A pivotal year

CPPGroup Plc
Annual Report & Accounts 2022

A new phase for CPP Group

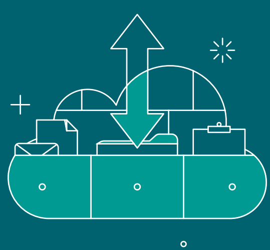
Our strategy is to migrate away from our declining Legacy operations to a product-led global InsurTech business, supported by our CPP India and CPP Turkey businesses. We are moving towards becoming a simpler business, with all units contributing to growth and improving returns for shareholders.

We plan to:

Simplify the Group

Scale-up our Blink Parametric business

Grow our operations in India and Turkey



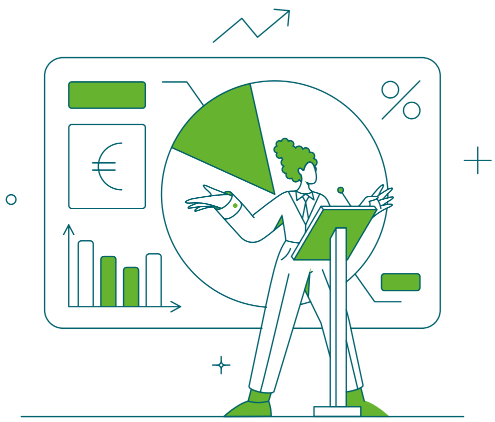
Address critical IT infrastructure

We have a big agenda ahead but strategic priorities unite us and set us up to be more competitive and relevant for tomorrow's customers and their needs.

Read more about CPP Group on our website

corporate.cppgroup.com

A resilient performance



Revenue

£169.8m

+19%

22	**£169.8m**
21	£142.8m
20	£135.6m

Revenue from Core operations

£154.3m

+25%

22	**£154.3m**
21	£123.2m
20	£112.3m

Profit before tax[1]

£2.4m

-43%

22	**£2.4m**
21	£4.3m
20	£1.3m

EBITDA[1]

£6.9m

-5%

22	**£6.9m**
21	£7.2m
20	£6.0m

EBITDA from Core operations

£5.0m

+20%

22	**£5.0m**
21	£4.1m
20	£2.3m

Net funds

£16.3m

-1%

22	**£16.3m**
21	£16.4m
20	£15.3m

1. 2021 EBITDA and profit before tax include a one-time benefit of £1.1 million from the release of a commission provision in the UK.

All figures are for continuing operations only with 2020 and 2021 comparatives restated to reflect Mexico as a discontinued operation. Refer to note 15 on page 82.

APM glossary on **page 100**

Making bad days better

Everyday life can be challenging, complex, and fast paced. We provide products and services that help make bad days better through simplifying complexities and removing hassle when something goes wrong.

We offer a range of products and services within six product categories

My Travel
Parametric solutions if consumers' flights are cancelled, delayed or if their luggage is lost.

Parametric Flight Disruption
Parametric Lost Luggage

My Tech
Keeping consumers connected and protected through theft and damage insurance and anti-virus software for phone and gadgets.

Phone and Gadget Insurance

My Health
Utilising technology to provide access to health check assessments, online doctor consultations and discounted medical, pharmacy, optician and dentistry services, supported with life and critical illness insurance.

LivCare

My Digital Life
Safeguarding consumers' identities through the monitoring of online personal data, combined with practical, specialist support.

Dark Web Monitoring
Identity Protection
Mobile Payments Protection

My Home
Looking after homes through preventative maintenance services, extended warranties for appliances, home emergency assistance, combined with entertainment features.

Extended Warranty
Home Emergency

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

Card Protection
ATM Protection

Our partners

Our propositions are distributed through our partners to help them stay a step ahead. Giving them differentiation, customer loyalty and enhancing the value of their own products.

Our Core businesses

We have taken steps to simplify the CPP Group portfolio and now focus on three Core growth businesses.

Blink Parametric (Blink)

An award-winning, global InsurTech business, focused on delivering differentiated 'white-label' technology-led services to the travel sector. All products leverage a mix of consumer and big global data sets to deliver real-time protection and resolution services.

Blink offers the potential for a value-accretive third pillar for CPP, with its scalable, higher margin technology-led products. The business is currently focused on realising its strong pipeline in North America, Asia and Europe, and building its travel sector propositions before addressing new product opportunities.

Customers[1]
0.8m
(+251%)

Revenue
£0.5m
(+39%)[2]

EBITDA
£(0.4)m

Distribution partners
10

1. Policy sales that included a Blink service.
2. On a constant currency basis.

India

India distributes its products and services primarily to major non-banking financial companies. Its strength comes from designing products at a local market level and partnering with third parties to create propositions that local partners value. This market also includes our interest in Globiva, a leading business process management (BPM) company.

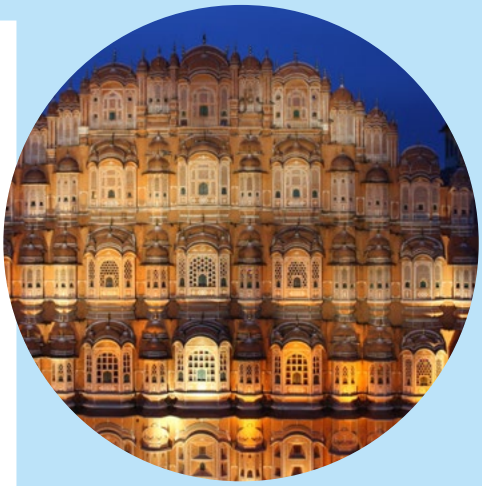
The business will continue with its successful local market strategy, focused on providing digital, low-cost innovative product and service solutions to a growing distributor base, enabled by a new technology platform that will widen product and distribution capability.

Customers
9.8m
(+2%)

Revenue
£150.6m
(+20%)[2]

EBITDA
£8.0m

Distribution partners
9



Turkey

A multi-partner, multi-product business with a growing reputation for new generation, real-time assistance and micro-insurance products to its distribution customers.

CPP Turkey will follow an organic-led strategy focused on providing innovative products, entrenching relationships and winning new partners in the mobile, digital and financial services sectors, thereby providing a diverse mix of revenues despite economic turbulence.

Customers
1.1m
(+27%)

Revenue
£3.2m
(+42%)[2]

EBITDA
£0.7m

Distribution partners
19

How it fits together

Purpose

To reduce disruptions of everyday life.

Strategy

To withdraw from the Group's Legacy businesses and migrate to an InsurTech business led by Blink, supported by CPP India and CPP Turkey.

Strategic Direction

Laying the foundations: 2023
Operational scaling to accelerate the growth of Blink, implement the new India IT platform and continue the withdrawal from our Legacy business.

Shaping the future: 2024
Continued withdrawal from Legacy businesses and a step-change in our capabilities through full deployment of a new IT platform in India and decommissioning of legacy IT platforms.

Transforming CPP: 2025
Establish Blink as a leading provider of parametric solutions to the global travel sector, product development in India and Central Functions refocused and reduced in size.

Key building blocks

People
Find, develop, and retain great people. Creating a strong culture of people united by our purpose.

Products
Exit from highly regulated legacy products and invest in higher-margin tech-based services.

Technology
Reduce dependency on legacy platforms and invest in scaling our new technology in India and Blink.

Distribution
Invest in local market and sector experience to extend our multi-product, multi-partner strategies.

Ways of working to execute the strategy

Change Management Programme (CMP)

Read more on **pages 9 and 12**

Governance and Risk Management

Read more on **pages 32 and 40**

Our longer term deliverables

A globally scalable business

Differentiated suite of higher-margin products

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

Read more on our Strategic Priorities on **page 16**

Transforming CPP to an InsurTech business led by Blink Parametric

Global opportunities through the Blink platform, supported by growth opportunities in both India and Turkey.

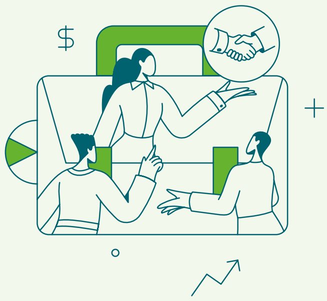
Strong customer and retail growth

We have established, well managed businesses in India and Turkey which have sustained strong customer and revenue growth for a number of years. We have a customer base of 11.4 million and we continue to grow our partner base in our Core businesses further increasing opportunities.

Customers
11.4m

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.

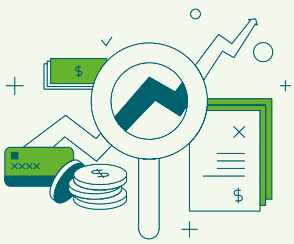


Focused on sustainable growth with a lower cost base

Renewed focus on four Core growth businesses (India, Turkey, Blink and Globiva) and accelerated withdrawal from Legacy businesses will increase sustainability of profits while full implementation of the CMP will lower the cost of delivery and benefit margins medium-term.

InsurTech potential

Parametric services are an InsurTech gamechanger globally and Blink's strong partnerships and market-leading services in the Travel Disruption sector provide strong medium-term value creation potential.



Strong balance sheet

A robust cash position at the end of 2022, along with expected future cash flows from growth in our Core businesses will provide the Group with sufficient resource to deliver the CMP as well as fund investment in both Blink and the new Indian IT platform.

Positioning ourselves for the future

David Morrison
Non-Executive Chairman

We have reset the course and have a great opportunity to build a purpose-driven InsurTech, with long-term sustainability for our colleagues, customers and shareholders.

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

> "We believe the new strategy is the right one, and with a simplified focus and strong leadership, we believe we have what we need to execute it."

Strategy for growth

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

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

Financial results

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

People

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

During the course of the year, we began meeting and considering candidates for appointment to the Board, recognising the benefits brought by independent non-executive directors who can also add value through their knowledge of the sectors in which we operate or their experience of some of the challenges thrown up by the CMP. Whilst that process continues the focus and engagement of the current Non-Executive Directors and their support for and challenges to the executive team has been immensely valuable as the revised strategy was being developed during the course of last year.

The Board pays full attention to governance issues and endorses the importance of independent directors as well as the benefits of diversity. However, its primary focus during this period of transformation is on delivering a strategy for growth and returns from which all shareholders and other stakeholders will benefit.

Outlook

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

David Morrison
Non-Executive Chairman
27 March 2023

Growing our strong Core operations and migrating CPP to an InsurTech business

Simon Pyper
Chief Executive Officer

"Moving from one business model to another is a significant undertaking. That we can commit to doing so, reflects the quality, dedication, and commitment of my colleagues from across the Group."

The short story

We have made the decision to migrate away from our regulated Legacy businesses and to focus our energies on becoming an InsurTech business supported by CPP India and CPP Turkey.

Why we are doing this

Our Legacy businesses are in decline and will soon become unprofitable. We are focusing resources on those businesses which already deliver profitable growth or offer realistic potential to do so. Blink, our InsurTech business, offers a differentiated set of products and services and is a globally scalable business.

CPP exists to create products and services which enrich the offering of our business partners. Our aim is to help our business partners increase the real and perceived value of their products and services to their customers and, in so doing, drive increased customer loyalty.

For our stakeholders, our aim is to transform CPP into a business which creates long-term sustainable value.

Thank you to our colleagues and shareholders

Change, even if absolutely necessary, is always difficult, but change we must and change we will. We have set our course and speed of travel and I look forward to working with my colleagues across the Group as we look to transform our business over the next few years.

Finally, I want to thank my colleagues for their commitment and continued goodwill and support.

Introduction

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

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

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

A focused business

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

A resilient financial performance

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

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

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

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

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

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

There are two constituent businesses:

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

CPP India works closely with its business partners to drive value by growing customer loyalty through the design and delivery of simple and innovative products, which fit seamlessly into the everyday life of consumers. Revenue growth for 2022 was robust with the number of live polices at year end increasing by 2% to 9.8 million, but with some movement towards lower margin products such as LivCare. Operating costs increased during the year due to additional third-party costs and improved incentives for the in-country executive team.

A resilient financial performance continued

India continued

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

Globiva is 51% owned by the Group and is one of India's fastest growing BPM companies, providing outsourced customer relationship management, back-office functionality, and automated human resource services to a growing roll of clients. Revenue growth reflects several new business wins, a favourable exchange rate and, importantly, a full twelve months of trading without any COVID-19 disruption. Like the majority of India-based BPMs, Globiva's largest operating cost relates to seat occupancy (employees), which has increased significantly over the past year which, in turn, had an adverse impact on EBITDA growth.

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

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

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

Legacy operations: Revenue £15.5 million (2021 restated: £19.7 million) and EBITDA £1.9 million (2021 restated: £3.3 million)

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

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

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

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

Central costs before allocation are £9.0 million (2021: £10.4 million) of which £3.5 million (2021: £4.0 million) relates to the cost of the Group's IT operations. The majority of the IT costs, which are recharged to the Group's operating businesses, represent costs associated with maintaining regulatory compliant consumer data, in multiple geographies.

The Group is developing a new IT platform which is expected, once deployed, to deliver significant efficiencies from the second half of 2024.

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

A simple strategy we can execute: Group

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

1) Where we will compete: The Group will focus on designing innovative assistance products and services which augment and create value (customer satisfaction, customer loyalty and new business) for its growing distribution business partner base.

2) Base of competitive advantage: Differentiation, with a focus on new product development, product innovation, and quality of service to our current and future business partners.

3) Strategic direction: Market penetration and development for Blink, CPP India and CPP Turkey.

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

4) Method of implementation: Internal development with product acquisitions which enrich or enhance our proposition. We will, at the same time, withdraw from our Legacy business and dispose of non-Core business investments.

5) Constraints: Management bandwidth as we are going through a period of substantial change. Finding suitable acquisitions at an appropriate price. Moving from an informal approach to a formal approach and structure, with a set of processes for continuous production, innovation, and development.

Our strategy is in two stages

Stage one is to migrate away from the regulated Legacy business and to focus on Blink, CPP India and CPP Turkey. Stage two is to develop CPP into a product-led, global InsurTech business (Blink), supported by CPP India and CPP Turkey. Whilst this is a relatively simple strategy, it will take three years to implement fully.

Blink Parametric

Global InsurTech business, initially focused on the Travel Disruption market.

Market development and penetration, with formal New Product Development approach.

Organic and acquisition-led approach with acquisitions biased towards product or technology gaps.

+

CPP India

Market development and penetration with local market responsibility for new product development.

Organic approach.

Incentives to encourage management to build long-term shareholder value.

+

CPP Turkey

Market development and penetration with local market responsibility for new product development.

Organic approach with some product acquisitions where appropriate.

+

The Centre

Refocused model which is low cost and:

- Oversees the business
- Pressure tests business unit strategies and allocates resources
- Enables functional expertise
- Facilitates best practice
- Manages key stakeholders

A simple strategy we can execute: by business unit

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

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

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

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

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

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

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

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

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

A simple strategy we can execute: by business unit continued

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

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

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

Change Management Programme (CMP)

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

The CMP projects are summarised as:

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

Key risks associated with the CMP:

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

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

Financial implications of the CMP:

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

People

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

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

Outlook

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

Simon Pyper
Chief Executive Officer
27 March 2023

Creating value

Our business model allows us to create and deliver innovative, revenue-adding, products for our distribution partners and make a bad day better for consumers across the globe. This in turn enables us to create and share value with our stakeholders.

What we have

Inputs and resources on which our business model depends

People
We encourage a culture of putting innovation, distribution partners and consumers first.

Technology
Investment in the continuous improvement of our IT platforms to drive product development, operational efficiencies and scalable growth.

Financials
A robust cash position to fund the CMP and Core business initiatives to secure long-term value for shareholders.

Consumer and customer
We use our local market and travel sector expertise to adapt to consumer needs and to foster strong partnerships.

What we do

Design and delivery of bespoke products, insurance and services, in combination with third-parties, to augment local partners' propositions to fit commercial and consumer needs.

→ Creation of fully-managed, white label customer experiences.

→ Products and services are embedded or sold as an ancillary offering at relevant points in the partner customer journey.

Creation of revenue

Recurring customer revenue
Customers pay monthly or annual premiums to CPP and we pay commission to our distribution partners. These can be one-time revenue streams or policies that will convert to a renewal.

Recurring partner revenue
Partners pay recurring monthly fees to include our services into their core product on a wholesale basis.

