

19 September 2023

CPPGroup Plc
("CPP Group"; "the Group"; or "the Company")

HALF YEAR REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2023

CPP Group (AIM: CPP), a provider of assistance and insurance products, which reduce disruptions to everyday life for millions of customers across the world, is pleased to announce its half year results for the six months ended 30 June 2023.

Financial Highlights:

- Group revenue from continuing operations increased by 21% to £93.5 million (H1 2022 restated: £77.3 million).
- Core revenues increased by 25% to £87.0 million (H1 2022: £69.5 million).
- EBITDA from continuing operations level with prior year at £2.9 million (H1 2022 restated: £2.9 million).
- Central overheads reduced to £2.1 million (H1 2022 restated: £2.3 million).
- Exceptional items total £5.8 million (H1 2022: £0.5 million) primarily relating to planned Legacy business closures.
- Loss before tax from continuing operations of £3.7 million (H1 2022 restated: £1.1 million profit). On an underlying basis, profit before tax³ increased to £2.0 million (H1 2022 restated: £1.6 million).
- Cash balance of £16.0 million at 30 June 2023 (H1 2022: £19.3 million; 31 December 2022: £21.0 million).

Operational Highlights:

- Group focused on three Core businesses (Blink Parametric; CPP India, which includes Globiva; and CPP Turkey).
- Simplified the proposition away from "insurance" to "assurance" services.
- Change Management Programme proceeding as planned. Subsequent to the period end, Phase 1 of the new Indian IT platform has been delivered.
- Core business⁴ performing well.
 - New business wins for Blink Parametric
 - Strong growth in CPP India and CPP Turkey
- Plans for exiting Legacy businesses⁵ are progressing at pace, with the year-on-year decline in revenues as expected.

Simon Pyper, CEO of CPP Group, commented:

"The Group's key Indian and Turkish markets are performing well despite recent currency headwinds. Blink Parametric (Blink), the Group's InsurTech business focused on the global travel sector, continues to progress, securing a number of new clients in the important UK, European and North American markets. Additionally, Blink has achieved a 100% renewal rate of its existing client base which provides further validation of the value Blink helps to create for its partners. Despite the good revenue growth, EBITDA from continuing operations was in line with prior year at £2.9 million reflecting the planned investment in Blink, a mix change in CPP India product sales, and the impact of adverse currency movements.

Operationally, the Group is now at the implementation stage of its Change Management Programme (CMP) which, at its conclusion, will see the Group exit from its Legacy businesses and focus on growing its core Blink, Indian, and Turkish operations. The key milestones for this year are the implementation of the new IT platform for India, the building of capacity for the Blink platform, and commencing active closure plans for the Legacy businesses. To date the execution of the CMP is proceeding as planned, and the Group expects to meet the operational objectives it set itself for this financial year. As expected, the Legacy closure activity has led to, and will continue to incur, substantial exceptional provisions in both these results and the full year results and is expected to consume cash as the businesses are wound down over the medium-term.

The strategy we are following, the course we are taking, and the goals we have set ourselves are challenging. To transform the business from one business model to another, from one in terminal decline to one with long term prospects for growth requires courage, confidence and a lot of hard work, which are the same qualities I see in my colleagues from across the Group on a daily basis.

Whilst progress is never as fast as I would like, I remain confident that we are travelling in the right direction and at an appropriate speed."

Financial and non-financial highlights – continuing operations

£ millions	Six months to 30 June 2023	Six months to 30 June 2022 (Restated ¹)	Change
Financial highlights:			
Group			
Revenue	93.5	77.3	21%
EBITDA ²	2.9	2.9	(2)%
Operating (loss)/profit			
- Reported	(4.0)	1.2	(435)%
- Underlying ³	1.8	1.7	8%
(Loss)/profit before tax			
- Reported	(3.7)	1.1	(425)%
- Underlying ³	2.0	1.6	25%
(Loss)/profit after tax			
- Reported	(5.1)	(0.3)	>(999)%
- Underlying ³	0.5	0.2	169%
Basic (loss)/earnings per share (pence)			
- Reported	(59.95)	(5.68)	(955)%
- Underlying ³	3.07	(0.14)	>999%
Cash and cash equivalents	16.0	19.3	(17)%
Segmental			
Revenue			
- Core ⁴	87.0	69.5	25%
- Legacy ⁵	6.5	7.8	(17)%
EBITDA			
- Core ⁴	1.8	2.2	(18)%
- Legacy ⁵	1.1	0.7	46%
Non-financial highlights:			
Customer numbers (millions)	11.0	11.8	(7)%

