been prepared under the historical cost basis.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council (FRC). Accordingly, the financial statements have been prepared in accordance with FRS 101 Reduced Disclosure 'Framework' as issued by the FRC incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016. The Company financial statements have also been prepared under the historical cost basis.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in relation to standards not yet effective, presentation of a cash flow statement, share-based payments and related party transactions.

#### Going concern

The Board of Directors has, at the time of approving the consolidated financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. The assessment considers the Group's modelling of a number of plausible adverse scenarios. Accordingly, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. Further details of the Directors' assessment is set out in the Directors' Report on page 53.

### 3. Significant accounting policies continued

#### Basis of consolidation

The consolidated financial statements include the results, cash flows, assets and liabilities of the Company and the entities under its control. Control is achieved when the Company has power over the investee; is exposed or has rights to variable return from its involvement with the investee; and has the ability to use its power to affect its returns.

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies. The power to govern is also achieved when the Group is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. This power is generally accompanied by the Group having a shareholding of more than 50% of the voting rights. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. Adjustments are made, where necessary, to the financial statements of subsidiaries to bring their accounting policies into line with Group policies. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

#### Exceptional items

Items which are exceptional and within operating profit, being material in terms of size and/or nature, are presented separately from underlying business performance in the consolidated income statement. The separate reporting of exceptional items contained within operating profit helps provide an indication of the Group's underlying business performance. Items which are in other gains or losses and exceptional from their size or nature are identified in the exceptional note.

#### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that the Group will be required to settle that obligation; and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A constructive obligation is determined to have occurred when a decision has been made by the Board, a formal plan for restructuring has been detailed and the implementation of this has commenced. This is either via announcement to those affected or via the commencement of the restructuring plan. In this scenario, each business unit will be considered to have a constructive obligation when the implementation of the restructuring has commenced and those affected informed, as a decision has already been made by the Board. At this point, it is considered an accrual, rather than a provision.

Given the ongoing CMP and closure of the Legacy operations, the Group has considered the costs required to fulfil existing contracts and when these are determined as onerous, whereby future costs are expected to exceed future income, they are recognised through an onerous contract provision. Provisions are not recognised for future operating losses (unless within the onerous contract considerations).

#### Hyperinflation

The Group has operations in Turkey, which 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 268.3% over a three-year period as at December 2023 (March 2022: 109.4%). 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 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 at 31 December 2023 was 37.41 (31 December 2022: 22.55).

The impact of inflation on fixed assets 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. At 31 December 2023, the annual inflation rate was 64.8% (31 December 2022: 64.3%).

## Notes to the financial statements continued

For the year ended 31 December 2023

### 3. Significant accounting policies continued

#### Hyperinflation continued

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

	2023 £'000	2022 £'000
Net assets	119	89
Profit before tax	127	122
Taxation	(45)	(36)
Profit after tax	82	86
Retained earnings	37	3

#### Share-based payments

The Group's current share plans under which it has issued share options are the Deferred Bonus Plan (DBP) and 2023 Long Term Incentive Plan (2023 LTIP). Costs in relation to the DBP and 2023 LTIP are disclosed within administrative expenses, albeit the DBP costs are not included in EBITDA.

The Group has introduced a Capital Appreciation Plan (CAP), which is a cash-based scheme. Costs in relation to the CAP are disclosed within administrative expenses.

The Group also has outstanding share options through the 2016 Long Term Incentive Plan (2016 LTIP) and Matching Share Plan (MSP) which are legacy share plans. There are no costs recognised in relation to these plans in the consolidated income statement. All outstanding options under the 2016 LTIP have vested and remain available for exercise. The final outstanding MSP options lapsed in the year.

Share options are treated as equity settled if the Group has the ability to determine whether to settle exercises in cash or by the issue of shares. Share options are measured at fair value at the date of grant, based on the Group's estimate of shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions each year. Non-market-based vesting conditions include a change in control of the Group and are considered by the Directors at each year end. The fair value of equity-settled share-based payments is expensed in the consolidated income statement on a straight line basis over the expected vesting period, with a corresponding increase in equity, subject to adjustment for forfeited options.

Where the terms of an equity-settled award are modified, the cost based on the original award terms continues to be recognised over the remainder of the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if the difference is negative.

For cash-settled share-based payments or cash-based awards, such as the CAP, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

The fair value of share options is measured by use of the Black Scholes option pricing model and the Monte Carlo simulation model.

#### Revenue recognition

##### Retail assistance revenue

The Group provides a range of assistance products and services, under the My Finances, My Tech, My Health, My Home, My Digital Life and My Travel product ranges. These may be insurance backed as well as including a bundle of assistance and other services. Revenue attributable to the Group's assistance products is comprised of the prices paid by customers for the assistance products net of any cancellations, sales taxes and underwriting fees dependent on the terms of the arrangement.

Revenue is recognised either immediately on inception of a policy or over the duration of the policy where there are ongoing obligations to fulfil with a customer. The Group's performance obligations typically include a combination of intermediary services, claims handling, policy administration services and providing access to a range of relevant assistance benefits. This allocation of revenue is determined by each product and its features and is calculated on a cost plus margin basis. Revenue recognised on inception relates to the Group's role as intermediary in the policy sale and immediate delivery of certain features. Revenue recognised over the life of the policy relates to the administration process and ongoing services where obligations exist to provide future services, such as claims handling. The proportion of recognition on inception and over a period of time varies across the Group's suite of products dependent on the services performed and product features included. Provisions for cancellations are made at the time revenue is recorded and are deducted from revenue.

For certain other of the Group's assistance products, there are no introduction fees. In these arrangements, revenue is comprised of the subscriptions received from members, net of underwriting fees and exclusive of any sales taxes. These subscriptions are recognised over the duration of the service provided.

##### Wholesale policies

Wholesale revenue is generally comprised of fees billed directly to business partners, exclusive of any sales taxes, and is recognised as those fees are earned. This encompasses the products within My Finances and My Travel.

##### Non-policy revenue

Non-policy revenue is comprised of fees billed directly to customers or business partners for services provided under separate non-policy-based arrangements. Such revenue is recognised, exclusive of any sales taxes, as those fees are earned. These are under the 'Other' category of products.

### 3. Significant accounting policies continued

#### Revenue recognition continued

##### Contract assets

The Group recognises contract assets in the consolidated balance sheet. Contract assets represent deferred costs that are incremental to obtaining a customer contract, typically commission costs. Contract assets are recognised in the consolidated income statement in line with the profile of the associated revenue within the relevant customer contract. These assets have been classified as either current or non-current reflecting the period in which they are expected to be recognised through the consolidated income statement.

##### Contract liabilities

The Group recognises contract liabilities in the consolidated balance sheet. Contract liabilities represent deferred income and have been classified as current or non-current, reflecting the period in which future performance obligations are expected to be satisfied and when the liability is to be recognised in the consolidated income statement.

##### Investments in subsidiaries

Investments in subsidiaries in the Company balance sheet are stated at cost less accumulated impairment losses. Investments are periodically reviewed for impairment by comparing the carrying value to value in use.

##### Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred for acquisition of a subsidiary is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired business. The acquired identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations*, are measured at their fair value at the acquisition date. Acquisition-related costs are expensed as incurred.

##### Joint arrangements

Under IFRS 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Investments in joint ventures are accounted for using the equity method of accounting after being recognised initially at cost on the consolidated balance sheet. The investment is subsequently adjusted to recognise the Group's share of post-acquisition profits or losses and the Group's share of profit or loss is recognised in the consolidated income statement. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with Group policy. Joint arrangements are derecognised when a significant influence can no longer be demonstrated, in accordance with IAS 28 *Investments in Associates and Joint Ventures*.

##### Equity investments

Equity investments are initially recognised at fair value, in accordance with IFRS 9. They are revalued at reporting dates and an election has been made that the fair value gains or losses are recognised in other comprehensive income. This is due to the non-current nature of the equity investment and the Group's intention to hold this as a long-term investment.

##### Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented within equity on the consolidated balance sheet, separately from the Company's equity holdings. The Group recognises any non-controlling interest in acquired entities on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

##### Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not subject to amortisation but is tested for impairment annually.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

##### Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to cash generating units (CGUs). If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit. An impairment loss for goodwill is not reversed in a subsequent period.

## Notes to the financial statements continued

For the year ended 31 December 2023

### 3. Significant accounting policies continued

#### Intangible assets

##### Externally acquired software

Externally acquired software is measured at purchase cost and is amortised on a straight line basis over its estimated useful life of four to five years.

##### Internally generated software

Internally generated intangible assets arising from the Group's software development programmes are recognised from the point at which the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated software is amortised on a straight line basis over its estimated useful life of four to five years.

##### Intangible assets arising from business combinations

Intangible assets arising from business combinations are initially stated at their fair values and amortised over their useful economic lives as follows:

- Business partner relationships: in line with the relevant projected revenues.

#### Property, plant and equipment

Property, plant and equipment are shown at purchase cost, net of accumulated depreciation.

Depreciation is provided at rates calculated to write off the costs, less estimated residual value, of each asset over its expected useful life as follows:

Computer systems:	4–5 years straight line
Furniture and equipment:	4 years straight line
Leasehold improvements:	Over the shorter of the life of the lease and the useful economic life of the asset

#### Impairment of intangible assets and property, plant and equipment

Annually the Group reviews the carrying amounts of both its intangible assets and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU may be increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits with a term from inception of three months or less, less bank overdrafts where there is a right to offset. Bank overdrafts are presented as current liabilities to the extent that there is no right to offset with cash balances in the same currency.

#### Assets and liabilities classified as held for sale and discontinued operations

Assets and liabilities are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and the sale is highly probable as at the balance sheet date. Assets and liabilities classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. They are not depreciated or amortised from the point they are recognised as held for sale.

Operations are classified as discontinued when they are either disposed or are part of a single co-ordinated plan to dispose, and represent a major line of business or geographical area of operation. Discontinued operations include all income and expenses relating to the discontinued operations, including exceptional items, taxation, profit or loss on disposal and costs to sell. Operations which are to be abandoned will only meet the discontinued operations criteria in the accounting period in which there are no directly employed employees, there are no operational servicing requirements and there is no revenue being generated.

#### Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group's leases include properties, equipment and motor vehicles. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low-value assets. For these leases, the Group recognises the lease payments as an expense through the consolidated income statement on a straight line basis over the term of the lease.

### 3. Significant accounting policies continued

#### Leases continued

##### Lease liabilities

The lease liability is initially measured at the present value of the lease payments, discounted by using the relevant incremental borrowing rate available to the Group in each territory where a lease is held. Lease liabilities include the net present value of the following: lease payments; fixed payments, including any incentives; variable lease payments; and amounts payable under residual value guarantees.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period providing a constant periodic rate of interest on the remaining balance of the liability for each period.