SaaS revenue
Distribution partners pay a minimum recurring per-user fee, alongside multi-year contracts, for service provision to our parametric software solutions.

Who we deliver for

Consumers
- Swift, affordable and transparent assistance products
- 11.4 million customers protected (live base number)

Business partners
- Increase revenues
- Cost efficiency
- Differentiation
- >50 partners

Colleagues
- Purposeful work and commitment to developing colleagues, their wellbeing and recognising their talent
- 74% of colleagues are proud to work at CPP
- 80% feel comfortable contributing ideas

Shareholders
- Strong revenue visibility
- Investment for growth and deliver improved returns for our shareholders

Meeting the needs of the market

The environment we operate in is constantly changing. Understanding the influences on our business enables us to be prepared for change, to respond quickly, and to create value for the long term.

Accelerated shift in digital and connectivity

What is happening?

Technology is embedded into our lives, and our relationship with it grows increasingly complicated with 74% of global consumers uncomfortable with their online behaviour and personal information being tracked[1]. In addition, 55% of global consumers have concerns about their bank's abilities to keep their details safe[2]. Nevertheless, the pandemic has increased consumers' reliance on technology and many are embracing it to achieve greater health and productivity benefits. This has led to a shift in business models and offerings as our partners look to rapidly evolve their customer experiences.

Our response

We have commenced work to scale Blink's platform and our Indian platform to respond to the increasingly digital landscape, enabling improved integration and data analytics to deliver increasingly configurable propositions to our partners and their changing business models.

In addition, we have controls in place to mitigate and monitor cyber-attacks, and are PCI certified.

Links to risks 2 5 7

Increased demand for protection

What is happening?

In an era of daily disruptions, trepidation over the economic outlook and the fast pace of change, consumers are feeling the effects - with 65% of UK consumers and 72% of consumers in India feeling overwhelmed, and 67% of UK consumers feeling burnt out by life[3]. With this feeling of being outpaced and overwhelmed consumers are looking for ways to safeguard health and financial security resulting in a 7% increase in global customer intent to buy insurance[4].

Our response

We believe there is a growing appetite for assistance. To respond to this evolving need we will roll out a Group New Product Development (NPD) framework in 2023 to encourage best practice and shared learning to ensure that we respond to ever-evolving consumer needs.

Links to risks 1

On-demand living

What is happening?

Insurance is transitioning from the traditional 'purchase and annual renewal' model to a pay-as-you-go cycle, with more than 50% of consumers wanting usage-based insurance[5]. This may lead to products being disaggregated into micro-coverage elements and customised to consumer needs, and being increasingly embedded into the point of sale to aid convenience and enhance value. Strong growth is forecast in embedded propositions with the embedded insurance market alone estimated at over $500 billion in the USA and $60 billion in Europe by 2032[6].

Our response

Insurers and partners will increasingly use technology-driven products to enable easier access to simpler, more affordable and relevant assistance and protection solutions offered at convenient and contextually relevant moments to their customers. We believe that our Blink products fit well into this emerging model and intend to grow our distributor footprint to target this growing embedded assistance and protection segment.

Links to risks 1

Links to risks

Read more on our risks on **page 32**

1. Further with Ford Consumer Trends, 2022.
2. YouGov, Do consumers trust banks on cybercrime?, October 2021.
3. Further with Ford Consumer Trends, 2023.
4. CapGemini World Payments Report, 2021.
5. CapGemini, World Insurance Report, 2020.
6. SwissRe, Embedded Insurance Peer Group Report, June 2022.
7. World Travel & Tourism Council, Global Trends, August 2022.
8. Amex Trendex, 2021 (survey of consumers in the US, UK, Australia, Japan, Mexico, India and Canada).
9. Consumer Intelligence, 2022.

Cost of living

What is happening?

It is clear that a volatile geopolitical picture, compounded by significant macro-economic pressures such as inflation, will impact market and business sentiment over the next 12 months.

Our response

The cost of living crisis in the UK is impacting colleagues and we have identified ways to support our people through increasing our Flexible Benefits packages and reviewing our annual pay review approach supporting those likely to be struggling the most. We will continue to review our People Policies in 2023 to identify additional areas where we can support colleague wellbeing. We will also collaborate with our distributors to ensure that products are affordable and meet their and their end-customers' needs.

Links to risks 1 2

Tourism remains a recovering and growing sector

What is happening?

The travel and tourism market is a significant contributor to the global economy, contributing to 10.3% of global GDP pre-pandemic[7] and is expected to be an attractive growth market driven by people living longer, healthier lives; the growth of middle classes across the globe; and the desire for experiences after being homebound for two years. The pandemic has also placed a new emphasis on wellness with 76% of consumers wanting to spend more on travel to improve their wellbeing, and 55% willing to pay for wellness extras on their holidays[8]. Consumers are also making their travel decisions with an increased focus on protecting their investment, with 58% of UK travellers stating they are more likely buy travel insurance now than before the pandemic[9].

Our response

The travel sector can build that extra layer of customer care as travellers seek more ways to achieve peace of mind. The increased consumer sentiment around wellness travel bodes well for Blink's partnerships, in addition to our health assistance products in India and Turkey.

Links to risks 1

Sustainability expectations continue to rise

What is happening?

Consumers are increasingly aware of companies' sustainability credentials and there is an expectation that businesses should help address broader societal and environmental challenges. The pandemic has accelerated this shift by exposing inequalities in our society but also demonstrating what we can achieve as a society if we work together.

Our response

We will develop our ESG roadmap in 2023 through colleague surveys, workshops and the establishment of an ESG Committee. This will include the identification of ESG goals, targets and reporting standards to align to ensure progress towards our roadmap.

Links to risks 7

Targeting sustainable growth

A strategy to simplify the business, foster organic growth opportunities and leverage the global nature of our InsurTech.

Addressing issues and opportunities

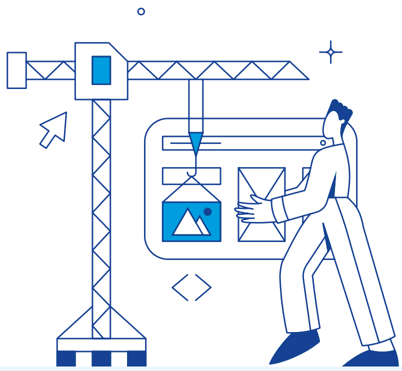
In October 2022, we announced our strategy to shift towards an InsurTech business led by Blink and supported by CPP India and CPP Turkey, whilst addressing the challenges presented by our declining legacy book. But a sensible strategy is only a starting point; fulfilling our potential depends on delivering what we said we would. We aim to do this through the CMP, which is a set of eight interdependent projects supervised by the EMC and implemented by our Operations Board.

The interdependent strategic projects include simplification of our **Products** through the exit of highly regulated legacy products and investing in higher-margin products that provide assistance when customers have a bad day; creation of a globally scalable business through investments in **Technology**, from scaling Blink's parametric platform to the delivery of a standalone platform in India; and extending our **Distribution** partnerships to support Blink's geographical expansion and reduce concentration risks within our partner base.

Links to risks

Read more on our risks on **page 32**

Laying the foundations: 2023



Operational scaling of Blink and continued withdrawal from Legacy businesses

Products
- Complete the exit of our Legacy operations in Spain and Portugal.
- Roll out the Group NPD framework to encourage best practice and shared learning across the Group.
- Refresh the brand identity to reflect our positioning of developing innovative solutions to consumers everyday challenges.

Technology
- Complete the operational scaling of Blink, investing in ongoing innovation to realise the pipeline and position ourselves as thought leaders in parametric solutions for travel.
- Enhancement of Blink's user experiences (UX) to further improve product usage and engagement.
- Implement the initial phase of the India IT platform to compete more effectively and widen distribution channels.

Distribution
- Deepen Blink's distribution paths with multi-national insurers and launch into the US travel insurance market.
- Extension of our multi-partner distribution relationships in Turkey and India to protect against economic volatility and distributor concentration risk.

Links to risks 1 2

What the strategy gives us

Shaping the future: 2024

Continued Legacy business withdrawal and step-change in technology capabilities

Products
- Development of product roadmaps to ensure longevity of propositions.
- Enhancements to the Blink travel proposition to cement our position as market leader.
- Identification of opportunities for monetisation of customer engagement and context data to enhance Blink's offering.

Technology
- Complete the implementation of the India IT platform and transition India away from legacy systems.
- Decommission the Group's legacy platforms.
- Continued development of the Blink platform and data set IP to ensure a market-leading position, and to aid expansion into non-travel propositions.

Distribution
- Increase market penetration in India and Turkey through existing products and product development targeting new customer segments.
- Extend Blink's distributor relationships through multi-product offerings with global travel insurers, providing opportunities for greater annualised revenues.

Links to risks 2 4 6

Transforming CPP: 2025

A global product-led business

Products
- Well progressed withdrawal from the UK Legacy business.
- New product development outside Blink's non-core travel sector and where appropriate we will strengthen the Blink proposition through acquisitions.

Technology
- Development of user experiences, and Blink platform enhancements to enable speed of delivery of new products in new markets.

Distribution
- Development of multi-product contracts with a diverse distributor base across all of our Core businesses.
- Retention of large-scale distributor Blink contracts to provide certainty on future annualised revenue streams.

Links to risks 1

A simpler business to understand

A growth focused business

A globally scalable business

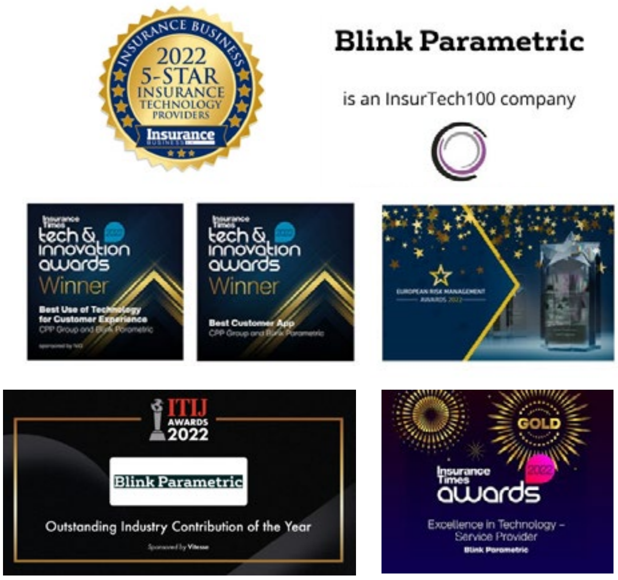
A differentiated suite of higher-margin tech-based products

Strengthening and scaling Blink Parametric

Blink is an InsurTech business which provides technology solutions to insurance companies across the globe.

Sid Mouncey
Blink Parametric CEO

A reputation building year



Overview

Blink's technology allows insurers to deliver real-time help to their customers when something goes wrong, when and where they need it, removing the need for complicated time-consuming claims processes. Blink is at the forefront of innovation in the travel insurance sector which is forecast to be worth over $34 billion by 2025 (source: Statista, 2023).

The business has in the past suffered from a lack of investment in key areas which was addressed in the second half of 2022 following the strategic review. Blink provides the Group with its only global product set and is developing into a market-leading, high-quality global technology business.

Blink operates two primary products for travel insurers focused on flight disruption and delayed luggage. These products are embedded into travel insurers' core products allowing their customers to benefit from real-time support driving loyalty, increased retention and sales for our clients.

Progress

Activity for the year has been focused on scaling Blink within the travel insurance sector and expanding into new geographies whilst building a pipeline of large global and regional insurance companies for future growth. In 2022, a high-quality pipeline has been developed supported by the re-bound of travel post-COVID-19 restrictions being lifted, which is expected to convert in 2023 into a step change in the number and scale of clients using Blink's solutions.

Blink has ten active distribution customers in markets across North America, Europe, UK and Asia and in early 2023 has launched with its first client in the US market. This is an important milestone for the business as it is the largest travel market globally and presents a significant growth opportunity.

Revenue

£0.5m

(2021: £0.3m)

EBITDA

£(0.4)m

(2021: £(0.3)m)

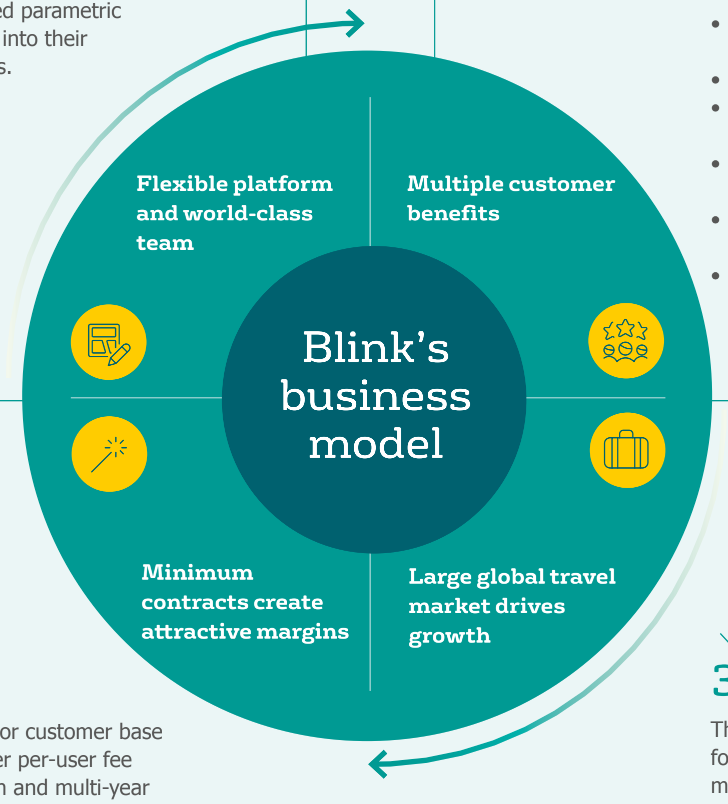
1

Customisable parametric software solutions, available through APIs, to enable large scale, multi-national insurers and travel companies to embed parametric insurance products into their brand's propositions.

2

Ongoing innovation and optimisation of our platform, UX and data sets enables a range of travel disruptions products that can:

- Be developed efficiently and cost effectively
- Be insurer agnostic and white-labelled
- Operate on a multi-region, multi-lingual and multi-currency basis
- Be integrated quickly and easily for distributor deployments
- Increase transparency and engagement
- Improve saleability of products



3

The global travel market provides for a large total addressable market enabling:

- An innovative and fast-growing business
- A significant and promising distribution partner pipeline

4

Expanding distributor customer base buys products under per-user fee for service provision and multi-year contracts, creating:

- Certainty of annualised recurring revenues
- Attractive margins

A primary focus for the business is to reduce lead times to move clients from prospect to launch. Blink's distribution customers often operate in highly regulated markets where decision-making and change times can be long. Once live, contract lengths are multi-year with consistent revenue predictability. Our experience is once an insurer launches in market others follow to maintain a competitive position.

An operational scalability programme commenced in H2 2022 to put into place robust and high-quality foundations that can support the strong pipeline with confidence. This project has made good progress and will complete in Q1 2023, with an ongoing enhancement programme from that point forward.

The products have developed well in 2022, creating further differentiation against competitors and improving the quality and performance for clients and their customers. This has been evidenced through notable award wins including the Insurance Times Awards 'Excellence in Technology – Service Provider', the ITIJ Awards 'Outstanding Industry Contribution of the Year' and inclusion in FinTech Global's 'InsurTech100' for 2022.

Looking ahead

We are focused upon capturing as much of the global travel market as possible for travel related parametric solutions, including our entry into the US travel insurance market. The global travel insurance market was valued at approximately £13.3 billion in 2021[1] and we conservatively see Blink's revenue opportunity in this sector to be worth over £20 million. The global nature of the business is exciting but brings risk – ensuring we have a clear view on regulatory, data and tax requirements in each major market we operate within will be very important.

We have an attractive pipeline of large global travel insurer distribution opportunities and we will seek to deepen distribution paths into their global businesses, initially starting in one geographical market and then using the partner to support our launch into other geographical territories. This distribution strategy will be supported through the building out of our customer success function and doubling the overall Blink resource pool.