1. Restated to reflect Mexico as a discontinued operation.
2. EBITDA represents earnings before interest, taxation, depreciation, amortisation, and exceptional items.
3. Underlying operating profit and underlying profit before tax excludes exceptional items of £5.8 million (H1 2022: £0.5 million). The tax effect of the exceptional items is £0.2 million (H1 2022: £nil). Further detail of exceptional items is provided in note 4 of the condensed consolidated interim financial statements.
4. Core business revenue comprises CPP India, CPP Turkey, Blink Parametric and Globiva. In addition to these business units Core EBITDA includes central costs.
5. Legacy business primarily comprises the UK and European renewal books of business, which are principally Card Protection and Identity Protection policies.

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About CPP Group:

CPP Group is a technology-driven assistance company that creates embedded and ancillary real-time assistance products and resolution services that reduce disruption to everyday life for millions of people across the world, at the time and place they are needed, CPP Group is listed on AIM, operated by the London Stock Exchange.

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

Chief Executive Officer Statement

First Half Performance

The Group is executing its revised strategy and delivering against the key objectives of the Change Management Programme (CMP). The Group's key Indian and Turkish markets are performing well despite recent currency headwinds, whilst Blink Parametric (Blink), the Group's InsurTech business, continues to progress, and has this year secured a number of new clients in the important UK, European and North American markets. Additionally, Blink has achieved a 100% renewal rate of its existing client base which provides a further proof point on the value Blink helps to create for its partners.

Despite the good revenue growth, EBITDA from continuing operations remained broadly level with prior year at £2.9 million reflecting three key factors:

- Blink investment:** Blink is the Group's only global product, one currently focused on delivering parametric InsurTech solutions to the worldwide travel insurance market. It forms a key part of the Group's strategy and needs sustained investment over the near to medium term if it is to realise its full potential. In the first half of this year Blink reported an EBITDA loss of £0.6 million compared to a marginal loss in the prior year.
- Indian margin erosion:** as expected, CPP India's gross profit margin has been adversely impacted by the growth of lower margin products such as LivCare and to a lesser extent the acquisition costs associated with a growing Card business. CPP India's gross profit margin reduced by 2.5 percentage points to 9.4% (H1 2022: 11.9%).
- Currency headwinds:** the Group derives 91% of its revenues in Indian rupees which has seen a weakening against sterling, the Group's reporting currency, of over 8% for the period. On a constant currency basis, the Group would have reported an additional £0.2 million of EBITDA. A comparatively weak position with our main trading currencies appears set to continue in H2.

Of the three key factors which subdued growth in EBITDA, the investment in Blink and the margin erosion were forecast, whilst the currency headwinds, particularly in India, are outside our control.

The operating loss of £4.0 million (H1 2022 restated: £1.2 million profit) includes depreciation charges of £1.1 million (H1 2022 restated: £1.3 million) and exceptional items which have increased to £5.8 million (H1 2022: £0.5 million) due to costs relating to the CMP. Total exceptional costs associated with the CMP are expected to be in the range £7.5 million to £8.5 million for the full year.