##### Right-of-use assets

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date; less any lease incentives received, any initial direct costs and final committed restoration costs.

The right-of-use asset is depreciated on a straight line basis over the shorter of the asset's useful life and the lease term.

##### Variable lease payments

When a lease includes terms that change the future lease payments, such as index-linked reviews, the lease liability (and related right-of-use asset) is remeasured based on the revised future lease payments at the date on which the revision is triggered.

##### Extension and termination options

A number of the Group's lease arrangements include extension and termination options. These terms are used to maximise operational flexibility in respect of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), considering historical trends and circumstances of the lease arrangement.

##### Taxation

Taxation on the profit or loss for the year comprises both current and deferred tax as well as adjustments in respect of prior years. Taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also included within equity. Current tax is the expected tax payable on the taxable income for the year using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary undertakings except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group/Company intends to settle its current tax assets and liabilities on a net basis.

##### Pension costs

Pension costs represent contributions made by the Group to defined contribution pension schemes. These are expensed as incurred.

##### Foreign currencies

In preparing the financial information of the individual entities that comprise the Group, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences are classified as equity and transferred to the Group's translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

On disposal or abandonment of foreign operations, the cumulative amount of exchange differences previously recognised directly in equity for that foreign operation are transferred to the consolidated income statement as part of the profit or loss on disposal.

##### Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. These are derecognised when the contractual provisions have ceased or substantially all of the risks and rewards have been transferred.

## Notes to the financial statements continued

For the year ended 31 December 2023

### 3. Significant accounting policies continued

#### Financial instruments continued

##### Financial assets

Trade receivables, loans, other receivables or cash and cash equivalents that have fixed or determinable payments that are not quoted in an active market are initially recorded at fair value and subsequently at amortised cost using the effective interest method, less allowance for any estimated irrecoverable amounts.

Investments in debt instruments are initially measured at fair value, including transaction costs directly attributable to the acquisition of the financial asset. Financial assets held at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed.

Where debt instruments are designated as 'fair value through profit and loss', gains and losses arising from changes in fair value are included in the income statement for the period. For debt instruments designated as 'fair value through other comprehensive income' gains or losses arising from changes in fair value are recognised in other comprehensive income.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments are measured at fair value with gains or losses recognised through the other comprehensive income.

##### Classification

Financial assets are classified at level 1 to 3 depending on if they are quoted instruments (level 1), have observable inputs (level 2) or have unobservable inputs (level 3).

##### Financial liabilities

Financial liabilities, including borrowings, are initially measured at the proceeds received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

### 4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements in accordance with IFRS requires the use of assumptions, estimates and judgements that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results in the future may differ from those reported.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### 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 are 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 those which are material and outside of the normal operating practice of the Group. In the year, this largely relates to the closure of the Legacy businesses within the CMP.

#### 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 are reflected through the consolidated income statement.

##### Onerous contract provisions

The Group has recognised substantial provisions for onerous contracts in the current year. These represent a best estimate as at the balance sheet date of the costs to deliver contractual commitments over the remaining term of these contracts, which is up to 36 months from the balance sheet date. These estimates are reviewed at every reporting date; however, there are a number of factors which could influence the amount required for these provisions, including policy cancellations and staff costs.

## 5. 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.

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

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

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

Year ended 31 December 2023	India £'000	Turkey £'000	Blink £'000	Central Functions £'000	Legacy £'000	Total £'000
<b>Continuing operations</b>						
Revenue – external sales	175,519	4,675	816	—	12,026	193,036
Cost of sales	(157,118)	(1,834)	(79)	—	(3,060)	(162,091)
<b>Gross profit</b>	<b>18,401</b>	<b>2,841</b>	<b>737</b>	<b>—</b>	<b>8,966</b>	<b>30,945</b>
Administrative expenses excluding depreciation, amortisation and exceptional items	(10,353)	(1,689)	(2,529)	(4,395)	(7,196)	(26,162)
<b>EBITDA</b>	<b>8,048</b>	<b>1,152</b>	<b>(1,792)</b>	<b>(4,395)</b>	<b>1,770</b>	<b>4,783</b>
Depreciation and amortisation	(1,852)	(139)	(162)	(255)	(362)	(2,770)
Exceptional items (note 6)	—	(223)	—	(1,142)	(7,050)	(8,415)
<b>Operating profit/(loss)</b>	<b>6,196</b>	<b>790</b>	<b>(1,954)</b>	<b>(5,792)</b>	<b>(5,642)</b>	<b>(6,402)</b>
Investment revenues						749
Finance costs						(486)
<b>Loss before taxation</b>						<b>(6,139)</b>
Taxation						(1,960)
<b>Loss for the year</b>						<b>(8,099)</b>

## Notes to the financial statements continued

For the year ended 31 December 2023

### 5. Segmental analysis continued

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>	18,200	1,764	379	–	10,429	30,772
Administrative expenses excluding depreciation, amortisation and exceptional items	(10,168)	(1,038)	(837)	(3,372)	(8,504)	(23,919)
<b>EBITDA</b>	8,032	726	(458)	(3,372)	1,925	6,853
Depreciation and amortisation	(1,305)	(129)	(208)	(413)	(452)	(2,507)
Exceptional items (note 6)	(519)	–	–	(480)	(733)	(1,732)
<b>Operating profit/(loss)</b>	6,208	597	(666)	(4,265)	740	2,614
Investment revenues						486
Finance costs						(656)
<b>Profit before taxation</b>						2,444
Taxation						(2,343)
<b>Profit for the year from continuing operations</b>						101
<b>Discontinued operations</b>						
Profit for the year from discontinued operations						676
<b>Profit for the year</b>						777
<b>Segment assets</b>						
					<b>2023 £'000</b>	2022 £'000
India					<b>36,677</b>	38,613
Turkey					<b>2,293</b>	1,665
Blink					<b>873</b>	636
Central Functions					<b>958</b>	5,092
Legacy					<b>9,567</b>	10,834
<b>Total segment assets</b>					<b>50,368</b>	56,840
Unallocated assets					<b>1,206</b>	2,815
Assets classified as held for sale					<b>2,631</b>	–
<b>Consolidated total assets</b>					<b>54,205</b>	59,655

Goodwill, deferred tax and the equity investment (classified as held for sale in the year ended 31 December 2023) are not allocated to segments.

## 5. Segmental analysis continued

### Capital expenditure

	Intangible assets		Property, plant and equipment		Right-of-use assets	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
India	2,970	1,814	157	277	87	698
Turkey	14	36	105	106	294	98
Blink	251	158	27	3	—	—
Central Functions	138	14	19	140	—	—
Legacy	178	172	27	—	6	13
<b>Total additions</b>	<b>3,551</b>	2,194	<b>335</b>	526	<b>387</b>	809

### Revenues from major products

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

	2023 £'000	2022 £'000
<b>Continuing operations</b>		
My Finances	43,519	39,239
My Tech	49,836	39,059
My Health	59,298	46,614
My Home	18,605	22,301
My Digital Life	5,690	5,064
My Travel	608	448
Other	15,480	17,058
<b>Revenue from continuing operations</b>	<b>193,036</b>	169,783
<b>Revenue from discontinued operations</b>	<b>—</b>	922
<b>Total revenue</b>	<b>193,036</b>	170,705

'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:

	2023 £'000	2022 £'000
<b>Continuing operations</b>		
At a point in time	170,368	150,266
Over time	22,668	19,517
<b>Revenue from continuing operations</b>	<b>193,036</b>	169,783
<b>Discontinued operations</b>		
At a point in time	—	657
Over time	—	265
<b>Revenue from discontinued operations</b>	<b>—</b>	922
<b>Total revenue</b>	<b>193,036</b>	170,705

## Notes to the financial statements continued

For the year ended 31 December 2023

### 5. Segmental analysis continued

#### Geographical information

The Group operates across a 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 is detailed below:

	External revenues		Non-current assets	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>Geographical location for continuing operations</b>				
India	175,519	150,613	9,867	9,073
UK	7,283	8,481	35	375
Turkey	4,675	3,212	584	244
Spain	3,127	4,960	—	204
Other	2,432	2,517	908	812
<b>Total for continuing operations</b>	<b>193,036</b>	169,783	<b>11,394</b>	10,708
<b>Discontinued operations</b>	—	922	—	—
	<b>193,036</b>	170,705	<b>11,394</b>	10,708

#### Information about major customers

Revenue from the customers of one business partner in the Group's Indian segment represented approximately £134,637,000 (2022: £110,128,000) of the Group's total revenue.

### 6. Exceptional items

Exceptional items included in the table below detail all items, which are included in operating (loss)/profit and discontinued operations, as well as the associated taxation.

Note	2023			2022			
	Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	Total £'000	
<b>Continuing operations</b>							
Restructuring and closure costs	7	299	3,484	3,783	480	332	812
Onerous contract provision		—	3,388	3,388	—	248	248
DBP charges	32	1,066	—	1,066	—	—	—
IT asset impairment	16	—	178	178	—	153	153
Globiva compensation payment		—	—	—	519	—	519
<b>Exceptional charge included in (loss)/profit before tax</b>		<b>1,365</b>	<b>7,050</b>	<b>8,415</b>	999	733	1,732
Tax on exceptional items		(56)	(196)	(252)	(131)	(61)	(192)
<b>Exceptional charge/(gain) after tax for continuing operations</b>	13	<b>1,309</b>	<b>6,854</b>	<b>8,163</b>	868	672	1,540
<b>Discontinued operations</b>							
Exceptional gain from discontinued operations	13, 14	—	—	—	—	(535)	(535)
		<b>1,309</b>	<b>6,854</b>	<b>8,163</b>	868	137	1,005

Exceptional costs in the year relate to the Group's strategy to exit its Legacy markets and focus on its Core operations.

Restructuring and closure costs total £3,783,000 (2022: £812,000) and primarily relate to Legacy closure activities. Redundancy and associated costs have been recognised in Spain, UK Legacy, UK MGA and Central Functions. Restructuring costs include necessary retention provisions as part of the closure process. Core restructuring costs also include settlement costs relating to Turkey. Prior year restructuring costs related to Legacy operations, as well as settlement costs related to the departure of the Group CEO.

The onerous contract provisions of £3,388,000 (2022: £248,000) relate to UK Legacy, Spain and Portugal and the decommissioning of the Group's legacy IT platforms. In the prior year, onerous contract provisions were recognised relating to the UK MGA. All onerous contract provisions recognised relate to the costs required to fulfil and exit contractual commitments above the associated revenue receivable. This includes costs to 2027 and is held as a provision at the balance sheet date (see note 28).

DBP charges of £1,066,000 (2022: £nil) relate to a share-based retention plan for the EMC whereby participants agreed to defer a portion of their 2022 annual bonus in return for share options. The plan was established to recognise the importance of having a settled and aligned EMC that is engaged and retained for the duration of the CMP. Refer to the remuneration report on page 51 for further details of this scheme.