Further ahead, we will look at a programme of NPD to shore up and extend our existing travel offerings, enabling further penetration with existing and new clients.

1. International Travel and Health Insurance Journal, October 2022.

An exemplar for organic growth

CPP India is our largest business and generated strong volume growth, through the creation of simple and innovative products that deliver value for local partners.

Deepak Matai
CPP India CEO

Overview

CPP India has continued its successful organic growth strategy of providing low-cost innovative product solutions to a growing base of nine business partners. These products and services are managed through an extensive supplier and insurer framework alongside our headline products of LivCare, FoneSafe, Asset Secure and Card Protection.

The business delivered another year of double digit revenue growth, up 18% on a constant currency basis at £134.8 million. However, EBITDA only increased marginally to £5.6 million (2021: £5.4 million). Work continues on the development of a stand-alone technology platform to facilitate CPP India's ability to improve its digital delivery and move to a lower cost operating model.

Progress

The first half of 2022 started positively as we agreed a contract extension with Bajaj Finance Limited (Bajaj) until around December 2024, providing the Group with improved certainty over a significant proportion of its future revenues, albeit on improved commercial terms for the partner. We witnessed a slowdown in economic growth over the summer due to a combination of erratic rainfall and inflation reducing private consumption. Nevertheless, the business performed strongly and was bolstered by a strong Diwali festival season which stimulated the purchase and financing of electronics and white goods, providing opportunity for the distribution of our products in the second half of the year.

The market remains dynamic with competitors currently operating with superior technology stacks, thereby enhancing their capability to deliver high-class customer experiences at a lower cost. Central to the execution of CPP India's 2023 strategy is the delivery of our new IT platform to drive improvements in our technical capabilities including greater API integration, a unified digital claims journey and a self-service portal integrated within Bajaj's app, ensuring further competitive advantage in the medium-term.

Looking ahead

We expect to see continuing growth as India is set to be the second-fastest growing economy in the G20, with economic growth forecast at 7% for 2023. In addition, the Indian market has made impressive progress in extending access to financial services to a larger portion of the population, including disadvantaged socio-economic groups. We aim to capture these widening customer segments, deepen our relationship with Bajaj and access new verticals through the development of product propositions such as protection for used mobile phones targeted at the rural market.

We will drive organic growth through the targeting of new customer segments for tele-acquisitions in SBI Cards and Tata Capital. In addition, we will extend our multi-product distribution partnerships through the development of a broader range of digitally based products including health-based assistance, used car extended warranties and EMI (Equal Monthly Instalment) Protect products.

We see further growth opportunities through increasing our distributor footprint with large-scale banks and Non-Banking Financial Companies (NBFCs) to mitigate the concentration risks within our distributor base, this will be supported through the delivery of the Indian IT platform in 2023.

Revenue
£134.8m
(2021: £109.0m)

EBITDA margin
4.1%
(2021: 4.9%)

EBITDA
£5.6m
(2021: £5.4m)

Customers
9.8m

Globiva

During the year, Globiva, in which we hold a 51% controlling stake, continued to diversify its client base through the addition of 12 new clients, supported with a headcount increase of 650 colleagues, and despite pandemic related challenges, Globiva posted strong financial results, registering 46% constant currency revenue growth on the previous year. However, EBITDA is flat with the prior year at £2.4 million, as it has invested to accelerate out of COVID-19 along with the impact of inflationary pressures on wage and energy costs and a reduction in business from international clients, which typically command higher margins than the domestic Indian market.

2023 is set to be a challenging year for revenue growth primarily due to slowdowns in business with our tech-first clients who have seen their own funding capability reduce in the current investment environment. In addition, we expect inflation to continue to pressure our cost base. However, Globiva has built an excellent operation that is heavily technology enabled which sets it apart from most of its domestic competitors. Globiva is therefore well placed to adapt and create a future-ready workforce and business model.

Revenue
£15.8m
(2021: £10.3m)

EBITDA
£2.4m
(2021: £2.4m)

EBITDA margin
15.5%
(2021: 23.9%)

Resilient performance in Turkey

While the Turkish market had a tough year in terms of economic volatility, CPP Turkey's local currency performance improved in terms of revenue and EBITDA.

Mehmet Gorguz and Esin Karakaya
Acting Managing Directors, CPP Turkey

Revenue
£3.2m
(2021: £3.6m)

EBITDA
£0.7m
(2021: £0.8m)

EBITDA margin
22.6%
(2021: 23.8%)

Customers
1.1m

Overview

Revenue grew by 42% on a constant currency basis to £3.2 million and EBITDA of £0.7 million represents growth of 36%. The improvement on a local currency basis versus last year reflects CPP Turkey's continued multi-product and multi-channel strategy. On a reported basis, both revenue and EBITDA declined as local progress has been wiped-out by the ongoing depreciation in the Turkish lira.

Progress

Our strong performance showcases the benefit of our multi-product and multi-partner strategy with 19 brands such as AXA, VakıfBank, Işbank, BBVA, BNP Cardif and Vodafone. We delivered nine new distribution partner projects in 2022, with 64% volume growth from the Türkiye Sigorta partnership (VakıfBank & Halkbank), and 49% volume growth from the Akbank & Aksigorta partnerships. However, this good progress was not without its challenges with the official Turkish inflation rate for 2022 being in excess of 60% which increased overheads and supplier payments.

We have taken action to partially offset the inflationary impact through policy premium increases and have mitigated further volume declines amongst our distribution partnerships through the launch of new products, supported by our CPP in-house call centre capacity and a wider range of banking channels.

CPP Turkey's reputation in providing digital-led innovations in the market continues to differentiate us, with our Mobile Payments Protection product winning the silver award for 'Best Innovative Insurance Product' at the recent smart-i awards 2022. This focus on local product innovation pushed the business to a major milestone of reaching one million customers, representing 27% growth on the previous year.

Looking ahead

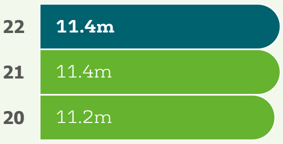
Despite the additional operational complexities presented by economic volatility, political risk, high inflation rates and the weakening currency, we expect 2023 to continue to provide opportunities, with new distribution projects and new product launches expected to account for approximately 20% of gross new sales. We expect to see our newly launched Health Protection scale as well as aiming to deploy new propositions such as SME Protection, and Lifestyle assistance products.

The recent tragic earthquakes experienced in Turkey are likely to have a short-term impact on our business partner branch and outbound telemarketing sales channels and we will continue to review the response of the insurance industry to ensure our products and services evolve to our changing insurance partners' needs.

Measuring our progress

Live policies

11.4m 0%



Measure

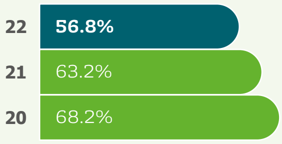
The total number of active policies that provide continuing cover or services to policyholders.

Performance

The live policy base is flat year-on-year with a 27% growth in customer numbers in Turkey and 2% growth in India being offset by the continued reduction in the size of our UK and European renewal books.

Annual renewal rate

56.8% -6.4%



Measure

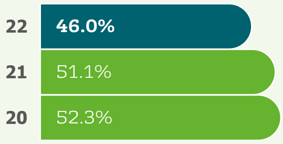
The net amount of annual retail policies remaining on book after the scheduled renewal date, as a proportion of those available to renew.

Performance

The annual renewal rate for 2022 has decreased by 6.4 percentage points (ppt). The reduced rate reflects the negative mix impact from a greater weighting towards our Indian and Turkish books which typically renew at lower rates than our diminishing Legacy renewal books. In addition, the rate in our India Card Protection book has reduced 11% following changes in RBI guidelines in late Q4 2021 to recurring credit card transactions.

Cost/income ratio

46.0% -5.1%



Measure

Cost of sales (excluding commission) and administrative expenses[1] as a percentage of revenue.

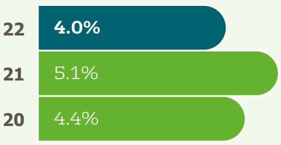
Performance

Our cost/income ratio has decreased 5.1 ppt year-on-year due to the mix benefit of growth in India which has a comparatively low cost base (excluding commissions) and a reduction in central costs.

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

EBITDA margin

4.0% -1.1%



Measure

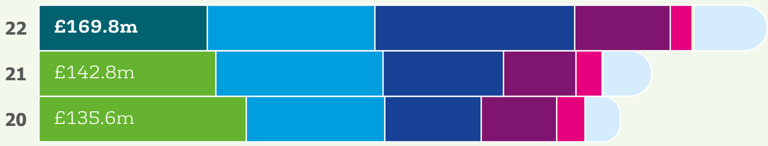
EBITDA as a percentage of revenue.

Performance

Our EBITDA margin has decreased by 1.1 ppt year-on-year with 0.8 ppt relating to a one-time commission release benefit in the UK in the prior year. The remaining reduction of 0.3 ppt reflects a shift to lower margin product variants in India and the impact of inflationary pressures across the Group, but most notably in Globiva and Turkey, being mostly offset by reducing central costs.

Revenue from major products

£169.8m +19%



Measure

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

Performance

Revenue in My Health and My Home has grown by 66% and 32% respectively in the year reflecting increased sales of LivCare and Asset Secure in India. Other, which is predominantly BPM services through Globiva, has increased 50% as their partner base expands. The continued decline in the renewal books in our traditional UK and European markets has led to a 17% decline in My Digital Life and a 5% decline in My Finances.

- My Finances
- My Tech
- My Health
- My Home
- My Digital Life
- My Travel
- Other

APM glossary on **page 100**

All KPI comparative information for 2020 and 2021 has been restated to remove Mexico which is a discontinued operation.

A stronger platform for growth

The Group made good financial progress in the year, growing revenue and EBITDA in our Core operations. 2022 has been a pivotal year for the Group which announced the decision to exit from our Legacy businesses, which will complete in the medium term, and focus on a simplified proposition in our Core markets.

David Bowling
Chief Financial Officer

"We are investing in Blink to accelerate its growth and maximise on its potential in a fast-paced environment."

Revenue growth

19%

The accelerated withdrawal from the Legacy markets through the CMP will reduce overall profitability and cash over the next two years, however, the Group is in a good financial position with which to embark on this important step which will improve outcomes for all shareholders and other stakeholders in the medium-term.

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

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

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

1. Restated to reflect Mexico as discontinued operations.
2. Excluding depreciation, amortisation and exceptional items.
3. Includes cash generated from continuing and discontinued operations.

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

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

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

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

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

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

Core and Legacy

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

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

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

Tax

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

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

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

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Adjusted ETR

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

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

1. Restated to reflect Mexico as discontinued operations.
2. Comprises exceptional items of £1.7 million (2021 restated: £0.1 million credit) and a prior year one-time benefit from a commission provision release in the UK of £1.1 million. Further detail of exceptional items is provided in note 6 on page 75.

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

As the CMP progresses the Core performance of the business will increasingly provide a better indication of future performance. The Core operations adjusted ETR is 82% (2021: 208%), which includes withholding taxes on dividend repatriations from India and Turkey and the loss-making Central Functions. Further details on the Core tax charge by location is provided in note 12 on page 79.

Discontinued operations

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

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

1. Restated to reflect Mexico as discontinued operations.

On 27 January 2022, the Group completed the sale of its China business to T-Link Holdings Limited (T-Link) for a nominal consideration of HK$1. The terms of the transaction included a working capital cash injection of £0.5 million immediately prior to completion. The transaction generated a profit on disposal of £0.7 million. China also generated trading losses of £0.1 million up to the disposal date (2021: £0.8 million losses representing a full year of trading).

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

Cash flow and net funds

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

1. Cash cost of exceptional items.
2. Excluding the effect of exchange rates.
3. Net funds comprise cash and cash equivalents of £21.0 million (2021: £22.4 million) less lease liabilities of £4.7 million (2021: £6.0 million).

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

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

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

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

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Events after the balance sheet date

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

Foreign exchange

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

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

Segmental performance

Revenue	2022 £'m	2021 (Restated)[1] £'m	Change	Constant currency change
CPP India	**134.8**	109.0	24%	18%
Globiva	**15.8**	10.3	54%	46%
CPP Turkey	**3.2**	3.6	(10)%	42%
Blink	**0.5**	0.3	38%	39%
Core business units	**154.3**	123.2	25%	21%
Central Functions	**—**	—	n/a	n/a
Core total	**154.3**	123.2	25%	21%
Legacy	**15.5**	19.6	(21)%	(22)%
Share of loss in joint venture	**—**	—	n/a	n/a
Group total	**169.8**	142.8	19%	15%

EBITDA	2022 £'m	2021 (Restated)[1] £'m	Change	Constant currency change
CPP India	**5.6**	5.4	4%	(1)%
Globiva	**2.4**	2.4	(1)%	(5)%
CPP Turkey	**0.7**	0.8	(14)%	36%
Blink	**(0.4)**	(0.3)	(80)%	(76)%
Core business units	**8.3**	8.4	(1)%	(2)%
Central Functions	**(3.3)**	(4.3)	22%	22%
Core total	**5.0**	4.1	20%	19%
Legacy	**1.9**	3.3	(42)%	(42)%
Share of loss in joint venture	**—**	(0.2)	100%	100%
Group total	**6.9**	7.2	(5)%	(6)%

1. Restated to reflect Mexico as discontinued.
2. Legacy operations comprises UK, Spain, Italy, Portugal, Bangladesh and Malaysia.

All percentage change figures in the segmental operating report below are stated on a constant currency basis to eliminate the effects of foreign exchange to enable better year-on-year comparison.

Core businesses (91% of Group revenue)
Revenue increased by 21% to £154.3 million (2021: £123.2 million) and EBITDA increased to £5.0 million (2021 restated: £4.1 million).

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

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

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

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

India revenue
£134.8m +18%

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

Legacy businesses (9% of Group revenue)
Revenue decreased by 22% to £15.5 million (2021 restated: £19.6 million), reflecting the natural decline in the historic renewal books in the UK, Spain, Italy and Portugal. EBITDA fell by 42% to £1.9 million (2021 restated: £3.3 million) which reflects the lost profit from the revenue decline, although the like-for-like decline was lower once the £1.1 million release of a commission provision in 2021 is excluded. The Group's strategy is to withdraw from these markets in a sensible and compliant manner which is sensitive to the interests of both our partners and colleagues. Good progress has been made in Spain and Portugal with agreements reached with underwriters during Q4 which will enable our exit from these markets over the next 12 months. In the UK and Italy we continue to renew policies with withdrawal plans being finalised, which will be communicated to all stakeholders at the appropriate time.

David Bowling
Chief Financial Officer
27 March 2023

Progressing our value in society

In the ever more complex world we live in we must deliver against the needs of an increasing number of stakeholders, reflecting the growing expectations of our efforts in Environmental, Social and Governance (ESG).

Through the development of our ESG framework, we have confirmed that improving consumer resilience is the strongest opportunity we have to deliver positive societal impact and contribute to business growth through our people and products, whilst contributing to improvements in social equity for people in our communities, creating more purchasing power, which drives market growth.

ESG framework

Our purpose

To reduce disruptions of everyday life.

ESG and responsible business purpose

To contribute to a sustainable future for our communities through the promotion of financial and social equality, and resilience.

ESG and responsible business priorities

Building consumer resilience
Developing affordable, real-time assistance products that boost resilience and protection for consumers.

Contribute towards equality and inclusivity in our communities
Improve the prosperity of our communities through training and job creation.

Improve the social equality of our communities through voluntary work and fundraising.

Empowering our colleagues to do more
Promote and nurture conditions for diversity, inclusion, and wellbeing.

Drive talent attraction and retention.

Promote a technology driven culture that promotes our purpose.

Being a responsible business
Reduce and report the environmental impact of our operations.

Raising our supplier and partner standards.

Strong governance.

ESG sustainable goals

1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

We will align our ESG programme with the UN Sustainable Development Goals (SDGs) that are relevant to CPP as they provide us with a recognised framework which we can use to evaluate our progress.

Progress in 2022
We have conducted a materiality assessment to understand the sustainability issues that have the most impact on our ability to create value. The topics are categorised into four key issue areas relating to our framework and have been identified through peer benchmarking, distribution partner priorities, internal priorities and a review of industry standards. The process highlights the key areas of focus for the development of our ESG roadmap, which will be developed in 2023, in addition to informing the resources, data, metrics, targets and reporting required to monitor our progress.