Key Performance Metrics:

£ millions	REVENUE			EBITDA ¹		
	H1 2023	H1 2022 ²	CHANGE	H1 2023	H1 2022 ²	CHANGE
CPP India	78.0	60.7	28%	3.0	3.1	(3)%
Globiva	7.2	7.1	2%	1.2	1.3	(1)%
CPP Turkey	1.4	1.5	(3)%	0.3	0.2	30%
Blink	0.4	0.2	82%	(0.6)	(0.1)	(975)%
Core business units	87.0	69.5	25%	3.9	4.5	(13)%
Central Functions	—	—	n/a	(2.1)	(2.3)	9%
Core total	87.0	69.5	25%	1.8	2.2	(18)%
Legacy ³	6.5	7.8	(17)%	1.1	0.7	46%
Group total	93.5	77.3	21%	2.9	2.9	(2)%

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

2. Restated to reflect Mexico as a discontinued operation.

3. Legacy comprises UK, Spain, Italy, and Portugal.

Business unit performance

CPP India: EBITDA of £3.0 million (H1 2022: £3.1 million). EBITDA margin 3.9% (H1 2022: 5.1%)

CPP India works closely with its business partners to drive value by growing customer loyalty through the design and delivery of simple and innovative products, which fit seamlessly into the everyday life of consumers. Revenue has increased by £17.3 million or 28% versus prior year and by 33% on a constant currency basis. Growth has been driven by LivCare which is a "health and wellness product" sold via our largest business partner, Bajaj Finance Limited (Bajaj). Whilst this product does secure strong new business for both the Group and Bajaj, it is, and will continue to be, a relatively low margin product for CPP India. The mix change in sales volumes from higher margin products to LivCare reduced CPP India's gross profit margin by 2.5 percentage points to 9.4% (H1 2022: 11.9%) which equates to £1.9 million in gross profit.

Operating costs increased marginally during the first half reflecting the profit-based reward structure for the in-country executive team.

EBITDA margin reduced by 1.2 percentage points reflecting both the reduction in the gross profit margin and the increase in operating costs.

Globiva: EBITDA of £1.2 million (H1 2022: £1.3 million), EBITDA margin 16.0% (H1 2022: 15.5%)

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

Turkey: EBITDA of £0.3 million (H1 2022: £0.2 million), EBITDA margin 19.5% (H1 2022: 14.7%)

In February 2023, a devastating earthquake hit the southern part of Turkey. Whilst our Turkish office is not located in the disaster zone the lives of many, particularly for those living in the affected area, will take some time to return to normal.

CPP Turkey performed well during the first half of the year with EBITDA increasing by 30%. That the business has been able to deliver real growth following the earthquake and 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 newly formed management team.

Blink: EBITDA loss of £0.6 million (H1 2022: £0.1 million loss)

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

Towards the end of last year, we set in place, as part of the Group's 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). These work streams will not fully conclude until Q1 2024. The necessary investment into Blink as part of this has led to the increased first half EBITDA losses compared to prior year.

Whilst it is too early to draw conclusions from our first half results, there are a number of proof points such as, new client wins, the 100% renewal of partner contracts in 2023 and numerous Industry awards which suggest that both our approach and strategy are sound. At the same time Blink has demonstrated the quality and value of its proposition to its partners with policies sold which includes Blink's services increasing by 158%, the volume of flights tracked by Blink increasing 850% and claims paid using Blink's technology increasing 250%.

Legacy business: EBITDA of £1.1 million (H1 2022 restated: £0.7 million)

Following the withdrawal from China, Mexico, and Bangladesh in 2022, we continue to make good progress with exiting our Legacy businesses. As forecast, revenue from the UK and European back books (predominantly Card and Identity Protection) has continued to decline. However, EBITDA has increased by £0.4 million primarily due to closure activities in our Spanish market where commission payments have decreased as a result of the terms agreed for the transfer of business to our largest underwriter and lower telemarketing and salary costs following cessation of new business activities and commencement of wind-down. The exit from our Spanish business is well progressed and will complete in H2 and in the UK the FCA and PRA along with other stakeholders have been provided with detailed plans of the exit from our legacy books. In all our Legacy markets, whilst wind-downs are being initiated and executed, the priority remains to provide the best service possible to our customers.

Central costs: £2.1 million (H1 2022 restated: £2.3 million)

Central overheads before appropriate recharge to business units are £4.6 million (H1 2022: £4.8 million) of which £1.7 million (H1 2022: £1.8 million) relates to the cost of the Group's IT operations. The Group is developing a new IT platform for our Indian business which when fully deployed will enable the decommissioning of our expensive legacy IT systems. There will be dual-running costs into H1 2024, but we expect a significant reduction in the cost of the running the Group's IT estate thereafter. Net of recharges, our reported central costs have reduced by £0.2 million (9%) as the early stages of simplifying the Group has enabled a slimming of costs.