## 6. Exceptional items continued

The impairment of the IT assets of £178,000 (2022: £153,000) relates to the UK Legacy business. Following the decision to exit the UK Legacy business, a value in use calculation was performed leading to recognition of an impairment. The prior year related to an impairment of assets in the UK MGA business.

In the prior year, the Globiva compensation payment represented a one-time additional management compensation payment to the Globiva founders. This followed a review of the original Shareholder Agreement.

## 7. (Loss)/profit for the year

	Note	Continuing operations		Discontinued operations		Total	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
(Loss)/profit for the year has been arrived at after charging/(crediting):							
Operating lease charges	18	53	111	—	6	53	117
Net foreign exchange (gains)/losses	10	(42)	82	—	52	(42)	134
Depreciation of property, plant and equipment	17	533	536	—	2	533	538
Depreciation of right-of-use assets	18	1,049	1,102	—	—	1,049	1,102
Amortisation of intangible assets	16	1,188	869	—	—	1,188	869
Impairment of intangible assets	16	178	187	—	—	178	187
Impairment of property, plant and equipment	17	40	—	—	—	40	—
Loss on disposal of property, plant and equipment	17	24	10	—	5	24	15
Loss on disposal of intangible assets	16	31	5	—	—	31	5
Loss on disposal of right-of-use assets	18	34	889	—	—	34	889
Other restructuring and closure costs		117	197	—	—	117	197
<b>Staff costs</b>							
Share-based payments	8, 32	1,137	(246)	—	—	1,137	(246)
Restructuring/redundancy costs	8	3,666	876	—	—	3,666	876
Other staff costs		28,557	28,288	—	224	28,557	28,512
<b>Total staff costs</b>	8	<b>33,360</b>	28,918	—	224	<b>33,360</b>	29,142
Movement in the lifetime expected credit loss	23	—	—	—	—	—	—

Fees payable to PKF Littlejohn LLP and its associates for audit and non-audit services are as follows:

	2023 £'000	2022 £'000
Payable to the Company's Auditor for the audit of the Company and consolidated financial statements	143	129
Fees payable to the Company's Auditor and its associates for other services to the Group:		
– Audit of the Company's subsidiaries, pursuant to legislation	237	242
<b>Total audit services</b>	<b>380</b>	371
Other services	—	—
<b>Total non-audit services</b>	<b>—</b>	—
	<b>380</b>	371

## Notes to the financial statements continued

For the year ended 31 December 2023

### 8. Staff costs

#### Staff costs during the year (including Executive Directors)

	Continuing operations		Discontinued operations		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	25,594	25,409	—	206	25,594	25,615
Social security costs	2,406	2,263	—	18	2,406	2,281
Restructuring/redundancy costs	3,666	876	—	—	3,666	876
Share-based payments (note 33)	1,137	(246)	—	—	1,137	(246)
Pension costs	557	616	—	—	557	616
	<b>33,360</b>	28,918	<b>—</b>	224	<b>33,360</b>	29,142

#### Staff costs during the year (including Executive Directors) attributable to Core and Legacy

	2023 £'000	2022 £'000
<b>Continuing operations</b>		
Core	27,132	24,626
Legacy	6,228	4,292
<b>Total for continuing operations</b>	<b>33,360</b>	28,918
<b>Discontinued operations</b>	<b>—</b>	224
<b>Total</b>	<b>33,360</b>	29,142

The increase in Legacy staff costs includes restructuring costs totalling £3,360,000. Core staff costs have increased due to the share-based payment charge in the year of £1,137,000 (2022: £246,000 credit) (see note 33), increased investment to scale the Blink business and an increase in Turkey, due to the hyperinflationary economic environment.

#### Average number of colleagues

	2023	2022
<b>Continuing operations</b>		
India	4,313	4,771
Turkey	85	93
Blink	20	7
Central Functions	58	71
Legacy	82	125
<b>Total for continuing operations</b>	<b>4,558</b>	5,067
<b>Discontinued operations</b>	<b>—</b>	4
<b>Total</b>	<b>4,558</b>	5,071

The decrease in average number of colleagues across the Group, except for Blink, reflects the exit of the Legacy operations in the year and the challenging trading conditions for Globiva (India segment) in the year. Globiva has seen the largest decrease; the average number of Globiva colleagues was 4,267 (2022: 4,721). The high number of colleagues reflects the nature of the Globiva as a BPO company. When excluding Globiva colleagues, the average number of colleagues for the Group's continuing operations is 298 (2022: 346).

The Group utilises third party service providers in a number of its overseas operations.

Total staff costs incurred by the Company during the year were £2,669,000 (2022: £1,392,000) and the average number of employees was five (2022: six). The increase reflects the share-based payment charge of £700,000 (2022: £233,000 credit) in the year.

Details of the remuneration of Directors are included in the Directors' Remuneration Report on pages 49 to 51.

## 9. Investment revenues

	Continuing operations		Discontinued operations		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest on bank deposits	662	405	—	4	662	409
Effects of hyperinflation	87	81	—	—	87	81
	<b>749</b>	486	<b>—</b>	4	<b>749</b>	490

## 10. Finance costs

	Continuing operations		Discontinued operations		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest on borrowings	69	75	—	—	69	75
Amortisation of capitalised loan issue costs	46	41	—	—	46	41
Interest on lease liabilities	413	458	—	1	413	459
Other – exchange movements	(42)	82	—	52	(42)	134
	<b>486</b>	656	<b>—</b>	53	<b>486</b>	709

## 11. Taxation

	2023 £'000	2022 £'000
<b>Continuing operations</b>		
<b>Current tax charge/(credit):</b>		
UK corporation tax	—	—
Foreign tax	2,504	2,679
Adjustments in respect of prior years	23	(140)
<b>Current tax relating to continuing operations</b>	<b>2,527</b>	2,539
<b>Deferred tax (credit)/charge:</b>		
Origination and reversal of timing differences	(151)	94
Impact of change in tax rates	(35)	(8)
Adjustments in respect of prior years	(381)	(282)
<b>Deferred tax relating to continuing operations</b>	<b>(567)</b>	(196)
<b>Tax charge relating to continuing operations</b>	<b>1,960</b>	2,343
<b>Discontinued operations</b>		
Tax charge relating to discontinued operations	—	—
<b>Total tax charge</b>	<b>1,960</b>	2,343

## Notes to the financial statements continued

For the year ended 31 December 2023

### 11. Taxation continued

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:

	2023 £'000	2022 £'000
<b>Continuing operations</b>		
Core:		
India	1,485	1,888
Turkey	370	316
Blink	(94)	—
Central Functions	—	(204)
Total Core	1,761	2,000
Legacy	199	343
<b>Tax charge for continuing operations</b>	<b>1,960</b>	<b>2,343</b>
<b>Discontinued operations</b>		
Tax charge for discontinued operations	—	—
	<b>1,960</b>	<b>2,343</b>

Overall, UK profits chargeable to corporation tax are offset by Group relief surrendered from fellow UK entities.

UK corporation tax is calculated at 23.5% (blended rate of 19% to March 2023 increasing to 25% from April 2023) (2022: 19%) of the estimated assessable profit for the year. Deferred tax is provided at the rate at 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 (2022: 25.2%), Spain 25% (2022: 25%), Turkey 25% (2022: 23%), and Italy 27.5% (2022: 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 (loss)/profit per the consolidated income statement as follows:

	2023 £'000	2022 £'000
<b>(Loss)/profit before tax from continuing operations</b>	<b>(6,139)</b>	<b>2,444</b>
<b>Effects of:</b>		
Tax at the UK corporation tax rate of 23.5% (2022: 19%)	(1,443)	464
Unprovided deferred tax arising on losses <sup>(1)</sup>	3,016	796
Other movement in unprovided deferred tax	—	124
Recurring expenses not deductible for tax	(179)	241
One-off costs not deductible for tax	—	32
Provision for withholding tax on future distributions <sup>(2)</sup>	654	621
Other expense not chargeable for tax purposes	(85)	96
Higher tax rates on overseas earnings <sup>(3)</sup>	123	403
Adjustments in respect of prior years	(358)	(422)
Impact of change in future tax rates on deferred tax	(35)	(8)
Deficit of share option charge compared to tax allowable amount	267	(4)
<b>Tax charged to the income statement for continuing operations</b>	<b>1,960</b>	<b>2,343</b>
Tax charged to the income statement for discontinued operations	—	—
	<b>1,960</b>	<b>2,343</b>

## 11. Taxation continued

### Effective tax charge

The net tax charge of £1,960,000 on a loss before tax of £6,139,000 gives an effective tax rate (ETR) of negative 32% (2022: positive 96%), which is lower than the standard rate of 23.5%. Exceptional items of £8,415,000 in the current year have contributed to an overall loss before tax; however, tax is still payable in our profitable Indian and Turkish markets, resulting in a negative ETR.

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 23.5%.

The Group's ETR 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 ETR 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:

	2023 £'000	2022 £'000
<b>Deferred tax</b>		
Timing differences of equity-settled share-based charge	—	9
<b>Total deferred tax charge and total tax charged to reserves</b>	<b>—</b>	<b>9</b>

## 12. Dividends

	2023 £'000	2022 £'000
Final dividend paid for the year ended 31 December 2022 of nil pence per share (2021: 7.5 pence per share)	—	663
Interim dividend paid for the year ended 31 December 2023 of nil pence per share (2022: nil pence per share)	—	—
<b>Amounts recognised as distributions to equity holders in the year</b>	<b>—</b>	<b>663</b>

The Directors have not proposed a final dividend for the year ended 31 December 2023 (2022: nil pence per ordinary share).

## 13. (Loss)/earnings per share

Basic and diluted (loss)/earnings per share has been calculated in accordance with IAS 33 *Earnings per Share*. Underlying (loss)/earnings per share has 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.

### (Loss)/profit

	Continuing operations		Discontinued operations		Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per share	<b>(8,655)</b>	(153)	—	676	<b>(8,655)</b>	523
Exceptional items (net of tax)	<b>8,163</b>	1,350	—	(535)	<b>8,163</b>	815
<b>(Loss)/profit for the purposes of underlying basic and diluted (loss)/earnings per share</b>	<b>(492)</b>	1,197	—	141	<b>(492)</b>	1,338

## Notes to the financial statements continued

For the year ended 31 December 2023

### 13. Earnings/(loss) per share continued (Loss)/profit attributable to Core and Legacy

	2023			2022		
	Core £'000	Legacy £'000	Continuing operations £'000	Core £'000	Legacy £'000	Continuing operations £'000
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per share	<b>(3,027)</b>	<b>(5,628)</b>	<b>(8,655)</b>	(640)	487	(153)
Exceptional items (net of tax)	<b>1,309</b>	<b>6,854</b>	<b>8,163</b>	678	672	1,350
<b>(Loss)/profit for the purposes of underlying basic and diluted (loss)/earnings per share</b>	<b>(1,718)</b>	<b>1,226</b>	<b>(492)</b>	38	1,159	1,197

The table above does not include discontinued operations.