Conducting business in an honest and ethical way
We are committed to acting fairly and with integrity. Mandatory training modules for Anti-Bribery, Data Security and Modern Slavery are in place and are supported by Group-wide policies to identify and mitigate risk in the business. We continuously improve our practices to ensure that slavery and human trafficking are not taking place in any part of our business or supply chain through robust due diligence processes.

We recognise the need to reduce our environmental footprint, despite our business model lending itself to significantly lower consumption than most industries. We pro-actively manage office-based consumption through renewable energy sources in our Leeds office, and energy saving modes for lighting, and lower energy consumption laptops and workstations throughout the Group. There is more to be done and our goals in relation to this will be developed in 2023.

Colleagues are central to our success
Our team, excluding Globiva, comprises 346 colleagues in six countries. Given our size and geographic spread, we believe in the importance of successful internal communications to aid cohesion, and in 2022 we strengthened our resource in this area. All colleagues have access to our intranet 'CoCo', which stands for Communication and Collaboration. We have also increased the focus on monthly live 'All Colleague' Q&A events, thereby providing our people with the chance to engage with senior management, in addition to our Global Performance Conversations between colleagues and managers to discuss development and growth.

We are committed to listening to the voice of our people through the start of bi-annual engagement surveys to create a feedback loop that we can measurably track over time. Our survey in September 2022 found that 74% of colleagues are proud to work at CPP, 69% feel they have a real sense of belonging and 75% agree that they can communicate openly with senior leaders. Whilst some of these metrics are lower than we would want, it is reflective of a business undergoing fundamental change.

Looking to the future
Through the development of CPP's ESG Framework and Materiality Assessment we are now in a place where we can make inroads on the development of our ESG roadmap throughout 2023. At the end of the first half of 2023 we will establish an ESG Committee, chaired by NED Simon Thompson, to develop and coordinate projects for ESG integration and to ensure a systemic approach to initiatives, so that at every level, we do the right thing by our distribution partners, consumers, colleagues and our community.

We are mindful that this will be an ongoing and evolving process and initially, we will focus on making simple, practical changes that support people, such as investing in the development of our colleagues, and a widening of our policies including domestic abuse, menopause, anti-harassment, non-discrimination policies and diversity and inclusion. Presently women comprise 56% of our total workforce and 55% of the EMC. We will look to support equality and inclusion efforts further as part of our ongoing roadmap to cultivate a strong and innovative culture through access to a greater range of talent.

Through our Internal Communications team we will provide resources to increase understanding of broader societal issues and ways in which colleagues can support non-profit and community-based initiatives.

We are cognisant of the benefits of using measurable indicators in reporting our ESG activities and the ESG Committee will consider the most appropriate metrics in the context of our strategy, business model and most material issues to provide our stakeholders with sufficient levels of transparency on these topics.

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 has given particular focus to the risks surrounding the Group's CMP. The implementation of the CMP has created 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. The Board has given focus to:

- **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 moral 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.
- **Financial risks** – in-depth consideration has been given to the impact of the CMP on the Group's financial position with appropriate contingency and stress analysis undertaken.

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 setting its own risk appetite and 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 in 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 and has recently been impacted by a devastating earthquake all of which remain a challenge on achieving continued business growth within our Turkish business. CPP Turkey retains a successful strategy of continued product and partner diversification to promote new business revenue channels to counter the impact of the hyperinflationary environment.

Although not as marked, 2022 has seen increased inflation with a rise in energy costs and the associated cost of living issues within the UK and European countries. Although not a notable risk in 2022, inflation is a potential driver for increases to the cost base in the Group's Legacy businesses and the extent of this emerging risk has been closely monitored. Similarly, the volatility in Sterling and other relevant exchange rates has been closely monitored.

Principal risk areas

1. Business risk	Mitigation
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: • Revenue volatility due to macro-economic conditions, such as the hyper inflationary environment in Turkey. • 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. • Competition from new market entrants or innovative service propositions or an inability to translate new and innovative products into scalable products in market.	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 2022 the Group has placed significant focus on its new real-time flight delay and lost luggage products which provide modern and innovative new product channels for the Group on a global scale. (Improving)

2. Operational risk – change	Mitigation
The Group has an ambitious CMP which includes substantial technical development and strategic change within business units, including book closures and 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 parametric InsurTech business. The scale of change creates many areas of potential risk. Particular areas of focus in 2022 have included the impact of change on:	
i) People change risks	
Discussions have considered: • KPDs focusing on where the Group relies on small teams with expert knowledge to execute key activities; • resource stretch, reflecting the scale of the project and reliance into key individuals at all levels; and • 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 moral during transformational change.	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. (Increase)
ii) Information technology change risks	
Change workstreams include the development of a new customer services platform for the Group's Indian business, as well as the sourcing of managed service technology solutions for the Legacy businesses within the UK and Italy. As a result, 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, including focus on the effective delivery of functional and secure solutions within planned timelines.	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. (Increase)
iii) Financial change risks	
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.	As part of financial planning, detailed consideration has been 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 project progresses. (Increase)

Increase Stable Improving

Principal risk areas continued

2. Operational risk – change continued	Mitigation	Trend
iv) Legal and regulatory change risks		
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.	Increase

Overall mitigation

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	Trend
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.	Stable

4. Operational risk – outsourced services	Mitigation	Trend
Across the Group there are a variety of material third-party suppliers that provide core services to entity propositions. Consequently the Group pays close attention to supply chain risk and exposure.	Programmes of regular risk audits are in place for core suppliers along with annual due diligence assessments for key providers.	Stable

5. Operational risk – information technology	Mitigation	Trend
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:		
i) Cyber risk		
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.	Stable
ii) Business resilience		
Ensuring ongoing resilience of systems. The Group's operations utilise complex IT architecture comprising multiple systems managed across multiple 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.	Stable

Increase Stable Improving

6. Regulatory risk	Mitigation	
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.	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.	Stable

7. Data governance	Mitigation	
Data governance remains a key area of focus. GDPR regulations are well established in European entities and Turkey with further work expected in relation to the Indian Data Bill in 2023.	Where relevant the Group complies with PCI standards and is certified annually along with the ongoing internal challenge around data governance and information security controls.	Stable

8. Reputational risk	Mitigation	
Reputational risk is the risk to earnings resulting from negative market, or public opinion. Reputational risk in effect arises through the poor management of risks generally. The consequences would have a significant adverse effect on the Group's future prospects.	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.	Stable

Increase Stable Improving

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, during the year, it has had regard to the matters set out above. The Board has identified its key stakeholders which are set out below, along with details of the forms of engagement undertaken by the Board.

Our shareholders

Why they matter to us

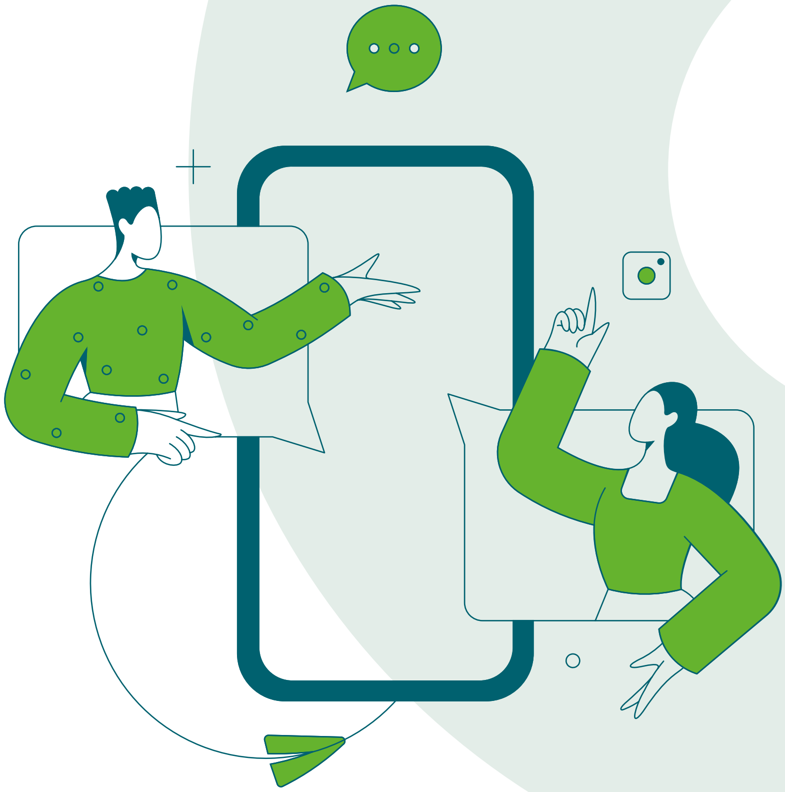
Our shareholders provide valuable insight into the market and the impact of our strategy, which are key to enabling us to grow and invest in the future success of the business.

Types of engagement

- AGM.
- Regular communications such as Annual Report & Accounts, half yearly trading results, trading updates, RNS and RNS Reach announcements, press releases, and investor fact sheets.
- Investors' section of the Group'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 each of the two major shareholders continue to be members of the Board.



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 2022, especially during a period of significant change. With this in mind the following activities took place to support our colleagues:

- All colleagues across the Group are invited to join regular video calls with the Group CEO.
- Group-wide colleague survey to understand colleague engagement and how they are feeling.
- Group intranet includes a 'Stay Well' section to help colleagues with their wellbeing.
- Long Service celebrations were held again across the Group for colleagues reaching 10, 15 and 20 years of service.
- Visibility of the Board members encouraged which gave colleagues the ability to meet the Chairman and other Board members informally.

How the Board engages

- Continued investment in cultural development.
- Office visits to UK, Turkey and India to interact with local teams.

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 & Accounts, half yearly trading results, trading updates, 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 in-country management and their feedback to the Board as a whole.

The Strategic Report section on pages 2 to 37 of this Annual Report has been reviewed and approved by the Board of Directors on 27 March 2023.

Simon Pyper
Chief Executive Officer

Leadership for a sustainable future

A R N

David Morrison
Chairman

Appointment
Appointed as Non-Independent Non-Executive Director in November 2020, and as Chairman in February 2021.

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 a Non-Executive Director of Record plc on 1 March 2023, he 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.

Simon Pyper
Chief Executive Officer

Appointment
Appointed as CFO in January 2022 and as CEO in February 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
Simon is a Non-Executive Director of Brand Architekts Group Plc.

Skills brought to the Board
Sector and financial expertise.

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.

Board skills and experience

2 Strategy and investment expertise.

2 Finance and sector expertise.

1 Legal and company administration.

1 Strategic, compliance and governance matters.

A R N

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.

A R N

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, James Capel and most recently as London COO with Centerview Partners.

External appointments
Jeremy remains a Non-Executive Director of This Land, Cenkos Securities and Non-Executive Chairman of the National Merchant Buying Society.

Skills brought to the Board
Expertise in advising on strategic, compliance and governance matters.

Sarah Atherton
General Counsel & 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.

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

Chairman's introduction to governance

Chairman's introduction

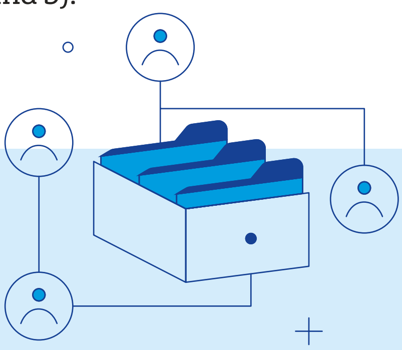
On behalf of the Board I am pleased to present our Corporate Governance Report for the year ended 31 December 2022.

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 (principles 5 and 9).

David Morrison
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 4 and 13. 2022 has seen the Group undertake a strategic review and establish a substantial CMP which will not be fully complete until 2025, more information is given in 'our strategic priorities' on pages 16 and 17. Key challenges to their execution are detailed under 'Risk management and principal risks' on pages 32 to 35.

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 consumers; and
- our colleagues.

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 36 and 37.

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 32 to 35.

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

The Board believes that the ratio of Executive Directors to Non-Executive is appropriate, allowing the Board to exercise objectivity of decision-making and proper control of the Group's business. The ratio of two Non-Independent Non-Executives to one independent is not satisfactory or sustainable in the medium-term. The Group had intended to appoint an additional Independent Non-Executive Director during the course of 2022 and had discussions with several parties, one of whom, in particular, was considered particularly appropriate, but who, as yet, has been unable to commit to the role. The Board is, therefore, considering its position with regard to another appointment. It remains the stated objective to appoint at least one additional Independent Director as soon as circumstances permit.

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 2022 is given on page 43.

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 pages 38 and 39.

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 is undertaking an evaluation of its performance and effectiveness during the first quarter of 2023. Whilst this review is not externally invigilated, it is based on an externally facilitated questionnaire and is taking 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 invest in a dedicated programme to address, formulate and implement an open, honest and authentic culture that extends consistently throughout the Group. Further information may be found on page 31.

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 is given on page 42.

The following departures from the QCA Code should be noted. The Remuneration Committee currently has a Non-Independent Non-Executive Chair and membership includes an additional Non-Independent Non-Executive Director. The Audit Committee's membership also includes two Non-Independent Non-Executive Directors. Given the small size of the Board, the Directors consider these departures to be necessary.

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 https://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 https://corporate.cppgroup.com/investors/stock-info/

All historical Annual Reports, Company circulars and notices of general meetings are available on the Company's website at https://corporate.cppgroup.com/investors/shareholder-info/

Our governance framework

Our Board

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

See **pages 38 and 39**

Membership at 31 December 2022
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 2022
Five, along with thirteen 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, https://corporate.cppgroup.com

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 2022
- David Morrison (Chair with effect from 17 January 2022)
- Simon Thompson
- Jeremy Miller

Meetings held in 2022
Two

Read about our Nomination Committee on **page 44**

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 2022
- Jeremy Miller (Chair)
- Simon Thompson
- David Morrison

Meetings held in 2022
Five

Read about our Audit Committee on **pages 45 and 46**

Remuneration Committee

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

Membership at 31 December 2022
- Simon Thompson (Chair with effect from 17 January 2022)
- David Morrison
- Jeremy Miller

Meetings held in 2022
Six

Read about our Remuneration Committee on **pages 47 to 49**

Directors' attendance at Board and Committee meetings in 2022

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Attendance
David Morrison	●●●●●●●●● ●●●●●●●●●	●●●●●	●●●●●●	●●	100%
Simon Pyper	●●●●●●●●● ●●●●●●●●●	—	—	—	100%
David Bowling	●●●●●●●●● ●●●●	—	—	—	100%
Simon Thompson	●●●●●●●●● ●●●●●●●●●	●●●●●	●●●●●●	●●	100%
Jeremy Miller	●●●●●●●●● ●●●●●●●●●	●●●●●	●●●●●●	●●	100%
Jason Walsh	●●●	—	—	—	75%

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 of 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 https://corporate.cppgroup.com. 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 32 to 35.

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.

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 re-appointment 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 twice during the year.

Main activities of the Committee during the year

The following principal items were dealt with during the year:

- Consideration of the independence of the Board and conducting a search for an independent Non-Executive Director; and
- Commencement 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
27 March 2023

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 2022.

The Audit Committee Report sets out details of its composition, 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, Global Head of Reporting and Tax and Group Chief Operations & Risk Officer 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 43.

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 2022, 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, hyperinflation accounting, segmental reporting and discontinued operations.

Financial statements

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

Key financial reporting and accounting issues

The primary area of judgement considered by the Committee in relation to the 2022 financial statements and how it was addressed by management is 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. Revenue recognition matters considered cost base changes in our Indian products and treatment in Spain where contracts are being exited over time through a progressive revocation of CPP's delegated authority to the insurer. The Committee has concluded that revenue recognition continues to be dealt with appropriately.

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 & Accounts have enabled the Committee to recommend the document to the Board as a fair, balanced and understandable reflection of the Group's position.

Main activities during the year continued

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 approves the annual Internal Audit Plan, monitors progress against this plan and receives reports after each audit performed. Progress against actions identified in these reports is monitored by the Committee. 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. During the year the Group moved from a co-sourced to a predominantly outsourced Internal Audit model. 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 was heavily reflected in the focus of Internal Audit Plan, with a notable proportion of the team's time devoted to change initiatives including the development of the new IT platform in India, along with foundation work for continued audits of change areas in 2023.