Exceptional items

The Legacy closure activity will lead to substantial exceptional provisions in both the interim and full year results. The first half charge of £5.8 million (H1 2022: £0.5 million) relates to:

- Onerous contract provision of £3.3 million (H1 2022: £nil) reflecting an estimate of future losses in the UK, Spain and Portugal as the businesses are wound down and the Group's legacy IT systems are decommissioned.

- Restructuring and closure costs of £1.9 million (H1 2022: £0.5 million) comprising redundancy and settlement costs in Spain, the UK and Turkey, along with charges for retention schemes established to safeguard the delivery of CMP activities over an extended period of time.
- IT impairment charges of £0.2 million (H1 2022: £nil) relating to closure activities in the UK.
- Deferred Bonus Plan (DBP) charges of £0.4 million (H1 2022: £nil). As announced in April 2023, the DBP is a share-based retention measure for the Executive Management Committee (EMC) whereby participants agreed to defer a portion of their 2022 annual bonus award in return for share options.

Taxation

The tax charge from continuing operations was £1.3 million (H1 2022: £1.4 million), which is an effective tax rate (ETR) of negative 36% (H1 2022 restated: positive 126%). The tax charge includes £1.2 million (H1 2022; £0.8 million) relating to India.

The negative tax rate reflects the substantial CMP exceptional charges provided in the period and increased operational investment in Blink these are both unable to offset all their losses or recognise tax credits whilst the Group generates taxable profits in India and Turkey.

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

Adjusted ETR

	Continuing operations			Exceptional items			Adjusted		
	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m
H1 2023									
(Loss)/profit before tax	0.4	(4.2)	(3.7)	0.6	5.2	5.8	1.0	1.0	2.0
Tax	(1.3)	—	(1.3)	(0.1)	(0.1)	(0.2)	(1.4)	(0.1)	(1.5)
ETR	295%	(1)%	(36)%	8%	3%	3%	126%	20%	75%

	Continuing operations			Exceptional items			Adjusted		
	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m	Core £'m	Legacy £'m	Total £'m
H1 2022 (Restated¹)									
Profit/(loss) before tax	0.7	0.4	1.1	0.4	0.1	0.5	1.1	0.5	1.6
Tax	(1.4)	(0.1)	(1.5)	—	—	—	(1.4)	(0.1)	(1.5)
ETR	194%	18%	126%	0%	0%	0%	121%	15%	89%

1. Restated to reflect Mexico as discontinued operations.

The exceptional items in the year have reduced profit before tax by £5.8 million (H1 2022 restated: £0.5 million) whilst there has been an associated reduction in tax of £0.2 million (H1 2022 restated: £nil). Without the exceptional items the Group's ETR would reduce to positive 75% (H1 2022 restated: 89%).

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 126% (H1 2022 restated: 121%), which includes withholding taxes on dividend repatriations from India and Turkey and the loss-making Central Functions. The increase in Core adjusted ETR reflects the increased losses generated by additional operational investment in Blink.

Financial position

The Group had cash balances at 30 June 2023 of £16.0 million (H1 2022: £19.3 million; 31 December 2022: £21.0 million). Cash balances have reduced by £5.0 million since the year end primarily due to a legislative change in India which has led to a change in the timing of certain incentive payments to Bajaj along with an acceleration in costs to develop the IT platform in India which has enabled successful go-live of Phase 1 in August. The Group's operational cash cycle is naturally weighted to H2, however, this benefit will be significantly reduced this year as development work on the India platform continues and substantial redundancy costs are paid in Spain and the UK.

Whilst the Group's cash balances remain healthy at £16.0 million, not all of the cash resources are immediately available for on demand working capital purposes around the Group. Approximately 40% of the cash is considered restricted due to either tax, legal or regulatory requirements. Cash planning is increasingly crucial as we exit from the previously cash generative businesses in the UK and Europe.