### Number of shares

	2023 Number (thousands)	2022 Number (thousands)
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share and basic underlying (loss)/earnings per share	<b>8,846</b>	8,844
Effect of dilutive ordinary shares: share options	<b>295</b>	30
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share and diluted underlying (loss)/earnings per share	<b>9,141</b>	8,874

	Continuing operations		Discontinued operations		Total	
	2023 pence	2022 pence	2023 pence	2022 pence	2023 pence	2022 pence
<b>Basic and diluted (loss)/earnings per share</b>	<b>(34.22)</b>	(63.62)	—	7.64	<b>(97.84)</b>	5.91
<b>Basic underlying (loss)/earnings per share</b>	<b>(19.42)</b>	13.86	—	1.59	<b>(5.56)</b>	15.12
<b>Diluted underlying (loss)/earnings per share</b>	<b>(19.42)</b>	13.86	—	1.59	<b>(5.56)</b>	15.08

	2023			2022		
	Core pence	Legacy pence	Continuing operations pence	Core pence	Legacy pence	Continuing operations pence
<b>Basic and diluted (loss)/earnings per share</b>	<b>(34.22)</b>	<b>(63.62)</b>	<b>(97.84)</b>	(7.24)	5.51	(1.73)
<b>Basic underlying (loss)/earnings per share</b>	<b>(19.42)</b>	<b>13.86</b>	<b>(5.56)</b>	0.43	13.10	13.53
<b>Diluted underlying (loss)/earnings per share</b>	<b>(19.42)</b>	<b>13.86</b>	<b>(5.56)</b>	0.43	13.06	13.49

The Group has 171,650,000 (2022: 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.

## 14. Discontinued operations

There are no discontinued operations in the current year. The agreed disposal of Globiva (refer to note 35) did not meet the requirements of IFRS 5 *Assets Held for Sale and Discontinued Operations*, at the balance sheet date.

In the prior year, the Group completed the disposal of its China (January 2022) and Mexico (October 2022) operations, which were then reclassified as discontinued operations.

Operating results for the year ended 31 December 2022 reflect the trading performance of China and Mexico up to the respective dates of disposal.

### (i) Income statement

	Note	2022		
		China £'000	Mexico £'000	Total £'000
<b>Revenue</b>	5	114	808	922
Cost of sales		(33)	(318)	(351)
<b>Gross profit</b>		81	490	571
Administrative expenses		543	(389)	154
<b>Operating profit</b>		624	101	725
<b>Analysed as:</b>				
EBITDA		(33)	225	192
Depreciation and amortisation		—	(2)	(2)
Exceptional items	6	657	(122)	535
Investment revenues	9	4	—	4
Finance costs	10	(12)	(41)	(53)
<b>Profit before taxation</b>		616	60	676
Taxation	11	—	—	—
<b>Profit for the year</b>		616	60	676

### (ii) Profit on disposal

The Group has recognised a profit/(loss) on disposal as follows:

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

### (iv) Summary of cash flows

	2022		
	China £'000	Mexico £'000	Total £'000
Net cash flows from operating activity	(55)	175	120
Net cash flows from investing activity	4	(1)	3
Net cash flows from financing activity	(39)	(523)	(562)
<b>Net cash (outflow)/inflow</b>	(90)	(349)	(439)

## Notes to the financial statements continued

For the year ended 31 December 2023

### 15. Goodwill

	2023 £'000	2022 £'000
<b>Cost and carrying value</b>		
At 1 January	544	540
Foreign exchange (loss)/gain	(31)	4
<b>At 31 December</b>	<b>513</b>	544

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The Group's only remaining goodwill balance is in relation to its acquisition of Globiva. The carrying amount of goodwill in Globiva is £513,000 (2022: £544,000).

The Group tests goodwill annually for impairment or more frequently if there is indication goodwill may be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and risks specific to the CGU. The growth rates are based on business plans and reflect the development stage of the CGUs. The pre-tax rate used to discount the forecast cash flows of the CGU at 31 December 2023 is 8% (2022: 9%).

### 16. Other intangible assets

	Business partner relationships £'000	Internally generated software £'000	Externally acquired software £'000	Total £'000
<b>Cost</b>				
At 1 January 2022	644	5,086	2,891	8,621
Additions	108	1,960	126	2,194
Disposals	(108)	(82)	(54)	(244)
Exchange adjustments	—	18	14	32
<b>At 1 January 2023</b>	<b>644</b>	<b>6,982</b>	<b>2,977</b>	<b>10,603</b>
Additions	—	3,221	330	3,551
Disposals	—	(20)	(824)	(844)
Hyperinflation adjustment	—	—	17	17
Exchange adjustments	—	(354)	(71)	(425)
<b>At 31 December 2023</b>	<b>644</b>	<b>9,829</b>	<b>2,429</b>	<b>12,902</b>
<b>Accumulated amortisation</b>				
At 1 January 2022	470	2,019	2,529	5,018
Provided during the year	82	629	158	869
Disposals	(108)	(81)	(50)	(239)
Impairment	101	—	86	187
Exchange adjustments	(1)	50	9	58
<b>At 1 January 2023</b>	<b>544</b>	<b>2,617</b>	<b>2,732</b>	<b>5,893</b>
Provided during the year	66	949	173	1,188
Disposals	—	(11)	(802)	(813)
Impairment	—	171	7	178
Hyperinflation adjustment	—	—	11	11
Exchange adjustments	(15)	(102)	(57)	(174)
<b>At 31 December 2023</b>	<b>595</b>	<b>3,624</b>	<b>2,064</b>	<b>6,283</b>
<b>Carrying amount</b>				
At 31 December 2022	100	4,365	245	4,710
<b>At 31 December 2023</b>	<b>49</b>	<b>6,205</b>	<b>365</b>	<b>6,619</b>

Amortisation of intangible assets totalling £1,188,000 (2022: £869,000) is recognised through administrative expenses in the consolidated income statement.

Internally generated software additions of £3,221,000 (2022: £1,960,000) reflect the capitalisation of staff and contractor costs in IT development projects.

Internally generated software includes £1,205,000 (2022: £3,718,000) relating to assets in development which are not yet operational and are not amortised. The assets held at 31 December 2023 are expected to become operational in Q2 2024.

## 17. Property, plant and equipment

	Leasehold improvements £'000	Computer systems £'000	Motor vehicles £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>					
At 1 January 2022	831	3,514	185	330	4,860
Additions	170	203	118	35	526
Disposals	(165)	(97)	—	(67)	(329)
Exchange adjustments	20	50	(2)	7	75
<b>At 1 January 2023</b>	<b>856</b>	<b>3,670</b>	<b>301</b>	<b>305</b>	<b>5,132</b>
Additions	<b>132</b>	<b>113</b>	<b>47</b>	<b>43</b>	<b>335</b>
Disposals	<b>(509)</b>	<b>(1,396)</b>	<b>—</b>	<b>(165)</b>	<b>(2,070)</b>
Hyperinflation adjustment	<b>22</b>	<b>30</b>	<b>—</b>	<b>2</b>	<b>54</b>
Exchange adjustments	<b>(41)</b>	<b>(141)</b>	<b>(18)</b>	<b>(23)</b>	<b>(223)</b>
<b>At 31 December 2023</b>	<b>460</b>	<b>2,276</b>	<b>330</b>	<b>162</b>	<b>3,228</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	612	2,687	10	216	3,525
Provided during the year	74	358	33	73	538
Disposals	(162)	(89)	—	(63)	(314)
Exchange adjustments	60	74	(1)	7	140
<b>At 1 January 2023</b>	<b>584</b>	<b>3,030</b>	<b>42</b>	<b>233</b>	<b>3,889</b>
Provided during the year	<b>118</b>	<b>297</b>	<b>76</b>	<b>42</b>	<b>533</b>
Impairment	<b>(398)</b>	<b>(1,443)</b>	<b>—</b>	<b>(205)</b>	<b>(2,046)</b>
Hyperinflation adjustments	<b>—</b>	<b>23</b>	<b>—</b>	<b>17</b>	<b>40</b>
Disposals	<b>6</b>	<b>20</b>	<b>—</b>	<b>—</b>	<b>26</b>
Exchange adjustments	<b>(28)</b>	<b>(97)</b>	<b>(5)</b>	<b>(16)</b>	<b>(146)</b>
<b>At 31 December 2023</b>	<b>282</b>	<b>1,830</b>	<b>113</b>	<b>71</b>	<b>2,296</b>
<b>Carrying amount</b>					
At 31 December 2022	272	640	259	72	1,243
<b>At 31 December 2023</b>	<b>178</b>	<b>446</b>	<b>217</b>	<b>91</b>	<b>932</b>

## Notes to the financial statements continued

For the year ended 31 December 2023

### 18. Right-of-use assets

The Group's right-of-use assets are as follows:

	Property £'000	Motor vehicles £'000	Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2022	6,970	197	408	7,575
Additions	712	60	37	809
Disposals	(1,555)	(56)	—	(1,611)
Exchange adjustments	21	(9)	(22)	(10)
<b>At 1 January 2023</b>	<b>6,148</b>	<b>192</b>	<b>423</b>	<b>6,763</b>
Additions	<b>297</b>	<b>70</b>	<b>20</b>	<b>387</b>
Disposals	<b>(262)</b>	<b>—</b>	<b>(297)</b>	<b>(559)</b>
Hyperinflation adjustments	<b>67</b>	<b>90</b>	<b>62</b>	<b>219</b>
Exchange adjustments	<b>(378)</b>	<b>(37)</b>	<b>(38)</b>	<b>(453)</b>
<b>At 31 December 2023</b>	<b>5,872</b>	<b>315</b>	<b>170</b>	<b>6,357</b>
<b>Accumulated depreciation</b>				
At 1 January 2022	2,101	127	238	2,466
Provided during the year	928	51	123	1,102
Disposals	(666)	(56)	—	(722)
Exchange adjustments	(7)	(1)	(11)	(19)
<b>At 1 January 2023</b>	<b>2,356</b>	<b>121</b>	<b>350</b>	<b>2,827</b>
Provided during the year	<b>972</b>	<b>45</b>	<b>32</b>	<b>1,049</b>
Disposals	<b>(228)</b>	<b>—</b>	<b>(297)</b>	<b>(525)</b>
Hyperinflation adjustment	<b>9</b>	<b>49</b>	<b>39</b>	<b>97</b>
Exchange adjustments	<b>(167)</b>	<b>(20)</b>	<b>(26)</b>	<b>(213)</b>
<b>At 31 December 2023</b>	<b>2,942</b>	<b>195</b>	<b>98</b>	<b>3,235</b>
<b>Carrying amount</b>				
At 31 December 2022	3,792	71	73	3,936
<b>At 31 December 2023</b>	<b>2,930</b>	<b>120</b>	<b>72</b>	<b>3,122</b>

The Group has recognised the following amounts in (loss)/profit for the year:

	2023 £'000	2022 £'000
Depreciation and impairment of right-of-use assets	<b>1,049</b>	1,102
Interest expense on lease liabilities	<b>413</b>	459
Expense relating to short-term leases	<b>53</b>	117
Expense relating to leases of low-value assets	<b>—</b>	—

At 31 December 2023, the Group was committed to £18,000 (2022: £2,000) for short-term leases.