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

During the year, the Committee carried out an effectiveness review based around the completion of a gap analysis against best practice. No significant issues were identified.

Jeremy Miller
Chairman of the Audit Committee
27 March 2023

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 2022.

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, 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, Executive Directors, 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 and closing legacy long-term incentive plans;
- reviewing new long-term incentive plans;
- 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) who provided no other services to the Company. Fees paid to Eversheds during the year totalled £37,000.

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.

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 employees in the country in which they operate.

Year end approach to salary reviews and flexible benefits

There are inflationary and cost of living pressures in each of the markets in which we operate. As a result of the pressures our colleagues are facing all UK-based EMC members (including the Executive Directors) are not taking a pay-rise in 2023, instead this has been re-distributed to UK colleagues who will be facing greater financial pressures. UK colleague pay-rises have been awarded on a sliding scale with the lowest paid receiving the greatest percentage uplift. At the same time the flexible benefits system in the UK has been re-vamped with bandings to better reward responsibility and development. The entry banding has been lifted to £3,000 (previously £2,500) increasing incrementally to £6,000. This has resulted in most colleagues (excluding EMC) receiving an increase in their benefits. Colleagues in other markets have received in line with inflation pay-rises.

Executive Directors' remuneration

In the year under review, for the Executive Directors' that remain in office, their 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).

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 2022	Taxable benefits £'000 2022	Bonus £'000 2022	Pension £'000 2022	Total £'000 2022	Total £'000 2021
Executive Directors						
Simon Pyper[1]	**286**	**5**	**125**	**14**	**430**	—
David Bowling[2]	**163**	**8**	**66**	**6**	**243**	—
Jason Walsh[3]	**184**	**9**	**—**	**7**	**200**	463
Non-Executive Directors						
David Morrison	**110**	**—**	**—**	**—**	**110**	106
Simon Thompson	**60**	**—**	**—**	**—**	**60**	60
Jeremy Miller	**77**	**—**	**—**	**—**	**77**	5

1. Simon Pyper was appointed as CFO on 1 January 2022 on a salary of £217,000 and was subsequently appointed CEO on 7 February 2022 on a salary of £300,000. The bonus figure includes a one-time payment of £50,000 to relinquish an external Non-Executive Director role.
2. David Bowling was appointed CFO on 7 March 2023. The figures reflect earnings since the date of appointment.
3. Jason Walsh resigned as CEO on 7 February 2022, and his employment with the Company ended on 28 February 2022. The base salary includes £138,000 payment in lieu of notice. In addition to the information above Jason received a settlement payment of £162,000 in the year.

Bonuses

Executive Director and senior management bonus awards are linked to both Group financial performance and the achievement of pre-agreed events, thus ensuring that Directors' pay is aligned to the Group's strategic priorities.

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 2022	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 2022
Simon Pyper	—	—	—	—	**—**
David Bowling	—	—	—	—	**—**

Simon Pyper and David Bowling will be granted share option awards of 219,941 and 114,369 respectively under the DBP.

Current share plans

2016 Long Term Incentive Plan (2016 LTIP)

This plan was introduced in January 2016, when options were awarded to Executive Directors and certain members of the senior management team. Further awards were made in 2017, 2018 and 2019. Options vest, subject to the achievement of specified performance conditions, on the third anniversary of the date of grant, and will expire on the tenth anniversary of grant. The three-year vesting period for the 2019 awards completed in the year and following an assessment of the performance conditions the awards vested at a level of 44.5%. All 2019 awards that vested have been settled in cash rather than through the issue of shares.

Clawback and malus provisions apply to awards made under this plan.

Deferred Bonus Plan 2022

For the 2022 financial year only, a scheme was approved which recognised the need to reward and motivate the EMC, who are critical in the Group's ability to deliver the extensive CMP which is pivotal in moving CPP forward sustainably and to the benefit of all shareholders. The 2022 short-term incentive plan (bonus plan) balances short-term incentives (cash bonus) with long-term engagement and retention (DBP). It is weighted more heavily to long-term engagement. This is in part to recognise the lack of effective LTIP in recent years, but also the importance of having a settled and aligned EMC that is engaged and retained for the duration of the CMP.

The exceptional scheme was deemed to be appropriate for 2022 due to the following:

- The EMC are critical to delivering the extensive and complex CMP as well as driving business growth. Many EMC members have long tenure resulting in extensive knowledge and experience of the Group which would be extremely difficult to replace.
- Over a number of years the headcount at the Centre has been systematically reduced as part of rationalisation actions which has placed a greater reliance on EMC members to operate both at a strategic and operational level in order to deliver the numerous projects in plan.
- Many of the EMC have been recently promoted into their role, leaving a significant succession gap at the Centre which is a high risk. If EMC members chose to leave within the next two years, external backfill would be required. Not only would replacement costs be high but the loss of company knowledge would be critical and would significantly slow execution of the CMP.

Subject to financial thresholds being met, individuals will receive a maximum bonus equivalent to an agreed percentage of salary. The maximum bonus award for the CEO is 100% of base salary and for the CFO is 90% of base salary. The bonus will be split between a cash element and a share element that is valued on the 30 day average share price following the announcement of the CMP. The cash element is expected to be paid in Q1 2023. The shares are expected to be granted in Q1 2023. However, to act as a longer-term incentive the shares granted will vest in two tranches where 50% will vest 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.

Clawback and malus provisions apply to awards made under this plan.

Long Term Incentive Plans closed during 2022

There were two cash-based incentive plans in place that were introduced in 2020 to replace the 2016 LTIP, they were designed to reward executives only if and when shareholders receive payments (in the form of ordinary or special dividends). The principle underlying these plans was that shareholders should receive at least 90% of any value distributed.

- The Realisation Proceeds Plan (RPP) covered any events over the ten years from its introduction which resulted in special dividend payments to shareholders (for example, following the partial or full sale of a business unit). If the event produced a gain for CPP (compared to a baseline value established at the end of 2020) and some or all of the proceeds are distributed then 10% of the distributed gain would have been be paid to participants. Individuals were granted awards of units in the RPP equivalent to 80% of the maximum available, leaving flexibility for the Committee to award the remaining 20% of the units in future.
- The Dividend Matching Plan (DMP) was an annual plan which provided a bonus pool equivalent to 10% of any ordinary dividends declared within that year. Individuals were awarded a share of the potential pool at the beginning of the year and any payments are made at the same time as dividends are paid to shareholders.

The Remuneration Committee reviewed these plans during 2022 and agreed to close them on the basis that they no longer aligned to strategy. No payments have been made in either the current or prior year through the RPP, whilst £15,000 (2021: £261,000) has been paid through the DMP in the year.

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, given the importance of appropriately incentivising the EMC along with the need to balance long-term retention to execute the CMP, the options granted under the DBP will in aggregate exceed the ABI guidelines. The Directors considers this necessary to stabilise the Group and deliver greater shareholder value.

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 2022	Ordinary shares held at 31 December 2021	Interests in unexercised shares under incentive plans
Simon Pyper	**19,881**	—	—
David Bowling	**3,153**	3,153	—

Simon Thompson
Chairman of the Remuneration Committee
27 March 2023

Directors' Report

The Directors present their Annual Report and audited financial statements of the Group for the year ended 31 December 2022.

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 37;
- the Corporate Governance Report on pages 40 to 43;
- the Report of the Nomination Committee on page 44;
- the Report of the Audit Committee on pages 45 and 46; and
- the Directors' Remuneration Report on pages 47 to 49.

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	(appointed 1 January 2022)
Jason Walsh	Chief Executive Officer	(resigned 7 February 2022)
David Bowling	Chief Financial Officer	(appointed 7 March 2022)
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, none of the Directors will seek election at the forthcoming AGM.

Brief biographical details for each Director are set out on pages 38 and 39. Details of Committee memberships are set out in the Corporate Governance Report on page 42.

Details of Directors' beneficial interests in and options over the Company's shares are set out in the Directors' Remuneration Report on pages 47 to 49.

Dividends

The Directors are not recommending that a final dividend be paid in respect of 2022. A final dividend of 7.5 pence per share was paid for the year ended 31 December 2021.

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 37 on page 99 for details.

Annual General Meeting

The AGM of the Company is to be held on 9 May 2023. 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 https://international.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 32 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 33 on pages 96 and 97.

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 2022, 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 2022 no person had a beneficial interest in 3% or more of the voting share capital except for the following:

Name	Ordinary shares	%
Funds managed by Phoenix Asset Management Partners Limited	3,093,560	34.97%
Milton Magna Limited (a company controlled by Mr Hamish Ogston)	2,641,443	29.86%
Mr Hamish Ogston	963,317	10.89%
Schroders plc	889,852	10.06%

Mr Hamish Ogston holds a beneficial interest in 40.75% 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, including risks associated with the CMP and the recent devastating earthquake in Turkey. This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies.

Taking the analysis into consideration, the Directors are satisfied that the Group has the necessary resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Employees

The Group is committed to employment policies that provide equality of opportunity to all employees based only on their relevant skills and capabilities and that ensure no employee 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 employee who becomes disabled during the course of their employment, with reasonable adjustments made wherever possible.

The Group communicates with employees by means of regular business updates and monthly 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 https://corporate.cppgroup.com/modern-slavery-statement.

Streamlined Energy and Carbon Reporting (SECR)

None of the Group's UK-based entities individually or collectively meet the mandatory requirements of the SECR regulations in the UK. The Group actively considers how it can best minimise the environmental footprint its global operations create, however, it has opted to not voluntarily apply the SECR reporting guidance.

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
27 March 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report & 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
27 March 2023

David Bowling
Chief Financial Officer
27 March 2023

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 2022 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 2022 and of the Group's profit 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;
  - 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 2022 and its supporting documents.

Conclusions relating to going concern continued

- 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.
- 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 twelve 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.

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 £1.71 million (2021: £1.46 million) based on 1% (2021: 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 £1.37 million (2021: £1.02 million). We set performance materiality at 80% (2021: 70%) 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 £153,000 (2021: £158,000) based on 5% (2021: 5%) of profit before tax, as there is no revenue recorded in the holding company. The performance materiality was £122,400 (2021: £110,600). 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 £85,300 (2021: £73,000).

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 all the 28 components of the Group, a full scope audit was performed on the complete financial information of 12 components, and for the components not considered significant, we performed a limited scope review which included 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 appropriate to respond to the risk of material misstatement.

Of all the 28 reporting components of the Group, three significant components are located outside the UK and audited by a PKF network firm operating under our instruction and the audit of the remaining components were performed in Leeds, conducted by PKF Littlejohn LLP using a team with specific experience of auditing companies operating in the insurance 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
Revenue recognition	
Under ISA (UK) 240 there is a rebuttable presumption that revenue recognition is a fraud risk. IFRS 15 *Revenue from Contracts with Customers* 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. 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. 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. 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. We consider that there is significant audit risk in relation to: • the appropriateness and compliance of the Group's revenue recognition policies under IFRS 15 for new and existing products; and • the accuracy of revenue allocation calculations performed across the Group, and the accuracy and completeness of underlying cost data upon which it is based.	We have carried out the following procedures: • documented our understanding of the internal control environment in operation for the significant income streams and undertook walkthroughs across all material revenue streams to gain assurance that the key controls within these processes have been operating in the period under audit; • 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; • we also 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; • 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's material territories; • reviewed any new products developed during the year, the appropriateness of revenue recognition policies adopted under IFRS 15 and their consistency of application across the Group; • reviewed legal opinions/correspondence and assessed whether this impacted management's classification of their products for accounting purposes; • used data analytics to perform analytical procedures and performed substantive tests of detail in order to audit the underlying revenue balances in India, the UK, Spain and Turkey; and • reviewed intra-group revenue and ensured transactions are eliminated correctly on consolidation, along with any intra-group profits.

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 or 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 Directors' Responsibilities Statement, 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, GDPR, Employment Law, Health and Safety Law, Anti-bribery and Money Laundering Regulations and Quoted Companies Alliance Corporate Governance Code. Local laws and regulations in the UK, India, Spain, Ireland, Turkey and other locations where the Group operates, 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.

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

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group or the 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, 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: 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
27 March 2023

Consolidated income statement
For the year ended 31 December 2022

	Note	2022 Core £'000	2022 Legacy £'000	2022 Total £'000	2021 Core £'000	2021 Legacy £'000	2021 Total (Restated*) £'000
Continuing operations							
Revenue	5	**154,267**	**15,516**	**169,783**	123,160	19,663	142,823
Cost of sales		**(133,924)**	**(5,087)**	**(139,011)**	(104,319)	(6,160)	(110,479)
Gross profit		**20,343**	**10,429**	**30,772**	18,841	13,503	32,344
Administrative expenses		**(18,469)**	**(9,689)**	**(28,158)**	(17,543)	(11,633)	(29,176)
Share of loss of joint venture	21	**—**	**—**	**—**	—	(189)	(189)
Operating profit		**1,874**	**740**	**2,614**	1,298	1,681	2,979
Analysed as:							
EBITDA	5	**4,928**	**1,925**	**6,853**	4,105	3,141	7,246
Depreciation and amortisation		**(2,055)**	**(452)**	**(2,507)**	(2,220)	(698)	(2,918)
Exceptional items	6	**(999)**	**(733)**	**(1,732)**	(587)	(762)	(1,349)
Investment revenues	10	**370**	**116**	**486**	195	16	211
Finance costs	11	**(630)**	**(26)**	**(656)**	(347)	(19)	(366)
Other gains and losses	6	**—**	**—**	**—**	—	1,459	1,459
Profit before taxation		**1,614**	**830**	**2,444**	1,146	3,137	4,283
Taxation	12	**(2,000)**	**(343)**	**(2,343)**	(3,600)	(107)	(3,707)
Profit/(loss) for the year from continuing operations		**(386)**	**487**	**101**	(2,454)	3,030	576
Discontinued operations							
Profit for the year from discontinued operations	15	**—**	**676**	**676**	—	2,432	2,432
Profit/(loss) for the year		**(386)**	**1,163**	**777**	(2,454)	5,462	3,008
Attributable to:							
Equity holders of the Company		**(640)**	**1,163**	**523**	(2,897)	5,462	2,565
Non-controlling interests		**254**	**—**	**254**	443	—	443
		(386)	**1,163**	**777**	(2,454)	5,462	3,008

	Note	2022 Core pence	2022 Legacy pence	2022 Total pence	2021 Core pence	2021 Legacy pence	2021 Total (Restated*) pence
Basic (loss)/earnings per share							
Continuing operations	14	**(7.24)**	**5.51**	**(1.73)**	(32.94)	34.45	1.51
Discontinued operations	14	**—**	**7.64**	**7.64**	—	27.65	27.65
		(7.24)	**13.15**	**5.91**	(32.94)	62.10	29.16

	Note	2022 Core pence	2022 Legacy pence	2022 Total pence	2021 Core pence	2021 Legacy pence	2021 Total (Restated*) pence
Diluted (loss)/earnings per share							
Continuing operations	14	**(7.24)**	**5.51**	**(1.73)**	(32.11)	33.58	1.47
Discontinued operations	14	**—**	**7.64**	**7.64**	—	26.96	26.96
		(7.24)	**13.15**	**5.91**	(32.11)	60.54	28.43

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

Consolidated statement of comprehensive income
For the year ended 31 December 2022

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

Balance sheets
As at 31 December 2022

	Note	Consolidated 2022 £'000	Consolidated 2021 £'000	Company 2022 £'000	Company 2021 £'000
Non-current assets					
Goodwill	16	**544**	540	**—**	—
Other intangible assets	17	**4,710**	3,603	**—**	—
Property, plant and equipment	18	**1,243**	1,335	**—**	—
Right-of-use assets	19	**3,936**	5,109	**—**	—
Investments	20	**—**	—	**15,545**	15,770
Equity investment	21	**2,041**	1,889	**—**	—
Deferred tax assets	30	**230**	396	**—**	57
Contract assets	23	**275**	564	**—**	—
		12,979	13,436	**15,545**	15,827
Current assets					
Inventories	22	**87**	102	**—**	—
Contract assets	23	**5,764**	4,020	**—**	—
Trade and other receivables	24	**19,841**	13,605	**81,832**	81,941
Cash and cash equivalents	25	**20,984**	22,319	**1,224**	5,368
		46,676	40,046	**83,056**	87,309
Assets classified as held for sale	15	**—**	478	**—**	—
		46,676	40,524	**83,056**	87,309
Total assets		**59,655**	53,960	**98,601**	103,136
Current liabilities					
Borrowings	28	**23**	—	**—**	—
Income tax liabilities		**(1,195)**	(1,362)	**—**	—
Trade and other payables	26	**(26,210)**	(19,544)	**(11,230)**	(15,275)
Provisions	29	**(224)**	—	**—**	—
Lease liabilities	27	**(966)**	(937)	**—**	—
Contract liabilities	23	**(11,238)**	(9,190)	**—**	—
		(39,810)	(31,033)	**(11,230)**	(15,275)
Liabilities classified as held for sale	15	**—**	(550)	**—**	—
		(39,810)	(31,583)	**(11,230)**	(15,275)
Net current assets		**6,866**	8,941	**71,826**	72,034
Non-current liabilities					
Borrowings	28	**—**	58	**—**	—
Deferred tax liabilities	30	**(702)**	(927)	**—**	(47)
Provisions	29	**(145)**	—	**—**	—
Lease liabilities	27	**(3,752)**	(4,936)	**—**	—
Contract liabilities	23	**(773)**	(1,200)	**—**	—
		(5,372)	(7,005)	**—**	(47)
Total liabilities		**(45,182)**	(38,588)	**(11,230)**	(15,322)
Net assets		**14,473**	15,372	**87,371**	87,814
Equity					
Share capital	32	**24,256**	24,243	**24,256**	24,243
Share premium account		**45,225**	45,225	**45,225**	45,225
Merger reserve		**(100,399)**	(100,399)	**—**	—
Translation reserve		**(825)**	136	**—**	—
ESOP reserve		**17,212**	17,418	**10,586**	10,792
Retained earnings		**27,201**	27,202	**7,304**	7,554
Equity attributable to equity holders of the Company		**12,670**	13,825	**87,371**	87,814
Non-controlling interests	34	**1,803**	1,547	**—**	—
Total equity		**14,473**	15,372	**87,371**	87,814

The notes on pages 64 to 99 form an integral part of these financial statements.