On 14 June 2023, the Group renewed its £5.0 million revolving credit facility (RCF) for a further three year term to August 2026. The RCF renewal, which is on improved commercial terms, is a positive endorsement of the Group's strategic direction and will provide cash flow flexibility as the business transforms through the CMP.

Dividend

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

New long-term incentive plans

In order to retain and appropriately incentivise the senior management team to deliver long term value to shareholders, the Group intends to launch a new Long Term Incentive Plan (LTIP) in September. The scheme will grant options over an equivalent of 10% of the current ordinary shares in issue with an additional super-max target for a further 3%.

The key terms of the LTIP are as follows:

	Target 1	Target 2	Target 3	Total	Super-max	Total + super-max
Share price	£3.70	£4.75	£6.00	n/a	£9.00	n/a
Vesting period	3 years	4 years	5 years	n/a	6 years	n/a
Proportion of current ordinary shares	2%	3%	5%	10%	3%	13%

Alongside the LTIP, there will be a Capital Appreciation Plan (CAP) which is a cash-based scheme for certain senior management with a maximum value of £1.5 million. The CAP mirrors the LTIP targets and vesting periods with 10% being earned at target 1; 40% at target 2; and 50% at target 3. The Group's major shareholders have been consulted in establishing the key terms of the LTIP and CAP.

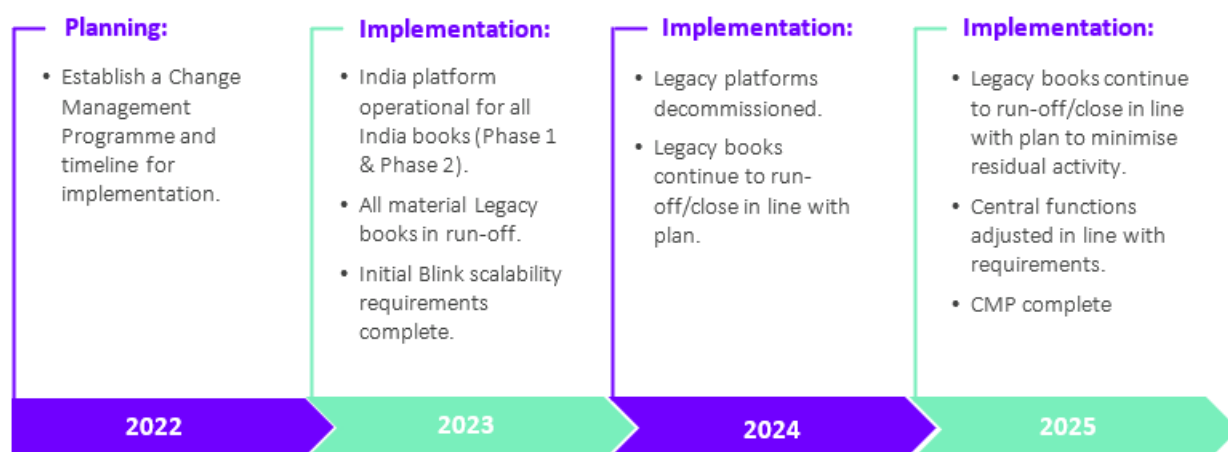
The vesting targets compared to the closing share price at 30 June 2023 are ambitious, and rightly so. If achieved the management team will have delivered a significant increase in value for all shareholders.

Operational Highlights

Change Management Programme

In October 2022, we announced our strategy to shift towards an InsurTech business led by Blink and supported by CPP India and CPP Turkey, whilst addressing the challenges presented by our declining legacy book. But a sensible strategy is only a starting point; fulfilling our potential depends on delivering what we said we would do. The CMP is the 'how' we build a better future for the Group, one which on completion should provide better outcomes for all shareholders and other stakeholders.

George Lichtenberg best summarises the importance of this undertaking to the future of the Group "I cannot say if things will get better if we change, what I can say is that we must change if they are to get better".



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.

The current projects for delivery this year are the roll-out of a new IT Platform for CPP India (in two phases) and commencing the run-off of the legacy books in the UK, Spain, and Portugal. All are expected to be completed by the year end. Alongside this, we continue a programme of enhancing the Blink proposition and scalability.