The net cash outflow for leases amounts to £1,396,000 (2022: £1,388,000).

## 19. Investment in subsidiaries

Company	2023 £'000	2022 £'000
<b>Cost</b>		
At 1 January	16,274	16,499
Acquisitions	3,665	—
Disposals	(729)	(225)
<b>At 31 December</b>	<b>19,210</b>	16,274
<b>Provisions for impairment</b>		
At 1 January	729	729
Disposals	(729)	—
<b>At 31 December</b>	<b>—</b>	729
<b>Carrying amount</b>		
At 1 January	15,545	15,770
<b>At 31 December</b>	<b>19,210</b>	15,545

On 24 November, the Company acquired shares in a new company, Blink Parametric Holdings Limited, a company registered and domiciled in the UK, for £3,665,000. On 5 April 2023, the fully impaired investment of £729,000 in CPP South East Asia Assistance Services PTE. Ltd (Singapore) was struck off.

In the prior year, on 30 May 2022, the Company exited the 100% investment in the insurance preference shares of Windward Insurance PCC Limited – CPP Cell.

Investments in Group entities at 31 December 2023 were as follows:

	Country of incorporation/ registration	Class of shares held	Percentage of share capital held
<b>Investments in subsidiary undertakings held directly</b>			
CPP Group Limited	England & Wales	Ordinary shares	100%
CPP Worldwide Holdings Limited	England & Wales	Ordinary shares	100%
Blink Parametric Holdings Limited	England & Wales	Ordinary shares	100%
<b>Investments in subsidiary undertakings held through an intermediate subsidiary</b>			
Blink Parametric UK Limited	England & Wales	Ordinary shares	100%
Card Protection Plan Limited	England & Wales	Ordinary shares	100%
CPP Assistance Services Limited	England & Wales	Ordinary shares	100%
CPP European Holdings Limited	England & Wales	Ordinary shares	100%
CPP Holdings Limited	England & Wales	Ordinary shares	100%
CPP Services Limited	England & Wales	Ordinary shares	100%
CPPGroup Services Limited	England & Wales	Ordinary shares	100%
Homecare (Holdings) Limited	England & Wales	Ordinary shares	100%
Homecare Insurance Limited	England & Wales	Ordinary shares	100%
Valeos (2013) Limited	England & Wales	Ordinary shares	100%
CPP Secure Limited	England & Wales	Ordinary shares	100%
CPP Innovation Limited	Ireland	Ordinary shares	100%
CPP Assistance Services Private Limited	India	Ordinary shares	100%
Globiva Services Private Limited	India	Ordinary shares	51%
CPP Global Assistance Bangladesh Limited	Bangladesh	Ordinary shares	100%
CPP Italia Srl	Italy	Ordinary shares	100%
CPP Malaysia Sdn. Bhd	Malaysia	Ordinary shares	100%
CPP Mediacion Y Proteccion SL	Spain	Ordinary shares	100%
CPP Proteccion Y Servicios de Asistencia SAU	Spain	Ordinary shares	100%
CPP Real Life Services Support SL	Spain	Ordinary shares	100%
Key Line Auxiliar SL	Spain	Ordinary shares	100%
CPP Sigorta Aracilik Hizmetleri Anonim Sirketi	Turkey	Ordinary shares	100%
CPP Yardim ve Destek Hizmetleri Anonim Sirketi	Turkey	Ordinary shares	100%

## Notes to the financial statements continued

For the year ended 31 December 2023

### 19. Investment in subsidiaries continued

The principal activity of all the subsidiaries is to provide services in connection with the Group's major product streams, or act as a holding company.

The individual entities' registered addresses are shown in the Company offices section on page 104.

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act.

	Company number
CPP Group Limited	06535283
CPP Worldwide Holdings Limited	07154018
CPP European Holdings Limited	04362765
CPP Holdings Limited	01659493
CPP Services Limited	03709675
CPP Assistance Services Limited	03180887
CPP Services Limited	03709675
Valeos (2013) Limited	08718589

### 20. Equity investment/assets held for sale

	2023 £'000	2022 £'000
Carrying amount at 1 January	2,041	1,889
Fair value gain through other comprehensive income	610	152
Costs to sell	(20)	—
Reclassification to assets held for sale	(2,631)	—
<b>Carrying amount at 31 December</b>	<b>—</b>	<b>2,041</b>

The equity investment in KYND has been reclassified as held for sale at the balance sheet date and is held at £2,631,000. At 31 December, a buyer had been found and approval gained from the Board to sell prior to the balance sheet date. The revaluation to fair value represents the agreed sale price which the equity investment in KYND was sold for on 15 February 2024, net of estimated costs to sell of £20,000. Fair value gains are recognised in other comprehensive income.

There have been no dividends received in the year (2022: £nil) from the KYND equity investment.

### 21. Inventories

	2023 £'000	2022 £'000
Consumables and supplies	9	87

### 22. Contract assets and liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

	2023 £'000	2022 £'000
Non-current contract assets	208	275
Current contract assets	6,716	5,764
<b>Total contract assets</b>	<b>6,924</b>	<b>6,039</b>

Contract assets represent deferred commission costs that are recognised in line with the pattern of recognition of the associated revenue. Non-current contract assets will be charged to the balance sheet over a period of greater than 12 months from the balance sheet date.

	2023 £'000	2022 £'000
Non-current contract liabilities	604	773
Current contract liabilities	11,581	11,238
<b>Total contract liabilities</b>	<b>12,185</b>	<b>12,011</b>

Contract liabilities represent revenue which is recognised over the life of a policy. Non-current contract liabilities will be credited to the consolidated income statement over a period of greater than 12 months from the balance sheet date.

## 23. Trade and other receivables

	Consolidated		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	5,902	6,594	—	—
Prepayments and accrued income	4,714	8,522	—	31
Amounts due from Group entities	—	—	71,290	81,785
Other debtors	3,145	4,725	63	16
<b>Total trade and other receivables</b>	<b>13,761</b>	<b>19,841</b>	<b>71,353</b>	<b>81,832</b>

The Group's trade and other receivables are predominantly non-interest bearing.

The Group's trade receivables relate to retail customer payments awaiting collection and wholesale counterparties.

The Group is responsible for activating the collection process for certain of our retail customers. The collection is received within a specified period of processing the transaction resulting in credit risk being considered low for these items. For other business partners, including a major customer, they activate the collection process on behalf of the retail customer and remit this to the Group on a weekly basis. There has been no past experience of credit default for this business partner, due to the quality of the relationships and their credit rating.

Wholesale counterparty balances are assessed for expected credit losses based on past experience of credit default with those counterparties and the Group's experience as a whole in relation to credit defaults. The Group does not have any notable past experience of customer and counterparty credit defaults, due in part to the quality of the relationship it has with its counterparties and their credit ratings.

Where credit is offered to customers, the average credit period offered is 30 days (2022: 28 days). No interest is charged on trade receivables at any time. Disclosures regarding credit risk relate only to counterparties or customers offered credit.

Overall exposure continues to be mainly spread over a large number of customers but where concentration exists this is with highly rated counterparties.

The Group has provided £52,000 (2022: £43,000) for debtors included in the Group's trade receivable balances which are past due at the reporting date. There has been no material change in credit quality of our debtors.

Consistent with the prior year and our business model, no debtors are provided for their lifetime expected credit loss, as there have been no indicators that this is required in the year.

The Company has amounts due from Group entities which are repayable on demand. Interest has been charged on these balances in line with the Group's external borrowing rate for the year, which was LIBOR plus 3.75% to 30 June and from 1 July was Bank of England base rate plus 3.20%.

The Company has not recognised a provision for non-recoverability of inter-company loans in either the current or prior year.

## 24. Cash and cash equivalents

Consolidated cash and cash equivalents of £19,001,000 (2022: £20,984,000) comprise cash held on demand by the Group and short-term deposits.

Cash and cash equivalents include £1,045,000 (2022: £2,890,000) required to be maintained by the Group's insurance business for solvency purposes.

Concentration of credit risk is reduced, as far as practicable, by placing cash on deposit across a number of institutions with the best available credit ratings. The credit quality of counterparties is as follows:

	2023 £'000	2022 £'000
AA	—	4,493
A	7,214	9,687
BBB	7,837	672
BB	2,618	5,738
B	386	—
Rating information not available	946	394
	<b>19,001</b>	<b>20,984</b>

Ratings are measured using Fitch's long-term ratings, which are defined such that ratings 'AAA' to 'BB' denote investment grade counterparties, offering low to moderate credit risk. 'AAA' represents the highest credit quality, indicating that the counterparty's ability to meet financial commitments is highly unlikely to be adversely affected by foreseeable events.

Company cash and cash equivalents were £23,770,000 (2022: £1,224,000). The balance has increased in the year following the receipt of dividends and settlement of intercompany debtors.

The Company is party to a cross-guarantee in respect of a bank account netting arrangement in which it is a participant alongside certain other Group companies. Cash and cash equivalents for the Company include £23,768,000 (2022: £1,215,000) which is held in a bank account subject to this arrangement.

## Notes to the financial statements continued

For the year ended 31 December 2023

### 25. Trade and other payables

	Consolidated		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade creditors and accruals	22,979	22,147	1,624	964
Insurance liabilities	77	83	—	—
Other tax and social security	1,677	1,782	9	41
Other payables	963	2,198	—	—
Amounts payable to Group entities	—	—	12,130	10,225
<b>Total trade and other payables</b>	<b>25,696</b>	<b>26,210</b>	<b>13,763</b>	<b>11,230</b>

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 42 days (2022: 34 days). This has increased due to better terms in our Indian business. Interest is not suffered on trade payables. The Group has financial management policies in place to ensure that all payables are settled within the pre-agreed credit terms.

The Company has amounts payable to Group entities which are repayable on demand. Interest has been charged on these balances in line with the Group's external borrowing rate for the year, which was LIBOR plus 3.75% to 30 June and Bank of England base rate plus 3.20% from 1 July.