The Company reported a profit for the financial year ended 31 December 2022 of £429,000 (2021: £1,239,000 loss).

Approved by the Board of Directors and authorised for issue on 27 March 2023 and signed on its behalf by:

Simon Pyper
Chief Executive Officer

David Bowling
Chief Financial Officer

Company registration number: 07151159

Consolidated statement of changes in equity
For the year ended 31 December 2022

	Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Translation reserve £'000	ESOP reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2021		24,153	45,225	(100,399)	834	17,490	27,327	14,630	1,105	15,735
Profit for the year		—	—	—	—	—	2,565	2,565	443	3,008
Other comprehensive expense for the year		—	—	—	(698)	—	—	(698)	(1)	(699)
Total comprehensive income for the year		—	—	—	(698)	—	2,565	1,867	442	2,309
Equity-settled share-based payment credit	33	—	—	—	—	(72)	—	(72)	—	(72)
Exercise of share options		90	—	—	—	—	(70)	20	—	20
Deferred tax on share options	12	—	—	—	—	—	9	9	—	9
Dividends paid	13	—	—	—	—	—	(2,629)	(2,629)	—	(2,629)
At 31 December 2021		24,243	45,225	(100,399)	136	17,418	27,202	13,825	1,547	15,372
Profit for the year		**—**	**—**	**—**	**—**	**—**	**523**	**523**	**254**	**777**
Other comprehensive expense for the year		**—**	**—**	**—**	**(961)**	**—**	**152**	**(809)**	**2**	**(807)**
Total comprehensive expense for the year		**—**	**—**	**—**	**(961)**	**—**	**675**	**(286)**	**256**	**(30)**
Equity-settled share-based payment credit	33	**—**	**—**	**—**	**—**	**(206)**	**—**	**(206)**	**—**	**(206)**
Exercise of share options	32	**13**	**—**	**—**	**—**	**—**	**(7)**	**6**	**—**	**6**
Deferred tax on share options	12	**—**	**—**	**—**	**—**	**—**	**(9)**	**(9)**	**—**	**(9)**
Effects of hyperinflation	3	**—**	**—**	**—**	**—**	**—**	**3**	**3**	**—**	**3**
Dividends paid	13	**—**	**—**	**—**	**—**	**—**	**(663)**	**(663)**	**—**	**(663)**
At 31 December 2022		**24,256**	**45,225**	**(100,399)**	**(825)**	**17,212**	**27,201**	**12,670**	**1,803**	**14,473**

Company statement of changes in equity
For the year ended 31 December 2022

	Note	Share capital £'000	Share premium account £'000	ESOP reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2021		24,153	45,225	10,864	11,483	91,725
Loss and total comprehensive expense for the year	1	—	—	—	(1,239)	(1,239)
Equity-settled share-based payment credit	33	—	—	(72)	—	(72)
Exercise of share options		90	—	—	(70)	20
Deferred tax on share options	12	—	—	—	9	9
Dividends paid	13	—	—	—	(2,629)	(2,629)
At 31 December 2021		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	33	**—**	**—**	**(206)**	**—**	**(206)**
Exercise of share options	32	**13**	**—**	**—**	**(7)**	**6**
Deferred tax on share options	12	**—**	**—**	**—**	**(9)**	**(9)**
Dividends paid	13	**—**	**—**	**—**	**(663)**	**(663)**
At 31 December 2022		**24,256**	**45,225**	**10,586**	**7,304**	**87,371**

Consolidated cash flow statement

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Net cash from operating activities	35	**3,822**	4,562
Investing activities			
Interest received		**490**	224
Purchases of property, plant and equipment	18	**(526)**	(525)
Purchases of intangible assets	17	**(2,194)**	(1,370)
Cash consideration in respect of sale of discontinued operations	15	**—**	2,366
Costs associated with disposal of discontinued operations	15	**(128)**	—
Cash disposed of with discontinued operations		**(823)**	(112)
Net cash (used in)/from investing activities		**(3,181)**	583
Financing activities			
Dividends paid	13	**(663)**	(2,629)
Repayment of the lease liabilities		**(1,388)**	(1,507)
Interest paid		**(75)**	(76)
Issue of ordinary share capital		**6**	20
Net cash used in financing activities		**(2,120)**	(4,192)
Net (decrease)/increase in cash and cash equivalents		**(1,479)**	953
Effect of foreign exchange rate changes		**54**	(400)
Cash and cash equivalents at 1 January		**22,409**	21,856
Cash and cash equivalents at 31 December	25	**20,984**	22,409

Analysed as:			
Continuing operations		**20,984**	22,319
Discontinued operations	15	**—**	90
		20,984	22,409

Notes to the financial statements

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 £429,000 (2021: £1,239,000 loss).

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

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	31 December 2023
IAS 8	Definition of accounting estimates	31 December 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	31 December 2023
IFRS 17	Insurance contracts	31 December 2023

The Group have assessed the standards not yet applied and have determined that IAS 1, IAS 8 and IFRS 17 will not have a material impact to the Group's current accounting policies. IAS 12 is under review in all jurisdictions and there is expected to be an impact to both deferred tax assets and deferred tax liabilities. The impact varies depending on the local tax legislation, and the assessment is expected to be concluded by June 2023.

3. Significant accounting policies

Basis of preparation

These consolidated financial statements on pages 58 to 99 present the performance of the Group for the year ended 31 December 2022. 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.

Core and Legacy presentation

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

Restatement of disclosures

On 20 October 2022, the Group completed the sale of its wholly-owned subsidiaries Servicios de Asistencia a Tarjehabientes CPP Mexico S de RL de CV and Profesionales en Proteccion Individual S de RL de CV (together Mexico).

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

3. Significant accounting policies continued

Restatement of disclosures continued

The Group has revised its segmental reporting from 1 January 2022. In accordance with IFRS 8 the operating segments have been changed to reflect the way in which the Group is now managed and how resources are allocated. The Group's operating segments are identified as India, Turkey, Blink, Legacy and Central Functions. These segments replace the Ongoing Operations, Restricted Operations and Central Functions basis that was previously in place. The prior period segmental information has been restated to reflect the change. Further detail is available in note 5.

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 the ongoing inflationary pressures, risks associated with its CMP and the recent devastating earthquake in Turkey. 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 50.

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.

In the year, the Group has announced a new strategic direction, which will involve withdrawing from the Legacy UK and European businesses. Therefore, the Group has given additional consideration to whether this gives rise to onerous contracts and restructuring provisions.
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.

Following the strategic announcement, the Group have 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 109.4% over a three-year period as at March 2022. IAS 29 Financial Reporting in Hyperinflationary Economies requires that inflation accounting is applied to the financial statements of entities where the cumulative inflation rate in three years approximates or exceeds 100%. Inflation accounting aims to restate the value of the assets, liabilities and income statement items of an entity in terms of the monetary values 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.

3. Significant accounting policies continued

Hyperinflation continued

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 2022 was 22.55.

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

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

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

Share-based payments

The Group's current share plan under which it has issued share options is the 2016 Long Term Incentive Plan (2016 LTIP). Costs in relation to the 2016 LTIP are disclosed within administrative expenses. All options under the 2016 LTIP have vested and remain available to exercise.

The Group has issued share options to certain employees through the Matching Share Plan (MSP) which is a legacy share plan. There are no costs recognised in relation to this plan in the consolidated income statement. All options under the MSP have vested and remain available for exercise.

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 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 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, 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.

3. Significant accounting policies continued

Revenue recognition continued

Retail assistance revenue continued

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.

Contract assets

The Group recognises contract assets in the consolidated balance sheet. Contract assets represent deferred income and 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.

Insurance revenue

Within the My Finances products, there are insurance based revenues. Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Group agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder.

Revenue attributable to the Group's insurance contracts comprises premiums paid by customers and is exclusive of any sales taxes and similar duties. Premiums from insurance policies are recognised as revenue on a straight line basis over the life of the policy.

Provisions for unearned premiums are made, representing the part of gross premiums written that is estimated to be earned in the following or subsequent financial periods, on a straight line basis for each policy. The provision for unearned premiums is recorded under insurance liabilities on the consolidated balance sheet.

Acquisition costs are amortised over the life of the average policy. Acquisition costs which are expensed in the following or subsequent accounting periods are recorded in the balance sheet as deferred acquisition costs and include a proportionate allowance for commissions and post-sale set-up costs incurred in respect of unearned premiums not amortised at the balance sheet date.

Insurance claims provisions

Claims incurred comprise the Group's claims payments and internal settlement expenses during the period, together with the movement in the Group's provision for outstanding claims over the period, including an estimate for claims incurred but not reported. Differences between the estimated cost and subsequent settlement of claims are recognised in the consolidated income statement in the year in which they are settled.

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 de-recognised when a significant influence can no longer be demonstrated, in accordance with IAS 28 Investments in Associates and Joint Ventures.

3. Significant accounting policies continued

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. The Group's equity investment represents its shareholding in KYND Limited (KYND) on a fully diluted basis.

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.

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.

3. Significant accounting policies continued

Property, plant and equipment continued

Impairment of intangible assets and property, plant and equipment continued

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. 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.

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.

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.

3. Significant accounting policies continued

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 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.

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.

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

Assumptions and estimation uncertainties

Current tax

The Group operates in countries with complex tax regulations, where filed tax positions may remain open to challenge by local tax authorities for several years. Corporation taxes are recognised by assessment of the specific tax law and likelihood of settlement. Where the Group has uncertain tax treatments it has recognised appropriate provisions reflecting the expected value calculated by the sum of the probability-weighted amounts in a range of possible outcomes.

Changes to the Group's assessment of uncertain tax treatments would be reflected through the consolidated income statement.

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

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

- India (CPP India and Globiva);
- Turkey;
- Blink;
- Central Functions – central cost base required to provide expertise and operate a listed group. Central Functions is stated after the recharge of certain central costs that are appropriate to transfer to the relevant geographies for statutory purposes; and
- Legacy (UK MGA, UK Legacy, Spain, Portugal and Italy).

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

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

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

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

Year ended 31 December 2022	**India £'000**	**Turkey £'000**	**Blink £'000**	**Central Functions £'000**	**Legacy £'000**	**Total £'000**
Continuing operations						
Revenue – external sales	**150,613**	**3,212**	**442**	**—**	**15,516**	**169,783**
Cost of sales	**(132,413)**	**(1,448)**	**(63)**	**—**	**(5,087)**	**(139,011)**
Gross profit	**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)**
EBITDA	**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)**
Operating profit/(loss)	**6,208**	**597**	**(666)**	**(4,265)**	**740**	**2,614**
Investment revenues						**486**
Finance costs						**(656)**
Profit before taxation						**2,444**
Taxation						**(2,343)**
Profit for the year from continuing operations						**101**
Discontinued operations						
Profit for the year from discontinued operations						**676**
Profit for the year						**777**

5. Segmental analysis continued

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

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

Segment assets

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

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

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

5. Segmental analysis continued

Capital expenditure

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

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

Revenues from major products

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

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

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

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

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

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

The Group derives its revenue from contracts with customers for the transfer of goods and services which is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8.

5. Segmental analysis continued

Timing of revenue recognition

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

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

* Restated to reflect Mexico as a discontinued operation. See note 2.

Geographical information

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

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

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

Information about major customers

Revenue from the customers of one business partner in the Group's Indian segment represented approximately £110,128,000 (2021: £84,159,000) of the Group's total revenue.

6. Exceptional items

Exceptional items included in the table below detail all items, which are included in operating profit, other gains and losses and discontinued operations, as well as the associated taxation.

		2022			2021		
	Note	Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	Total (Restated*) £'000
Continuing operations							
Exceptional items included within operating profit							
Restructuring and closure costs	7	**480**	**580**	**1,060**	587	762	1,349
IT asset impairment	17	**—**	**153**	**153**	—	—	—
Globiva compensation payment	36	**519**	**—**	**519**	—	—	—
Exceptional charge included in operating profit		**999**	**733**	**1,732**	587	762	1,349
Exceptional items included within other gains and losses							
Other gains and losses – gain on reclassification of investment	21	**—**	**—**	**—**	—	(1,459)	(1,459)
Exceptional gain included in other gains and losses		**—**	**—**	**—**	—	(1,459)	(1,459)
Total exceptional charge/(gain) included in profit before tax		**999**	**733**	**1,732**	587	(697)	(110)
Tax on exceptional items		**(131)**	**(61)**	**(192)**	—	(171)	(171)
Exceptional charge/(gain) after tax for continuing operations	14	**868**	**672**	**1,540**	587	(868)	(281)
Discontinued operations							
Exceptional gain from discontinued operations	14,15	**—**	**(535)**	**(535)**	—	(2,120)	(2,120)
		868	**137**	**1,005**	587	(2,988)	(2,401)

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

Restructuring costs in the year, relate to the Group's strategy to exit the Legacy markets and focus on the Core lines of business.

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

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

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

The Globiva compensation payment represents a one-time additional management compensation payment to the Globiva founders. This followed a review of the original Shareholder Agreement signed in September 2018, which included commitments for operational seats from the Group that it is unable to fulfil. Further disclosure is provided in note 36.

In the prior year, other gains and losses reflected the gain on reclassification of the investment in KYND from a joint venture to an equity investment of £1,459,000 (see note 21).