In August, subsequent to the period end, we successfully deployed Phase 1 of the Indian IT platform. As a result, all new non-Card acquisitions are now being managed on the new platform, with over 500,000 policies already live within the system. This is a major milestone for the business which demonstrates that the underlying technical infrastructure of the platform is robust and scalable and gives confidence in delivery of Phase 2 (Card product).

In addition, in June, we transferred our Italian portfolio from legacy IT systems to a third-party fully managed service provider, which is working well. Development work has commenced to transfer the UK legacy books to the same third-party provider in early Q1 2024. The progress achieved with the Indian platform and Legacy market migrations is fundamental in being ready to decommission the Group's expensive legacy IT systems in H1 2024.

Our colleagues

The strategy we are following, the course we are taking and the goals we have set ourselves are challenging. To transform a business from one business model to another, from one in terminal decline to one with long term prospects for growth requires courage, confidence, and a lot of hard work, which are the same qualities I see in my colleagues from across the Group on a daily basis.

I would like to thank all my colleagues for their hard work, professionalism, and talent during the first half of 2023.

Outlook

We are confident about the outlook and growth prospects for our Core operations for the second half of the year though we do expect the foreign exchange headwinds to continue for the foreseeable future. The CMP is expected to consume cash as we exit from our Legacy business and incur closure costs such as redundancies. That aside, our focus remains unchanged, on reshaping and building a business which will improve outcomes for all stakeholders over the longer term.

Whilst progress is never as fast as I would like, I remain confident that we are travelling in the right direction and at an appropriate speed.

Simon Pyper
Chief Executive Officer
18 September 2023

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

		6 months ended 30 June 2023			6 months ended 30 June 2022			Year ended 31 December 2022		
		(Unaudited)			(Restated*) (Unaudited)			(Audited)		
	Note	Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	Total £'000
Continuing operations										
Revenue	3	87,030	6,491	93,521	69,505	7,772	77,277	154,267	15,516	169,783
Cost of sales		(76,818)	(1,713)	(78,531)	(59,314)	(2,677)	(61,991)	(133,924)	(5,087)	(139,011)
Gross profit		10,212	4,778	14,990	10,191	5,095	15,286	20,343	10,429	30,772
Administrative expenses		(9,920)	(9,032)	(18,952)	(9,431)	(4,672)	(14,103)	(18,469)	(9,689)	(28,158)
Operating (loss)/profit		292	(4,254)	(3,962)	760	423	1,183	1,874	740	2,614
Analysed as:										
EBITDA	3	1,821	1,062	2,883	2,211	726	2,937	4,928	1,925	6,853
Depreciation and amortisation		(903)	(174)	(1,077)	(1,027)	(237)	(1,264)	(2,055)	(452)	(2,507)
Exceptional items	4	(626)	(5,142)	(5,768)	(424)	(66)	(490)	(999)	(733)	(1,732)
Investment revenues		333	96	429	211	10	221	370	116	486
Finance costs		(187)	(6)	(193)	(264)	7	(257)	(630)	(26)	(656)
(Loss)/profit before taxation		438	(4,164)	(3,726)	707	440	1,147	1,614	830	2,444
Taxation	5	(1,290)	(55)	(1,345)	(1,371)	(78)	(1,449)	(2,000)	(343)	(2,343)
(Loss)/profit for the period from continuing operations		(852)	(4,219)	(5,071)	(664)	362	(302)	(386)	487	101
Discontinued operations										
Profit for the period from discontinued operations		—	—	—	—	756	756	—	676	676
(Loss)/profit for the period		(852)	(4,219)	(5,071)	(664)	1,118	454	(386)	1,163	777
Attributable to:										
Equity holders of the Company		(1,084)	(4,219)	(5,303)	(864)	1,118	254	(640)	1,163	523
Non-controlling interests		232	—	232	200	—	200	254	—	254
		(852)	(4,219)	(5,071)	(664)	1,118	454	(386)	1,163	777
Basic & diluted										
(loss)/earnings per share		Pence	Pence	Pence	Pence	Pence	Pence	Pence	Pence	Pence
Continuing operations	6	(12.25)	(47.70)	(59.95)	(9.77)	4.09	(5.68)	(7.24)	5.51	(1.73)
Discontinued operations	6	—	—	—	—	8.55	8.55	—	7.64	7.64
	6	(12.25)	(47.70)	(59.95)	(9.77)	12.64	2.87	(7.24)	13.15	5.91