#### Insurance liabilities

	2023 £'000	2022 £'000
Claims reported	—	—
Claims incurred but not reported	15	15
Total claims	15	15
Unearned premium	62	68
<b>Total insurance liabilities</b>	<b>77</b>	<b>83</b>

Provisions for claims reported and processed are based on estimated costs from third party suppliers. Provisions for claims incurred but not reported are an estimate of costs for the number of claims not yet processed at the year end. Claims outstanding at the year end are expected to be settled within the following 12 months.

#### Provision for unearned premiums

	2023 £'000	2022 £'000
At 1 January	68	82
Written in the year	162	197
Earned in the year	(168)	(211)
<b>At 31 December</b>	<b>62</b>	<b>68</b>

Unearned premiums are released as revenue on a straight line basis over the life of the relevant policy.

#### Movement in claims provision

Movements in the gross claims provision:

	2023 £'000	2022 £'000
At 1 January	15	—
Increase in liabilities arising from current year claims	—	15
<b>At 31 December</b>	<b>15</b>	<b>15</b>

## 26. Lease liabilities

The maturity analysis of the Group's lease liabilities is as follows:

	2023 £'000	2022 £'000
Year 1	1,229	1,374
Year 2	1,155	1,233
Year 3	822	1,126
Year 4	803	791
Year 5	504	790
After 5 years	153	674
	<b>4,666</b>	5,988
Less: unearned interest	<b>(867)</b>	(1,270)
<b>Total lease liabilities</b>	<b>3,799</b>	4,718

	2023 £'000	2022 £'000
Non-current lease liabilities	<b>2,892</b>	3,752
Current lease liabilities	<b>907</b>	966
<b>Total lease liabilities</b>	<b>3,799</b>	4,718

## 27. Borrowings

The carrying value of the Group's financial liabilities, for short- and long-term borrowings, is as follows:

	Consolidated		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank loans due in less than one year	—	—	—	—
Less: unamortised issue costs	—	(23)	—	—
<b>Borrowings due within one year</b>	<b>—</b>	<b>(23)</b>	<b>—</b>	<b>—</b>
Bank loans due outside of one year	—	—	—	—
Less: unamortised issue costs	<b>(105)</b>	—	—	—
<b>Borrowings due outside of one year</b>	<b>(105)</b>	—	—	—

The Group's bank borrowing facility is in the form of a £5,000,000 revolving credit facility (RCF). At 31 December 2023, the Group has £5,000,000 undrawn committed borrowing facilities (2022: £5,000,000).

On 14 June 2023, the £5,000,000 RCF was extended for a three-year term to 31 August 2026. The extended RCF bears interest at a variable rate of Bank of England base rate plus a margin of 3.20% (2022: LIBOR plus a margin of 3.75%). It is secured by fixed and floating charges on certain assets of the Group. The financial covenants of the RCF are based on the interest cover and minimum total cash balance of the Group. The Group has been in compliance with these covenants since inception of the RCF.

The weighted average interest rate paid during the year on the bank loan was 1.4% (2022: 1.5%). The weighted average interest rate reflects the interest rate charged for the commitment on the undrawn element, the rate for which decreased on extension to 1.28% from 1.50%.

## Notes to the financial statements continued

For the year ended 31 December 2023

### 28. Provisions

	2023 £'000	2022 £'000
At 1 January	369	—
Charged to the income statement	3,447	369
Utilised in the year	(292)	—
Released in the year	(59)	—
<b>At 31 December</b>	<b>3,465</b>	369

At the balance sheet date there are provisions for onerous contracts due to the close down of the Legacy businesses. The provisions are expected to be settled as follows:

	2023 £'000	2022 £'000
Within one year	1,877	224
More than one year	1,588	145
<b>At 31 December</b>	<b>3,465</b>	369

### 29. Deferred tax

The following are the major deferred tax (liabilities)/assets recognised by the Group and the movements thereon during the current and prior years:

Consolidated	Tax losses £'000	Withholding taxes on future dividends £'000	Share-based payments £'000	Other short-term timing differences £'000	Total £'000
At 1 January 2022	—	(956)	9	416	(531)
Credited/(charged) to income statement	—	348	—	(152)	196
Credited to equity	—	—	(9)	—	(9)
Exchange differences	—	—	—	(128)	(128)
<b>At 1 January 2023</b>	—	(608)	—	136	(472)
(Charged)/credited to income statement	—	(38)	—	605	567
Exchange differences	—	—	—	(48)	(48)
<b>At 31 December 2023</b>	—	(646)	—	693	47

Company	Share-based payments £'000
At 1 January 2022	10
Charged to income statement	(1)
Credited to equity	(9)
<b>At 1 January and 31 December 2023</b>	<b>—</b>

Deferred tax assets and liabilities are stated at tax rates expected to apply on the forecast date of reversal, based on tax laws substantively enacted at the balance sheet date.

## 29. Deferred tax continued

Certain deferred tax assets and liabilities have been offset where the Group or the Company is entitled to and intends to settle tax liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Consolidated		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred tax assets	693	230	—	—
Deferred tax liabilities	(646)	(702)	—	—
	47	(472)	—	—

At the balance sheet date, the Group has unrecognised tax losses of £63,399,000 (2022: £48,917,000) available for offset against future profits. No deferred tax assets have been recognised with respect to these losses due to the unpredictability of future profit streams in the underlying companies and restrictions on offset of taxable profits and losses between Group companies.

The Group has recognised a deferred tax liability for withholding taxes arising on unremitted earnings from overseas subsidiaries, to the extent it is probable that a distribution will be made in the foreseeable future crystallising the withholding tax.

At the balance sheet date, the Company has unused tax losses of £19,652,000 (2022: £21,345,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams in the Company and restrictions on offset of taxable profits and losses between Group companies. The losses can be carried forward indefinitely.

## 30. Financial instruments

### Capital risk management

The Group manages its capital to safeguard its ability to continue as a going concern.

The Group does not have a target level of gearing but seeks to maintain an appropriate balance of debt and equity while aiming to provide returns for shareholders and benefits for other stakeholders. The Group's principal debt facility is a £5.0 million RCF which was extended during the year to 31 August 2026.

The Group makes adjustments to its capital structure in light of economic conditions. To maintain or adjust the capital structure the Group may adjust a dividend payment to shareholders, return capital to shareholders or issue new shares. The Directors have considered the capital requirements of completing the CMP and has suspended dividends until further notice.

### Externally imposed capital requirement

Three of the Group's subsidiaries, Card Protection Plan Limited (CPPL), Homecare Insurance Limited (HIL) and CPP Secure Limited (CPP Secure), have capital requirements imposed by the FCA and PRA in the UK. All subsidiaries have complied with their respective imposed capital requirements throughout the current and prior year.

#### CPPL and CPP Secure

CPPL and CPP Secure are regulated by the FCA as insurance intermediaries and are required to hold a minimum level of capital resources relative to regulated business revenue.

The ratio of current and future capital resources to regulated business revenue is reported monthly to management to ensure compliance. There have been no instances of non-compliance in either the current or prior years.

#### HIL

HIL is authorised and regulated by the PRA and regulated by the FCA as an insurance underwriter and therefore maintains its capital resources in accordance with the PRA's Rulebook. HIL and its immediate parent company, Homecare (Holdings) Limited, calculate their Solvency Capital Requirement using the Solvency II Standard Formula and report this quarterly to the HIL Board and to the PRA. As at 31 December 2023, HIL's ratio of eligible funds to meet its Solvency Capital Requirement was 568% (2022: 466%) and the Minimum Capital Requirement was 115% (2022: 119%) (both the current and prior year are unaudited). There have been no instances of non-compliance in either the current or prior year.

### Fair value of financial instruments

The fair value of non-derivative financial instruments is determined using pricing models based on discounted cash flow analysis using prices from observable current market transactions; hence, all are classified as Level 2 in the fair value hierarchy. Financial assets and liabilities are carried at the following amounts:

#### Financial assets

	2023 £'000	2022 £'000
Financial assets at amortised cost	28,047	32,301
Financial assets at fair value through other comprehensive income	2,631	2,041
	30,678	34,342

Financial assets at amortised cost comprise cash and cash equivalents, trade and other receivables, insurance assets and taxes receivable.

Financial assets at fair value comprise the held for sale equity investment, which is held at fair value through other comprehensive income (in the prior year, this was classified as a non-current equity investment).

There is no significant difference between the fair value and carrying amount of any financial asset.

## Notes to the financial statements continued

For the year ended 31 December 2023

### 30. Financial instruments continued

#### Fair value of financial instruments continued

#### Financial liabilities

	2023 £'000	2022 £'000
Financial liabilities at amortised cost	<b>33,902</b>	32,423

Financial liabilities at amortised cost comprise lease liabilities, borrowings, trade creditors, accruals, taxes payable, insurance claims and provisions.

There is no significant difference between the fair value and carrying amount of any financial liability, since liabilities are either short-term in nature or bear interest at variable rates.

#### Financial risk management objectives

The Group's activities expose it to the risks of changes in foreign exchange rates and interest rates. The Board of Directors determines the Treasury Policy of the Group and delegates the authority for execution of the policy to the Treasury function. Any changes to the Treasury Policy are authorised by the Board of Directors. The limited use of financial derivatives is governed by the Treasury Policy and derivatives are not entered into for speculative purposes.

#### Interest rate risk

The Group is exposed to interest rate risk to the extent that short- and medium-term interest rates fluctuate. The Group manages this risk through the use of interest rate swaps, when appropriate, in accordance with its Treasury Policy. There has been no use of interest rate derivatives in either the current or prior year. The interest cover (being defined as the ratio of underlying EBITDA to interest paid) at 31 December 2023 was 69x (2022: 92x).

#### Interest rate sensitivity analysis

The Group is mainly exposed to movements in the relevant inter-bank lending rates in the jurisdictions in which cash balances are held. The following table details the Group's sensitivity to a 2% increase (2022: 3% increase) and a 3% decrease (2022: 1.5% decrease) in inter-bank lending rates throughout the year. These percentages represent the Directors' assessment of a reasonably possible change in inter-bank lending rates across all geographical areas where cash is held. The sensitivity analysis includes the impact of changes in inter-bank lending rates on yearly average cash and bank loans.