7. Profit for the year

	Note	Continuing operations 2022 £'000	Continuing operations 2021 (Restated*) £'000	Discontinued operations 2022 £'000	Discontinued operations 2021 (Restated*) £'000	Total 2022 £'000	Total 2021 £'000
Profit for the year has been arrived at after charging/(crediting):							
Operating lease charges	19	**111**	102	**6**	3	**117**	105
Net foreign exchange losses/(gains)	11	**82**	(270)	**52**	(115)	**134**	(385)
Depreciation of property, plant and equipment	18	**536**	701	**2**	15	**538**	716
Depreciation of right-of-use assets	19	**1,102**	1,142	**—**	98	**1,102**	1,240
Amortisation of intangible assets	17	**869**	905	**—**	250	**869**	1,155
Impairment of right-of-use assets	19	**—**	—	**—**	48	**—**	48
Impairment of intangible assets	17	**187**	169	**—**	7	**187**	176
Impairment of property, plant and equipment	18	**—**	—	**—**	3	**—**	3
Loss on disposal of property, plant and equipment	18	**10**	26	**5**	—	**15**	26
Loss on disposal of intangible assets	17	**5**	—	**—**	—	**5**	—
Loss on disposal of right-of-use assets		**889**	—	**—**	—	**889**	—
Other gains and losses	6	**—**	(1,459)	**—**	—	**—**	(1,459)
Other restructuring and closure costs		**197**	162	**—**	(4)	**197**	158
Staff costs							
Share-based payments	33,9	**(246)**	(64)	**—**	—	**(246)**	(64)
Restructuring/redundancy costs	9	**876**	1,217	**—**	353	**876**	1,570
Other staff costs		**28,288**	27,786	**224**	1,076	**28,512**	28,862
Total staff costs	9	**28,918**	28,939	**224**	1,429	**29,142**	30,368
Movement in the lifetime expected credit loss	24	**—**	—	**—**	—	**—**	—

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

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

	2022 £'000	2021 £'000
Payable to the Company's Auditor for the audit of the Company and consolidated financial statements	**129**	103
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	**242**	226
Total audit services	**371**	329
Other services	**—**	—
Total non-audit services	**—**	—
	371	329

8. Insurance revenues and costs

Revenues and costs arising from all of the Group's insurance contracts as defined by IFRS 4 are set out below. Insurance revenue and costs all relate to the Legacy business.

Revenue earned from insurance activities

	2022 £'000	2021 £'000
Gross premiums written	**199**	539
Change in provision for unearned premiums	**14**	853
Earned premiums	**213**	1,392

Costs incurred from insurance activities

	2022 £'000	2021 £'000
Claims paid		
– Gross amount	**1**	17
– Increase in provision for gross claims	**15**	—
	16	17
Acquisition costs		
– Costs incurred	**—**	—
Other expenses	**198**	681
	214	698

The following assumption has an impact on insurance revenues:

- Unearned premiums on prepaid insurance policies are recognised as revenue on a straight line basis over the life of the policy. Changes to the expected life of classes of policies will therefore impact the period in which these items are recognised.

Other expenses are costs associated with servicing customers and administration costs related to operating a PRA-authorised insurance company in the UK.

9. Staff costs

Staff costs during the year (including Executive Directors)

	Continuing operations		Discontinued operations		Total	
	2022 £'000	2021 (Restated*) £'000	2022 £'000	2021 (Restated*) £'000	2022 £'000	2021 £'000
Wages and salaries	**25,409**	24,585	**206**	937	**25,615**	25,522
Social security costs	**2,263**	2,575	**18**	139	**2,281**	2,714
Restructuring/redundancy costs	**876**	1,217	**—**	353	**876**	1,570
Share-based payments (see note 34)	**(246)**	(64)	**—**	—	**(246)**	(64)
Pension costs	**616**	626	**—**	—	**616**	626
	28,918	28,939	**224**	1,429	**29,142**	30,368

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

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

	2022 £'000	2021 £'000
Continuing operations		
Core	**24,626**	22,625
Legacy	**4,292**	6,314
Total for continuing operations	**28,918**	28,939
Discontinued operations	**224**	1,429
Total	**29,142**	30,368

9. Staff costs continued

Average number of employees

	2022	2021 (Restated*,**)
Continuing operations		
India	**4,771**	3,084
Turkey	**93**	115
Blink	**7**	8
Central Functions	**71**	88
Legacy	**125**	153
Total for continuing operations	**5,067**	3,448
Discontinued operations	**4**	18
Total	**5,071**	3,466

* Restated to reflect Mexico as a discontinued operation.

** Restated to reflect the change in segmental reporting in the year. See note 2.

The increase in average number of employees in India reflects the growth in Globiva in the current year. Average Globiva employees comprise 4,721 (2021: 3,036). The high number of employees reflects the nature of the Globiva as a BPM company. When excluding Globiva employees, the Group's average employees for continuing operations are 346 (2021: 412).

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 £1,392,000 (2021: £2,006,000) and the average number of employees was six (2021: seven).

Details of the remuneration of Directors are included in the Directors' Remuneration Report on pages 47 to 49.

10. Investment revenues

	Continuing operations		Discontinued operations		Total	
	2022 £'000	2021 (Restated*) £'000	2022 £'000	2021 (Restated*) £'000	2022 £'000	2021 £'000
Interest on bank deposits	**405**	211	**4**	13	**409**	224
Effects of hyperinflation	**81**	—	**—**	—	**81**	—
	486	211	**4**	13	**490**	224

* Restated to reflect Mexico as discontinued operation. See note 2.

11. Finance costs

	Continuing operations		Discontinued operations		Total	
	2022 £'000	2021 (Restated*) £'000	2022 £'000	2021 (Restated*) £'000	2022 £'000	2021 £'000
Interest on borrowings	**75**	76	**—**	—	**75**	76
Amortisation of capitalised loan issue costs	**41**	40	**—**	—	**41**	40
Interest on lease liabilities	**458**	520	**1**	8	**459**	528
Other – exchange movements	**82**	(270)	**52**	(115)	**134**	(385)
	656	366	**53**	(107)	**709**	259

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

12. Taxation

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

The following is a segmental review of the tax charge, in which withholding taxes arising on distributions are attributed to the country paying the distribution:

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

** Restated to reflect the change in segmental reporting in the year. See note 2.

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

UK corporation tax is calculated at 19% (2021: 19%) of the estimated assessable profit for the year. The March 2021 Budget announced an increase to the main rate of corporate tax to 25% from April 2023 and this rate has been substantively enacted at the balance sheet date. Deferred tax is provided at the rate which it is expected to reverse.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions – India 25.2% inclusive of surcharges (2021: 25.2%), Spain 25% (2021: 25%), Turkey 23% (2021: 25%), which is reducing to 20% in 2023, and Italy 27.5% (2021: 27.5%). Non-UK deferred tax is provided at the local prevailing tax rate which is expected to apply to the reversal of the timing difference.

12. Taxation continued

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

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

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

Effective tax charge

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

1. Deferred tax has not been recognised on the losses arising in Legacy markets and Blink, as the short-term profit expectations do not support the recognition of deferred tax assets in these areas.
2. There is a withholding tax burden arising on repatriation of funds from overseas countries which is included in the tax charge.
3. Tax is chargeable at the local statutory rates in our profitable countries, which are higher than the UK corporate income tax rate of 19%.

The Group's effective tax rate is expected to be higher than the UK statutory tax rate in future years as withholding taxes are provided on overseas distributions and deferred tax credits are not taken on losses in markets that are not profitable. The withdrawal from the Legacy markets, is expected to result in a high and variable effective tax rate in the medium-term. In the longer-term, once the CMP has concluded, the Group expects the rate to reduce from its current level. The Group maintains appropriate provisions in respect of tax uncertainties arising from operating in multiple overseas jurisdictions.

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

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

13. Dividends

	2022 £'000	2021 £'000
Final dividend paid for the year ended 31 December 2021 of 7.5 pence per share (2020: 25 pence per share)	**663**	2,188
Interim dividend paid for the year ended 31 December 2022 of nil pence per share (2021: 5 pence per share)	**—**	441
Amounts recognised as distributions to equity holders in the year	**663**	2,629

The Directors have not proposed a final dividend for the year ended 31 December 2022 (2021: 7.5 pence per ordinary share).

14. Earnings/(loss) per share

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

Profit/(loss)

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

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

Profit/(loss) attributable to Core and Legacy

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

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

The table above does not include discontinued operations.

Number of shares

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

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

* Restated to reflect Mexico as a discontinued operation. See note 2.

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

* Restated to reflect Mexico as a discontinued operation. See note 2.

14. Earnings/(loss) per share continued

The Group has 171,650,000 (2021: 171,650,000) deferred shares which have no rights to receive dividends and only very limited rights on a return of capital. The deferred shares have not been admitted to trading on AIM or any other stock exchange. Accordingly, these shares have not been considered in the calculation of earnings/(loss) per share.

15. Discontinued operations and assets and liabilities classified as held for sale

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

On 20 October 2022, the Group completed the sale of its wholly-owned subsidiaries Servicios de Asistencia a Tarjehabientes CPP Mexico S de RL de CV and Profesionales en Proteccion Individual S de RL de CV (together Mexico). Consideration on disposal was $1 (Mexican peso).

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

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

(i) Income statement

		2022			2021			
	Note	China £'000	Mexico £'000	Total £'000	Germany £'000	China £'000	Mexico (Restated) £'000	Total (Restated) £'000
Revenue	5	**114**	**808**	**922**	1,062	1,402	802	3,266
Cost of sales		**(33)**	**(318)**	**(351)**	(430)	(547)	(229)	(1,206)
Gross profit		**81**	**490**	**571**	632	855	573	2,060
Administrative expenses		**543**	**(389)**	**154**	2,654	(1,721)	(651)	282
Operating profit/(loss)		**624**	**101**	**725**	3,286	(866)	(78)	2,342
Analysed as:								
EBITDA		**(33)**	**225**	**192**	628	(322)	279	585
Depreciation and amortisation		**—**	**(2)**	**(2)**	—	(285)	(78)	(363)
Exceptional items	6	**657**	**(122)**	**535**	2,658	(259)	(279)	2,120
Investment revenues	10	**4**	**—**	**4**	—	1	12	13
Finance costs	11	**(12)**	**(41)**	**(53)**	33	66	8	107
Profit/(loss) before taxation		**616**	**60**	**676**	3,319	(799)	(58)	2,462
Taxation	12	**—**	**—**	**—**	(30)	—	—	(30)
Profit/(loss) for the year		**616**	**60**	**676**	3,289	(799)	(58)	2,432

(ii) Exceptional items

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

15. Discontinued operations and assets and liabilities classified as held for sale continued

(iii) Profit on disposal

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

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

(iv) Summary of cash flows

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

(v) Assets and liabilities classified as held for sale

	2022 £'000	2021 £'000
Current assets		
Other intangible assets	—	98
Property, plant and equipment	—	10
Right-of-use assets	—	138
Trade and other receivables	—	142
Cash and cash equivalents	—	90
Total assets held for sale	—	478
Current liabilities		
Trade and other payables	—	(333)
Contract liabilities	—	(68)
Lease liabilities	—	(149)
Total liabilities held for sale	—	(550)

In the prior year, following reclassification to held for sale; other intangible assets, property, plant and equipment, and right-of-use assets were impaired by £58,000 in total. The impairment charge was included within the exceptional charge on write down of assets on reclassification as held for sale.

16. Goodwill

	2022 £'000	2021 £'000
Cost and carrying value		
At 1 January	540	612
Foreign exchange gain/(loss)	4	(72)
At 31 December	544	540

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 £544,000 (2021: £540,000).

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 2022 is 9% (2021: 10%).

17. Other intangible assets

	Business partner relationships £'000	Internally generated software £'000	Externally acquired software £'000	Total £'000
Cost				
At 1 January 2021	644	3,949	3,649	8,242
Additions	—	1,192	178	1,370
Exchange adjustments	—	(55)	(144)	(199)
Transfer of assets held for sale	—	—	(792)	(792)
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**
At 31 December 2022	**644**	**6,982**	**2,977**	**10,603**
Accumulated amortisation				
At 1 January 2021	223	1,334	2,944	4,501
Provided during the year	125	705	325	1,155
Impairment	122	—	47	169
Exchange adjustments	—	(20)	(100)	(120)
Transfer of assets held for sale	—	—	(687)	(687)
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**
At 31 December 2022	**544**	**2,617**	**2,732**	**5,893**
Carrying amount				
At 31 December 2021	174	3,067	362	3,603
At 31 December 2022	**100**	**4,365**	**245**	**4,710**

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

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

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

18. Property, plant and equipment

	Leasehold improvements £'000	Computer systems £'000	Motor vehicles £'000	Furniture and equipment £'000	Total £'000
Cost					
At 1 January 2021	932	3,587	—	479	4,998
Additions	62	274	185	4	525
Disposals	(57)	(107)	—	(106)	(270)
Exchange adjustments	(106)	(181)	—	(47)	(334)
Transfer of assets held for sale	—	(59)	—	—	(59)
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**
At 31 December 2022	**856**	**3,670**	**301**	**305**	**5,132**
Accumulated depreciation					
At 1 January 2021	582	2,492	—	254	3,328
Provided during the year	138	479	10	89	716
Disposals	(32)	(110)	—	(102)	(244)
Exchange adjustments	(76)	(128)	—	(25)	(229)
Transfer of assets held for sale	—	(46)	—	—	(46)
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**
At 31 December 2022	**584**	**3,030**	**42**	**233**	**3,889**
Carrying amount					
At 31 December 2021	219	827	175	114	1,335
At 31 December 2022	**272**	**640**	**259**	**72**	**1,243**

19. Right-of-use assets

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

	Property £'000	Motor vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2021	7,641	209	290	8,140
Additions	512	73	164	749
Disposals	(798)	(36)	—	(834)
Exchange adjustments	(128)	(49)	(46)	(223)
Transfer to assets held for sale	(257)	—	—	(257)
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)**
At 31 December 2022	**6,148**	**192**	**423**	**6,763**
Accumulated depreciation				
At 1 January 2021	1,766	138	139	2,043
Provided during the year	1,077	49	114	1,240
Disposals	(620)	(36)	—	(656)
Exchange adjustments	(51)	(24)	(15)	(90)
Transfer of assets held for sale	(71)	—	—	(71)
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)**
At 31 December 2022	**2,356**	**121**	**350**	**2,827**
Carrying amount				
At 31 December 2021	4,869	70	170	5,109
At 31 December 2022	**3,792**	**71**	**73**	**3,936**

The Group has recognised the following amounts in profit for the year:

	2022 £'000	2021 £'000
Depreciation and impairment of right-of-use assets	**1,102**	1,240
Interest expense on lease liabilities	**459**	528
Expense relating to short-term leases	**117**	96
Expense relating to leases of low value assets	**—**	7

At 31 December 2022, the Group was committed to £2,000 (2021: £65,000) for short-term leases.

The net cash outflow for leases amounts to £1,388,000 (2021: £1,507,000).

20. Investment in subsidiaries

Company	2022 £'000	2021 £'000
Cost		
At 1 January	**16,499**	15,597
Acquisitions	**—**	902
Disposals	**(225)**	—
At 31 December	**16,274**	16,499
Provisions for impairment		
At 1 January	**729**	52
Recognised in the year	**—**	677
At 31 December	**729**	729
Carrying amount		
At 1 January	**15,770**	15,545
At 31 December	**15,545**	15,770

On 30 May 2022, the Company exited the 100% investment in the insurance preference shares of Windward Insurance PCC Limited – CPP Cell, which is part of Windward Insurance PCC Limited – a company registered and domiciled in Guernsey.

Investments in Group entities at 31 December 2022 were as follows:

	Country of incorporation/ registration	Class of shares held	Percentage of share capital held
Investments in subsidiary undertakings held directly			
CPP Group Limited	England & Wales	Ordinary shares	100%
CPP Worldwide Holdings Limited	England & Wales	Ordinary shares	100%
CPP South East Asia Assistance Services Pte. Limited	Singapore	Ordinary shares	100%
Investments in subsidiary undertakings held through an intermediate subsidiary			
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%

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 102.

20. Investment in subsidiaries continued

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
Valeos (2013) Limited	08718589

21. Investment in joint venture and equity investment

	2022 £'000	2021 £'000
Carrying amount at 1 January	**1,889**	—
Fair value gain	**152**	—
Acquisitions	**—**	1,889
Carrying amount at 31 December	**2,041**	1,889

The equity investment in KYND is accounted for as a non-current asset investment, under IFRS 9. The initial recognition of the equity investment in KYND is at fair value at the date of acquisition. This is revalued at the accounting dates and any movements in fair value is recognised through other comprehensive income.

On 23 December 2021, KYND received additional investment from the British Growth Fund, which diluted the Group's shareholding to 14.7% in the form of A and B shares. When considering share options within KYND on a fully diluted basis the Group's holding is 13.3%. Following the investment, the Group could not demonstrate significant influence and joint control and the investment could no longer be equity accounted as a joint venture. Therefore, the investment in joint venture was derecognised and accounted for as an equity investment.

