

26 January 2022

CPPGroup plc
("CPP Group", the "Group" or the "Company")

Disposal of Chinese business to focus on growth in core markets

CPP Group (AIM: CPP), a provider of assistance and insurance products which reduce disruptions to everyday life for millions of customers across the world, announces that, as part of its strategy to focus on its key growth areas, it is exiting the Chinese market.

A sale and purchase agreement has been entered into for the disposal of CPP Asia Limited and its wholly-owned Chinese subsidiary, CPP Technology Services (Shanghai) Co. Limited (collectively "CPP China"), by way of a sale to T-Link Holdings Limited ("T-Link") for nominal cash consideration of HK\$ 1, to take effect from 27 January 2022 ("Disposal"). As part of the Disposal, CPP Group has made a working capital cash injection into CPP China of £0.5 million. The majority shareholder of T-Link is Wilson Chan, the CEO of CPP China.

CPP China was established to capitalise on the demand for protection and assistance services in the Chinese market. However, progress has been slow and the business continues to make losses. With no clear pathway to sustainable returns, together with CPP Group's strategy to focus its resources on the areas with the strongest prospects, the Board's view is that an exit from the market is in the best interests of CPP Group.

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

CPP China accounted for EBITDA losses of £0.4 million in 2020 against an overall EBITDA profit of £8.1 million from the Group's Ongoing Operations. The impact of the Disposal will therefore not be material to the Group.

As Wilson Chan is CEO of CPP China and a majority shareholder in T-Link, the Disposal constitutes a related party transaction under AIM Rule 13. The Directors consider, having consulted with the Company's nominated adviser, Liberum Capital Limited, that the terms of the Disposal are fair and reasonable insofar as the Company's shareholders are concerned.

Jason Walsh, CEO of CPP Group, commented:

"This disposal is in line with CPP Group's commitment to taking decisive action in withdrawing from markets where it does not believe its prospects are sufficiently strong. It follows the steps we took in 2021 to simplify and focus the Group, through the sale of our German card protection business and restructuring our operations in Mexico and Malaysia.

The progress we have made on these fronts, together with further actions planned for 2022, allows us to reduce our ongoing operating expense base and concentrate on our technology-led strategy in our key markets where we have the scale and capabilities to generate sustainable growth and deliver greater value for all our stakeholders."

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About CPP Group:

CPP Group creates assistance and insurance products which reduce the disruptions to everyday life for millions of people across the world. These products are provided through partnerships with leading insurance, banking and finance companies either as embedded solutions or as relevant add-ons to enhance their core offering. CPP Group is listed on AIM, operated by the London Stock Exchange.

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