	2023 £'000	2022 £'000
<b>Increase of 2% (2022: 2%)</b>		
Increase in profit before tax	<b>375</b>	631
Increase in shareholders' equity	<b>375</b>	631
<b>Decrease of 3% (2022: 1.5%)</b>		
Decrease in profit before tax	<b>(562)</b>	(315)
Decrease in shareholders' equity	<b>(562)</b>	(315)

#### Foreign currency risk

The Group has exposure to foreign currency risk where it has investments in overseas operations which have functional currencies other than sterling and are affected by foreign exchange movements. The carrying amounts of the Group's principal foreign currency denominated assets and liabilities are as follows:

	Liabilities		Assets	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Euro	<b>3,374</b>	2,062	<b>2,662</b>	3,276
Indian rupee	<b>15,925</b>	17,980	<b>16,982</b>	16,646
Turkish lira	<b>1,354</b>	851	<b>1,540</b>	1,150

#### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a decrease in exchange rates with sterling of 5% for the euro, 10% for the Indian rupee and 50% for the Turkish lira (2022: all 25% reduction). This represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only foreign currency denominated financial instruments and adjusts their translation at the year end for a change in foreign currency rates.

	Euro currency impact		Indian rupee currency impact		Turkish lira currency impact	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Profit before tax	<b>(8)</b>	(10)	<b>—</b>	—	<b>(1)</b>	(24)
Shareholders' equity	<b>34</b>	(243)	<b>(96)</b>	267	<b>(62)</b>	(60)

### 30. Financial instruments continued

#### Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. The Group does not actively hedge its credit risk.

The Group's retail trade and insurance receivables are mainly with a broad base of individual customers and are therefore not generally exposed to any one customer, resulting in low credit risk.

The Group's wholesale activities can result in material balances existing with a small number of counterparties and therefore increased credit risk exists. The Group continues to maintain some wholesale contracts and considers that it mitigates this credit risk through good quality relationships with counterparties and only partnering with counterparties with established credit ratings.

Counterparty credit limits are determined in accordance with the Treasury Policy for cash and cash equivalents and the Counterparty and Credit Risk Policy for receivables. Any balance that falls into an overdue status is monitored. Further details of the monitoring of and provision for overdue debts are outlined for trade and other receivables in note 23.

The carrying amount of financial assets recorded in the consolidated financial statements, which are stated net of expected credit losses and impairment losses, represents the Group's maximum exposure to credit risk.

#### Liquidity risk

The Group has a policy of repatriation and pooling of funding where possible in order to maximise the return on surplus cash or minimise the level of debt required. The Group has significant available cash balances; however, increasingly cash is being generated through our Indian operation and is not currently available in its entirety for repatriation to the UK due to its distributable reserves position. Group Treasury continually monitors the level of short-term funding requirements and balances the need for short-term funding with the long-term funding needs of the Group. Additional undrawn facilities that the Group had at its disposal to further reduce liquidity risk are included in note 27.

Compliance with financial ratios and other covenant obligations of the Group's bank loans is monitored on a monthly basis by Executive Directors and by the Board of Directors at each Board meeting.

#### Liquidity and interest risk tables

##### Assets

The following table details the Group's expected maturity for its non-derivative financial assets, based on the undiscounted contractual maturities of the financial assets.

	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	Total £'000
<b>2022</b>							
Non-interest bearing assets	n/a	5,789	2,489	2,328	699	2,053	13,358
Variable rate instruments	1.93%	15,231	2,767	2,986	—	—	20,984
		21,020	5,256	5,314	699	2,053	34,342
<b>2023</b>							
Non-interest bearing assets	n/a	5,479	4,621	980	597	—	11,677
Variable rate instruments	3.5%	12,269	2,341	4,391	—	—	19,001
		17,748	6,962	5,371	597	—	30,678

## Notes to the financial statements continued

For the year ended 31 December 2023

### 30. Financial instruments continued

#### Liquidity and interest risk continued

##### Liabilities

The following table details the Group's remaining contractual maturity for its financial liabilities, based on the undiscounted cash flows of financial liabilities and the earliest date at which the Group can be required to pay. The table includes both interest and principal cash flows and assumes no changes in future base rates.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000	Total £'000
<b>2022</b>						
Non-interest bearing liabilities	5,440	17,325	4,070	649	221	27,705
Variable rate instruments	81	248	637	3,122	630	4,718
Fixed rate instruments	6	13	31	—	—	50
	5,527	17,586	4,738	3,771	851	32,473
<b>2023</b>						
Non-interest bearing liabilities	5,520	16,707	4,661	2,979	235	30,102
Variable rate instruments	78	205	625	2,746	146	3,800
Fixed rate instruments	5	11	48	107	—	171
	5,603	16,923	5,334	5,832	381	34,073

### 31. 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 2023	8,846	171,650	180,496
Issue of shares in connection with:			
Exercise of share options	1	—	1
<b>At 31 December 2023</b>	<b>8,847</b>	<b>171,650</b>	<b>180,497</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 2023	8,843	15,413	24,256
Issue of shares in connection with:			
Exercise of share options	1	—	1
<b>At 31 December 2023</b>	<b>8,844</b>	<b>15,413</b>	<b>24,257</b>

Share capital at 31 December 2023 is £24,257,000 (2022: £24,256,000). To satisfy share option exercises in the year the Company has issued 1,100 £1 ordinary shares for a total equity value of £1,000 and nil cash consideration.

Of the 8,847,145 (2022: 8,846,045) ordinary shares in issue at 31 December 2023, 8,842,145 are fully paid (2022: 8,841,045) and 5,000 (2022: 5,000) are partly paid.

The ordinary shares are entitled to the profits of the Company which it may from time to time determine to distribute in respect of any financial year or period.

All holders of ordinary shares shall have the right to attend and vote at all general meetings of the Company. On a return of assets on liquidation, the assets (if any) remaining, after the debts and liabilities of the Company and the costs of winding up have been paid or allowed for, shall belong to, and be distributed amongst, the holders of all the ordinary shares in proportion to the number of such ordinary shares held by them respectively.

Deferred shares have no voting rights, no rights to receive dividends and only very limited rights on a return of capital. The deferred shares have not been listed for trading in any market and are not freely transferable.

## 32. Share-based payment

### Equity-settled share-based payments

#### Current share plans

Share-based payment charges comprise DBP charges of £1,066,000 (2022: £nil) and 2023 LTIP charges of £56,000 (2022: £nil). These costs are disclosed within administrative expenses, although the DBP share-based payment charge is not included within EBITDA. There have been 635,000 options granted in the current year as part of the DBP and 1,092,000 options granted as part of the 2023 LTIP; neither plan was in operation in the prior year.

	2023		2022	
	Number of share options (thousands)	Weighted average exercise price (£)	Number of share options (thousands)	Weighted average exercise price (£)
<b>DBP</b>				
Outstanding at 1 January	—	—	—	—
Granted during the year	635	—	—	—
<b>Outstanding at 31 December</b>	<b>635</b>	<b>—</b>	<b>—</b>	<b>—</b>
Exercisable at 31 December	317	—	—	—
<b>2023 LTIP</b>				
Outstanding at 1 January	—	—	—	—
Granted during the year	1,092	—	—	—
<b>Outstanding at 31 December</b>	<b>1,092</b>	<b>—</b>	<b>—</b>	<b>—</b>
Exercisable at 31 December	—	—	—	—

Nil-cost options and conditional shares granted under the DBP will vest in two tranches with 50% vesting after 0.75 years and the other 50% after 1.75 years. The options will lapse if not exercised within ten years of grant and will lapse if option holders cease to be employed by the Group. Vesting of DBP options and shares carries no performance conditions.

The options outstanding in the DBP have a remaining contractual life of 0.5 years (2022: n/a).

Nil-cost options and conditional shares granted under the 2023 LTIP are not linked to a time-based schedule but will vest subject to certain performance conditions, as follows:

Tranche	Share options (number)	Share price target <sup>1</sup>	Maximum vesting period
1	168,073	£3.70	3 years
2	252,114	£4.75	4 years
3	420,185	£6.00	5 years
Super-Max	252,114	£9.00	6 years

1. The share options will vest if the average closing share price of a share on AIM over a period of 90 consecutive calendar days equals or exceeds the share price target.

The options will also lapse if not exercised within ten years of grant and will lapse if option holders cease to be employed by the Group.

The options outstanding in the 2023 LTIP have a remaining contractual life of 4.4 years (2022: n/a).

The principal assumptions underlying the valuation of the options granted during the year at the date of grant are as follows:

	DBP		2023 LTIP			
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3	Super-Max
Valuation model	Black Scholes		Monte Carlo			
Weighted average share price	£2.35		£1.35			
Weighted average exercise price	—		—			
Expected volatility	n/a		60%			
Expected life	0.75 years	1.75 years	2.17 years	2.92 years	3.67 years	4.50 years
Risk-free rate	n/a		4.41%			
Dividend yield	n/a		0%			

The aggregate estimated fair value of the options and shares granted in the current year under the DBP was £1,493,000 and under the 2023 LTIP was £723,000.

## Notes to the financial statements continued

For the year ended 31 December 2023

### 32. Share-based payment continued

#### Legacy share plans

Administrative expenses include no charge (2022: £206,000 credit) arising from the 2016 LTIP and the MSP. Both the 2016 LTIP and MSP are closed and no further awards will be made under these plans. There were no options granted in either the current or prior year under either plan.

Details of share options outstanding during the period under these plans are as follows:

	2023		2022	
	Number of share options (thousands)	Weighted average exercise price (£)	Number of share options (thousands)	Weighted average exercise price (£)
<b>2016 LTIP</b>				
Outstanding at 1 January	3	—	138	—
Exercised during the year	(1)	—	(17)	—
Lapsed during the year	(1)	—	(13)	—
Forfeited during the year	—	—	(105)	—
<b>Outstanding at 31 December</b>	<b>1</b>	<b>—</b>	<b>3</b>	<b>—</b>
Exercisable at 31 December	1	—	3	—
<b>MSP</b>				
Outstanding at 1 January	2	1.00	8	1.00
Exercised during the year	—	1.00	(6)	1.00
Lapsed during the year	(2)	1.00	—	1.00
<b>Outstanding at 31 December</b>	<b>—</b>	<b>n/a</b>	<b>2</b>	<b>1.00</b>
Exercisable at 31 December	—	n/a	2	1.00

All outstanding nil-cost options and conditional shares granted under the 2016 LTIP have vested. These options will lapse if not exercised within ten years of grant and will lapse if option holders cease to be employed by the Group. There have been 1,000 (2022: 17,000) 2016 LTIP options exercised in the current year.

The options outstanding in the 2016 LTIP had no remaining contractual life in either the current or prior year.

There are no outstanding options remaining under the MSP.

#### Cash-settled share-based payments

##### CAP

The CAP is a cash-based plan targeted at certain EMC members. The maximum aggregate amount that can be paid under the CAP is £1,500,000.

Tranche	CAP amount	Share price target	Maximum vesting period
1	£150,000	£3.70	3 years
2	£600,000	£4.75	4 years
3	£750,000	£6.00	5 years

The performance conditions associated with the CAP are the same as those under Tranches 1, 2 and 3 of the 2023 LTIP.