In the prior year, £1,459,000 was recognised as a fair value gain through other gains and losses (note 6) which reflected the net impact of the disposal of the joint venture and the recognition of the equity investment at fair value.

There have been no dividends received in the year (2021: £nil) from the KYND equity investment.

Movement in the Group's share in joint ventures is as follows:

	2022 £'000	2021 £'000
Carrying amount at 1 January	**—**	450
Acquisitions	**—**	168
Share of losses in the year	**—**	(189)
Disposals	**—**	(429)
Carrying amount at 31 December	**—**	—

Up to 23 December 2021, the Group held a 20% share of KYND, whose registered office is Unit 3-4 The Grain Store, 70 Weston Street, London, SE1 3QH. The Group's shareholding was in the form of preference and deferred shares. In the prior year, KYND incurred losses of £943,000. The Group's share of loss in the joint venture was £189,000, which was recognised in the consolidated income statement. The carrying value of the investment was adjusted for these losses. In the prior year, a loan to KYND was converted into equity, which was recognised as an addition to the joint venture carrying amount.

The summarised financial information of KYND for the prior year was as follows:

	2021 £'000
Revenue	846
Expenses	(1,789)
Loss for the period	(943)
Group's share of loss for the period	(189)

22. Inventories

	2022 £'000	2021 £'000
Consumables and supplies	**87**	102

23. Contract assets and liabilities

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

	2022 £'000	2021 £'000
Non-current contract assets	**275**	564
Current contract assets	**5,764**	4,020
Total contract assets	**6,039**	4,584

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.

	2022 £'000	2021 £'000
Non-current contract liabilities	**773**	1,200
Current contract liabilities	**11,238**	9,190
Total contract liabilities	**12,011**	10,390

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.

24. Trade and other receivables

	Consolidated		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade receivables	**6,594**	7,501	**—**	—
Prepayments and accrued income	**8,522**	2,100	**31**	59
Amounts due from Group entities	**—**	—	**81,785**	81,841
Other debtors	**4,725**	4,004	**16**	41
Total trade and other receivables	**19,841**	13,605	**81,832**	81,941

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 28 days (2021: 27 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 £43,000 (2021: £35,000) for any 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%.

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

25. Cash and cash equivalents

Consolidated cash and cash equivalents of £20,984,000 (2021: £22,319,000) comprises cash held on demand by the Group and short-term deposits.

Cash and cash equivalents include £2,890,000 (2021: £274,000) 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:

	2022 £'000	2021 £'000
AA	**4,493**	4,239
A	**9,687**	11,422
BBB	**672**	413
BB	**5,738**	5,432
Rating information not available	**394**	813
	20,984	22,319

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 was £1,224,000 (2021: £5,368,000). The balance has decreased in the year following the payment of dividends, settlement of intercompany liabilities and ongoing central costs recognised in the Company.

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 includes £1,215,000 (2021: £5,360,000) which is held in a bank account subject to this arrangement.

26. Trade and other payables

	Consolidated		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors and accruals	**22,147**	17,703	**964**	1,110
Insurance liabilities	**83**	82	**—**	—
Other tax and social security	**1,782**	1,416	**41**	—
Other payables	**2,198**	343	**—**	—
Amounts payable to Group entities	**—**	—	**10,225**	14,165
Total trade and other payables	**26,210**	19,544	**11,230**	15,275

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 34 days (2021: 39 days). 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%.

Insurance liabilities

	2022 £'000	2021 £'000
Claims reported	**—**	—
Claims incurred but not reported	**15**	—
Total claims	**15**	—
Unearned premium	**68**	82
Total insurance liabilities	**83**	82

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.

26. Trade and other payables continued

Provision for unearned premiums

	2022 £'000	2021 £'000
At 1 January	**82**	935
Written in the year	**197**	539
Earned in the year	**(211)**	(1,392)
At 31 December	**68**	82

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:

	2022 £'000	2021 £'000
At 1 January	**—**	—
Increase in liabilities arising from current year claims	**15**	—
At 31 December	**15**	—

27. Lease liabilities

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

	2022 £'000	2021 £'000
Year 1	**1,374**	1,398
Year 2	**1,233**	1,326
Year 3	**1,126**	1,176
Year 4	**791**	1,105
Year 5	**790**	982
After 5 years	**674**	1,600
	5,988	7,587
Less: unearned interest	**(1,270)**	(1,714)
Total lease liabilities	**4,718**	5,873

	2022 £'000	2021 £'000
Non-current lease liabilities	**3,752**	4,936
Current lease liabilities	**966**	937
Total lease liabilities	**4,718**	5,873

28. Borrowings

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

	Consolidated		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank loans due in less than one year	**—**	—	**—**	—
Less: unamortised issue costs	**(23)**	—	**—**	—
Borrowings due within one year	**(23)**	—	**—**	—
Bank loans due outside of one year	**—**	—	**—**	—
Less: unamortised issue costs	**—**	(58)	**—**	—
Borrowings due outside of one year	**—**	(58)	**—**	—

The Group's bank borrowing facility is in the form of a £5,000,000 revolving credit facility (RCF). At 31 December 2022, the Group has £5,000,000 undrawn committed borrowing facilities (2021: £5,000,000).

The RCF is available until 31 August 2023 and bears interest at a variable rate of 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 1.5% (2021: 1.7%). The weighted average interest rate reflects the interest rate charged for the commitment on the undrawn element.

29. Provisions

	2022 £'000	2021 £'000
At 1 January	—	—
Charged to the income statement	369	—
Utilised in the year	—	—
At 31 December	369	—

At the year end there are provisions for onerous contracts and dilapidations following the exit of a lease in the UK. The provisions are expected to be settled as follows;

	2022 £'000	2021 £'000
Within one year	224	—
More than one year	145	—
At 31 December	369	—

30. 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 2021	504	(578)	47	306	279
Credited/(charged) to income statement	16	(378)	(47)	146	(263)
Credited to equity	—	—	9	—	9
Disposal of subsidiary	(520)	—	—	—	(520)
Exchange differences	—	—	—	(36)	(36)
At 1 January 2022	—	(956)	9	416	(531)
Credited/(charged) to income statement	—	348	—	(152)	196
Charged to equity	—	—	(9)	—	(9)
Exchange differences	—	—	—	(128)	(128)
At 31 December 2022	—	(608)	—	136	(472)

Company	Share-based payments £'000
At 1 January 2021	48
Credited to income statement	(47)
Credited to equity	9
At 1 January 2022	10
Credited to income statement	(1)
Charged to equity	(9)
At 31 December 2022	—

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.

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Deferred tax assets	230	396	—	57
Deferred tax liabilities	(702)	(927)	—	(47)
	(472)	(531)	—	10

30. Deferred tax continued

At the balance sheet date, the Group has unrecognised tax losses of £48,917,000 (2021: £44,010,000) 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 £21,345,000 (2021: £20,471,000) 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.

31. 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 during the year was a £5.0 million RCF, which expires on 31 August 2023.

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 principal subsidiaries, Card Protection Plan Limited (CPPL), Homecare Insurance Limited (HIL) and 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.

Card Protection Plan Limited and CPP Secure Limited

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.

Homecare Insurance Limited

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 2022, HIL's ratio of eligible funds to meet its Solvency Capital Requirement was 466% (2021: 147%) and the Minimum Capital Requirement was 119% (2021: 590%) (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

	2022 £'000	2021 £'000
Financial assets at amortised cost	**32,301**	33,823
Financial assets at fair value through other comprehensive income	**2,041**	1,889
	34,342	35,712

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 non-current asset equity investment, which is held at fair value through other comprehensive income.

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

Financial liabilities

	2022 £'000	2021 £'000
Financial liabilities at amortised cost	**32,423**	26,698

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.

31. Financial instruments continued

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 2022 was 92x (2021: 91x).

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 3% increase (2021: 2% increase) and a 1.5% decrease (2021: 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.

	2022 £'000	2021 £'000
Increase of 3% (2021: 2%)		
Increase in profit before tax	**631**	436
Increase in shareholders' equity	**631**	436
Decrease of 1.5% (2021: 1.5%)		
Decrease in profit before tax	**(315)**	(327)
Decrease in shareholders' equity	**(315)**	(327)

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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Euro	**2,062**	1,938	**3,276**	3,361
Indian rupee	**17,980**	12,080	**16,646**	15,784
Turkish lira	**851**	742	**1,150**	1,443

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 25% (2021: 25%) decrease in the euro, Indian rupee and Turkish lira exchange rates with sterling. 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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Profit before tax	**(10)**	(43)	**—**	—	**(24)**	(187)
Shareholders' equity	**(243)**	(285)	**267**	(741)	**(60)**	(140)

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 24.

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.

31. Financial instruments continued

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 28.

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
2021							
Non-interest bearing assets	n/a	7,424	1,486	1,606	972	1,905	13,393
Variable rate instruments	1.0%	22,099	219	1	—	—	22,319
		29,523	1,705	1,607	972	1,905	35,712
2022							
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**

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 LIBOR 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
2021						
Non-interest bearing liabilities	12,601	3,561	3,516	610	536	20,824
Variable rate instruments	75	228	635	3,487	1,449	5,874
Fixed rate instruments	6	13	56	50	—	125
	12,682	3,802	4,207	4,147	1,985	26,823
2022						
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**

32. Share capital

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

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

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

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

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.

33. Share-based payment

Equity-settled share-based payments

Current share plans

Share-based payment charges comprise a credit relating to the 2016 LTIP of £206,000 (2021: £72,000) which is disclosed within administrative expenses. No options have been granted in either the current or prior year as part of the 2016 LTIP.

	2022		2021	
	Number of share options (thousands)	Weighted average exercise price (£)	Number of share options (thousands)	Weighted average exercise price (£)
2016 LTIP				
Outstanding at 1 January	**138**	**—**	329	—
Exercised during the year	**(17)**	**—**	(70)	—
Lapsed during the year	**(13)**	**—**	(69)	—
Forfeited during the year	**(105)**	**—**	(52)	—
Outstanding at 31 December	**3**	**—**	138	—
Exercisable at 31 December	**3**	**—**	9	—

Nil-cost options and conditional shares granted under the 2016 LTIP normally vest after three years, lapse if not exercised within ten years of grant and will lapse if option holders cease to be employed by the Group. Vesting of 2016 LTIP options and shares are also subject to achievement of certain performance criteria including Group financial targets and non-financial events measured within the vesting period.

The options outstanding in the 2016 LTIP had no remaining contractual life in either the current or prior year.

33. Share-based payment continued

Legacy share plans

The MSP is closed and no further awards will be made under the plan. Administrative expenses include no charge in either the current or prior year. There were no options granted in either the current or prior year under the MSP.

Details of share options outstanding during the period under the MSP is as follows:

	2022		2021	
	Number of share options (thousands)	Weighted average exercise price (£)	Number of share options (thousands)	Weighted average exercise price (£)
MSP				
Outstanding at 1 January	**8**	**1.00**	28	1.00
Exercised during the year	**(6)**	**1.00**	(20)	1.00
Outstanding at 31 December	**2**	**1.00**	8	1.00
Exercisable at 31 December	**2**	**1.00**	8	1.00

All outstanding options granted under the MSP have vested and have an exercise price of £1 (2021: £1). The MSP options lapse if not exercised within ten years of the grant date and will lapse if option holders cease to be employed by the Group. No further awards will be made under this plan and 6,000 were exercised during the year (2021: 20,000).

The options outstanding in the MSP had no weighted average remaining contractual life in either the current or prior year.

Cash-settled share-based payments

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. There have been no similar awards in 2022. The Group has recorded a total credit in relation to cash-settled awards in the year of £40,000 (2021: £8,000 expense) which is disclosed within administrative expenses. The Group has recorded liabilities for its cash-settled awards of £10,000 (2021: £137,000) which are included in trade creditors and other payables in note 26.

34. Non-controlling interests

The Group holds a 51% majority interest in Globiva, a company incorporated in India.

Summarised financial information and resultant non-controlling interest for Globiva are detailed below and disclosed before inter-company eliminations.

Summarised balance sheet

	2022 £'000	2021 £'000
Current assets	**5,856**	4,503
Current liabilities	**(3,084)**	(2,310)
Net current assets	**2,772**	2,193
Non-current assets	**3,959**	4,365
Non-current liabilities	**(3,422)**	(3,770)
Net assets	**3,309**	2,788
Accumulated net assets attributable to non-controlling interests at 49%	**1,803**	1,547

Summarised income statement

	2022 £'000	2021 £'000
Revenue	**16,870**	12,263
Profit before taxation	**680**	1,222
Taxation	**(162)**	(318)
Profit for the year	**518**	904
Other comprehensive expense	**4**	(1)
Total comprehensive income	**522**	903
Total comprehensive income attributable to non-controlling interests	**256**	442

35. Reconciliation of operating cash flows

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

Reconciliation of net funds

	Note	At 1 January 2022 £'000	Cash flow £'000	Foreign exchange and other non-cash movements £'000	At 31 December 2022 £'000
Net cash per cash flow statement	25	22,409	**(1,479)**	**54**	**20,984**
Financing activities:					
Lease liabilities	27	(6,023)	**1,388**	**(83)**	**(4,718)**
Borrowings due outside of one year:					
– Unamortised issue costs	28	58	**—**	**(35)**	**23**
Total movement from financing activities		(5,965)	**1,388**	**(118)**	**(4,695)**
Total net funds		16,444	**(91)**	**(64)**	**16,289**

36. Related party transactions

Transactions with associated parties

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

Transactions with related parties

China disposal

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

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

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

Mexico disposal

On 20 October 2022, the Group completed the sale of Mexico, to Rafael Ortiz Moran and Silvia Daniela Rodriguez Gaona for a nominal cash consideration of $1 (Mexican peso). As part of the disposal, the Group has left cash balances of £0.3 million to cover initial working capital requirements and other committed liabilities. Rafael Ortiz Moran is the Country Manager of Mexico. The sale terms reflect the run-off nature of the business which was forecast to become unprofitable again in 2023 and the Group's desire to exit the Legacy markets in the most cost effective manner.

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

Globiva

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

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

Remuneration of key management personnel

The remuneration of the Directors and senior management team, who are the key management personnel of the Group and Company, is set out below:

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

Required disclosures regarding remuneration of the Directors are included in the Directors' Remuneration Report on pages 47 to 49.

37. Events after the balance sheet date

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

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 exclude 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 earnings/(loss) per share	Earnings per share	Note 14	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 26	The Group's profit before tax was impacted by one-off and/or exceptional events in 2022 and 2021; removing the impact of these discrete, material one-off events results in an underlying effective tax rate of 61% (2021 restated: 128%) compared to the actual effective rate of 96% (2021 restated: 87%). 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 101	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.
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 (Restated*,**)

	Core operations					Legacy operations		
	India	Turkey	Blink	Central Functions	Core total	Legacy	Share of joint venture losses	Total
2022 (£'000)								
Revenue	150,613	3,212	442	—	154,267	15,516	n/a	**169,783**
EBITDA	8,032	726	(458)	(3,372)	4,928	1,925	—	**6,853**
2021 (£'000)								
Revenue	119,273	3,568	319	—	123,160	19,663	n/a	**142,823**
EBITDA	7,830	848	(254)	(4,319)	4,105	3,330	(189)	**7,246**
Foreign exchange movements (£'000)								
Revenue	5,875	(1,304)	(1)	—	4,570	(26)	n/a	**4,544**
EBITDA	480	(316)	(6)	—	158	—	—	**158**
2021 at 2022 average exchange rates (£'000)								
Revenue	125,148	2,264	318	—	127,730	19,636	n/a	**147,366**
EBITDA	8,310	532	(260)	(4,319)	4,263	3,330	(189)	**7,404**
Year-on-year movement at constant exchange rates (%)								
Revenue	20%	42%	39%	—	21%	(21)%	n/a	**15%**
EBITDA	(3)%	36%	(76)%	22%	19%	(42)%	100%	**(6)%**

* Restated to reflect Mexico as a discontinued operation. See note 2.
** Restated to reflect the change in operating segments.

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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 & Accounts, or other investor relations enquiries, should be addressed to the Company Secretary at the registered office.

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