The Group has recognised CAP charges in the year of £15,000 (2022: £nil) which is disclosed within administrative expenses. The Group has recorded liabilities for the CAP of £15,000 (2022: £nil) which are included in trade creditors and other payables in note 25.

##### 2016 LTIP

The Group granted certain employees with notional share options that require the Group to pay the intrinsic value of the notional share to the employee at the date of exercise. The notional share options have the same requirements and conditions as the 2016 LTIP. No further awards will be made under the 2016 LTIP. The Group has recorded a total credit in relation to cash-settled awards in the year of £3,000 (2022: £40,000) which is disclosed within administrative expenses. The Group has recorded liabilities for its cash-settled awards of £7,000 (2022: £10,000) which are included in trade creditors and other payables in note 25.

### 33. Non-controlling interests

The Group holds a 51% majority interest in Globiva, a company incorporated in India.

The summarised financial information and resultant non-controlling interest for Globiva is detailed below and disclosed before inter-company eliminations.

#### Summarised balance sheet

	2023 £'000	2022 £'000
Current assets	6,874	5,856
Current liabilities	(3,263)	(3,084)
Net current assets	3,611	2,772
Non-current assets	3,193	3,959
Non-current liabilities	(2,569)	(3,422)
Net assets	4,235	3,309
Accumulated net assets attributable to non-controlling interests at 49%	2,257	1,803

#### Summarised income statement

	2023 £'000	2022 £'000
Revenue	15,405	16,870
Profit before taxation	865	680
Taxation	269	(162)
Profit for the year	1,134	518
Other comprehensive expense	(207)	4
Total comprehensive income	927	522
Total comprehensive income attributable to non-controlling interests	454	256

## Notes to the financial statements continued

For the year ended 31 December 2023

### 34. Reconciliation of operating cash flows

	2023 £'000	2022 £'000
(Loss)/profit for the year	<b>(8,099)</b>	777
<b>Adjustments for:</b>		
Depreciation and amortisation	<b>2,770</b>	2,509
Share-based payment charge/(credit)	<b>1,134</b>	(246)
Impairment loss on intangible assets	<b>178</b>	187
Impairment loss on property, plant and equipment	<b>40</b>	–
Loss on disposal of property, plant and equipment	<b>24</b>	15
Loss on disposal of intangible assets	<b>31</b>	5
Profit from discontinued operations	<b>–</b>	(535)
Effects of hyperinflation	<b>(82)</b>	86
Investment revenues	<b>(749)</b>	(490)
Finance costs	<b>486</b>	709
Income tax charge	<b>1,960</b>	2,343
<b>Operating cash flows before movements in working capital</b>	<b>(2,307)</b>	5,360
Decrease in inventories	<b>78</b>	15
Increase in contract assets	<b>(1,259)</b>	(1,481)
Decrease/(increase) in receivables	<b>4,270</b>	(6,232)
Increase in payables	<b>832</b>	7,547
Increase in contract liabilities	<b>833</b>	1,655
(Decrease)/increase in insurance liabilities	<b>(6)</b>	83
Increase in provisions	<b>3,096</b>	369
<b>Cash from operations</b>	<b>5,537</b>	7,316
Income taxes paid	<b>(1,927)</b>	(3,494)
<b>Net cash from operating activities</b>	<b>3,610</b>	3,822

### Reconciliation of net funds

	Note	At 1 January 2023 £'000	Cash flow £'000	Foreign exchange and other non-cash movements £'000	At 31 December 2023 £'000
<b>Net cash per cash flow statement</b>	24	20,984	<b>(1,120)</b>	<b>(863)</b>	<b>19,001</b>
<b>Financing activities:</b>					
Lease liabilities	26	(4,718)	<b>1,396</b>	<b>(477)</b>	<b>(3,799)</b>
Borrowings due outside of one year:					
– Unamortised issue costs	27	23	<b>128</b>	<b>(46)</b>	<b>105</b>
Total movement from financing activities		(4,695)	<b>1,524</b>	<b>(523)</b>	<b>(3,694)</b>
<b>Total net funds</b>		16,289	<b>404</b>	<b>(1,386)</b>	<b>15,307</b>

### 35. Related party transactions

#### Transactions with associated parties

In the year, the Group incurred fees of £10,000 plus VAT (2022: £19,000) for services rendered from KYND, which were payable under 14-day credit terms. The creditor balance at the year end was £1,000 (2022: £2,000).

#### Transactions with related parties

##### Globiva

In November 2023, the Group announced its planned divestment of Globiva, an Indian Business Processes Management company. The Group currently holds a 51% majority investment.

The disposal has been agreed at approximately £5.1 million (subject to currency fluctuations) for the Group's 51% majority interest through the amendment of the existing Shareholder Agreement with the original Globiva Founders – who currently own the remaining 49% investment. The transaction will provide an exit path for the Group at an acceptable return and will provide additional cash flows for the Group.

The sale and transfer of ownership will be conducted over a three-year period concluding in Q1 2027. This is based on a blended 7.1x multiple of forecast EBITDA (Indian Accounting Standards) for 2023, 2024 and 2025 calendar years. The Group's shareholding is expected to reduce to 35% in Q1 2025, 13% in Q1 2026 and 0% in Q1 2027. This will be performed through Globiva operating a share buy-back mechanism.

The transaction constitutes a related party transaction, pursuant to Rule 13 of the AIM Rules for Companies, as the Globiva Founders are Directors of Globiva. The Directors consider, having consulted with the Company's nominated adviser, Liberum Capital Limited, 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:

	2023 £'000	2022 £'000
Short-term employee benefits	1,412	1,101
Post-employment benefits	20	27
Termination benefits	–	300
Share-based payments	593	(206)
	<b>2,025</b>	1,222

Required disclosures regarding remuneration of the Directors are included in the Directors' Remuneration Report on pages 49 to 51.

### 36. Events after the balance sheet date

On 15 February 2024, the Group disposed of its 13.3% (fully diluted basis) shareholding in KYND for cash consideration of £2.6 million. The investment in KYND was considered non-core to the Group. The transaction will provide additional cash resources to support the CMP and investment in Blink.

## Glossary

### Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of UK IAS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to UK IAS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Audit Committee. Some of these measures are also used for the purpose of setting remuneration targets.

The key APMs that the Group uses include: EBITDA; and constant currency measures. Definitions of these are presented in the table below.

APM	Closest equivalent statutory measurement	Reconciling to statutory measures	Definition and purposes
Core revenue	Revenue	Consolidated income statement and note 5	Core revenue excludes the Legacy businesses which are in the process of being exited or closed. The Group considers this to be an important measure in illustrating the future performance of the Group.
EBITDA	Operating profit	Consolidated income statement and note 5	Operating profit before the impact of depreciation, amortisation and exceptional items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported to and assessed by the Board and the Audit Committee.
Underlying (loss)/earnings per share	Earnings per share	Note 13	Profit after tax attributable to equity holders of the Company and before the impact of exceptional items (adjusted for tax), divided by the weighted average number of ordinary shares in issue during the financial year.
Adjusted effective tax rate	Effective tax rate	Page 32	The Group's profit before tax was impacted by one-off and/or exceptional events in 2023 and 2022; removing the impact of these discrete, material one-off events results in an underlying effective tax rate of 97% (2022: 61%) compared to the actual effective rate of negative 32% (2022: 96%). In general, the Group considers that the adjusted effective tax rate provides a more representative measure of the underlying effective tax rate of the ongoing business.
Constant currency basis	Revenue, operating profit	Page 103	The year-on-year change in revenue and EBITDA from retranslating the prior year reported results at the exchange rates applied in the current year. These measures are presented as a means of eliminating the effects of exchange rate fluctuations on the year-on-year reported results.
Annual recurring revenue	Revenue	Not applicable	Annualised revenue streams relating to our Blink business. This does not include any one-off billing. Technology businesses in rapid growth phases are often valued by a multiple of their annual recurring revenue.
Live policies/customers	None	Not applicable	The total number of active policies that provide continuing cover or services to policyholders.
Annual renewal rate	None	Not applicable	The net amount of annual retail policies remaining on book after the scheduled renewal date, as a proportion of those available to renew.
Net funds	None	Not applicable	Total cash and cash equivalents; plus net investment lease assets; less borrowings; and less lease liabilities.
Cost/income ratio	None	Not applicable	Cost of sales (excluding commission) and administrative expenses (excluding depreciation, amortisation and exceptional items) as a proportion of total revenue.

## Constant currency tables

	Core operations				Core total	Legacy operations	Total
	India	Turkey	Blink	Central Functions		Legacy	
<b>2023 (£'000)</b>							
Revenue	175,519	4,675	816	—	181,010	12,026	<b>193,036</b>
EBITDA	8,048	1,152	(1,792)	(4,395)	3,013	1,770	<b>4,783</b>
<b>2022 (£'000)</b>							
Revenue	150,613	3,212	442	—	154,267	15,516	<b>169,783</b>
EBITDA	8,032	726	(458)	(3,372)	4,928	1,925	<b>6,853</b>
<b>Foreign exchange movements (£'000)</b>							
Revenue	(9,318)	(1,130)	7	—	(10,441)	104	<b>(10,337)</b>
EBITDA	(599)	(233)	—	—	(832)	48	<b>(784)</b>
<b>2022 at 2023 average exchange rates (£'000)</b>							
Revenue	141,295	2,082	449	—	143,826	15,620	<b>159,446</b>
EBITDA	7,433	493	(458)	(3,372)	4,096	1,973	<b>6,069</b>
<b>Year-on-year movement at constant exchange rates (%)</b>							
Revenue	24%	125%	82%	—	26%	(23)%	<b>21%</b>
EBITDA	8%	134%	(291)%	30%	(26)%	(10)%	<b>(21)%</b>

## Company offices

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## Shareholder information

### Registered office:

#### CPPGroup Plc

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Tel: +44 (0)113 487 7350

The Company's shares are listed on AIM. Company information and share price details are available on the corporate website at [corporate.cppgroup.com](http://corporate.cppgroup.com)

### Company registration number:

07151159

### Nominated adviser and broker:

#### Liberum Capital

Ropemaker Place  
Level 12  
25 Ropemaker Street  
London  
EC2Y 9LY

### Auditor:

#### PKF Littlejohn

3rd Floor  
One Park Row  
Leeds  
LS1 5HN

### Legal adviser:

#### Squire Patton Boggs

6 Wellington Place  
Leeds  
LS1 4AP

### Investor relations consultant:

#### h2Radnor

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London  
EC4N 7HR

### Shareholders who have a query regarding their shareholding should contact the Company's share registrar at:

#### Link Group

Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

Tel: +44 (0)371 664 0300

When contacting the registrar please have the investor code and information relating to the name and address in which the shares are held.

### Investor relations

Requests for further copies of the Annual Report and Accounts, or other investor relations enquiries, should be addressed to the Company Secretary at the registered office.

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