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 June 2023 £'000 (Unaudited)	6 months ended 30 June 2022 £'000 (Unaudited)	Year ended 31 December 2022 £'000 (Audited)
(Loss)/profit for the period	(5,071)	454	777
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on equity investment	—	—	152
Exchange differences on translation of foreign operations	(484)	(1,966)	(2,052)
Exchange differences reclassified on disposal of foreign operations	—	1,081	1,093
Other comprehensive expense for the period net of taxation	(484)	(885)	(807)
Total comprehensive expense for the period	(5,555)	(431)	(30)
Attributable to:			
Equity holders of the Company	(5,722)	(704)	(286)
Non-controlling interests	167	273	256
	(5,555)	(431)	(30)

CONSOLIDATED BALANCE SHEET

		30 June 2023	30 June 2022	31 December 2022
		£'000	£'000	£'000
	Note	(Unaudited)	(Unaudited)	(Audited)
Non-current assets				
Goodwill		524	567	544
Other intangible assets		5,728	4,453	4,710
Property, plant and equipment		1,103	1,360	1,243
Right-of-use assets		3,567	4,101	3,936
Equity investment		2,041	1,889	2,041
Deferred tax assets		536	341	230
Contract assets		211	448	275
		13,710	13,159	12,979
Current assets				
Inventories		19	115	87
Contract assets		6,948	4,538	5,764
Trade and other receivables		14,800	15,776	19,841
Cash and cash equivalents		15,959	19,321	20,984
		37,726	39,750	46,676
Total assets	3	51,436	52,909	59,655
Current liabilities				
Borrowings		—	—	23
Income tax liabilities		(1,023)	(808)	(1,195)
Trade and other payables		(19,849)	(21,732)	(26,210)
Provisions	7	(947)	—	(224)
Lease liabilities		(946)	(869)	(966)
Contract liabilities		(12,146)	(9,909)	(11,238)
		(34,911)	(33,318)	(39,810)
Net current assets		2,815	6,432	6,866
Non-current liabilities				
Borrowings		125	42	—
Deferred tax liabilities		(699)	(626)	(702)
Provisions	7	(2,685)	—	(145)
Lease liabilities		(3,380)	(4,008)	(3,752)
Contract liabilities		(629)	(898)	(773)
		(7,268)	(5,490)	(5,372)
Total liabilities		(42,179)	(38,808)	(45,182)
Net assets		9,257	14,101	14,473
Equity				
Share capital	8	24,256	24,254	24,256
Share premium account		45,225	45,225	45,225
Merger reserve		(100,399)	(100,399)	(100,399)
Translation reserve		(1,244)	(822)	(825)
ESOP reserve		17,567	17,192	17,212
Retained earnings		21,882	26,831	27,201
Equity attributable to equity holders of the Company		7,287	12,281	12,670
Non-controlling interests		1,970	1,820	1,803
Total equity		9,257	14,101	14,473

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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
6 months ended 30 June 2023 (Unaudited)										
At 1 January 2023		24,256	45,225	(100,399)	(825)	17,212	27,201	12,670	1,803	14,473
Loss for the period		—	—	—	—	—	(5,303)	(5,303)	232	(5,071)
Other comprehensive expense for the period		—	—	—	(419)	—	—	(419)	(65)	(484)
Total comprehensive expense for the period		—	—	—	(419)	—	(5,303)	(5,722)	167	(5,555)
Equity-settled share-based payment charge		—	—	—	—	355	—	355	—	355
Effects of hyperinflation		—	—	—	—	—	(16)	(16)	—	(16)
At 30 June 2023		24,256	45,225	(100,399)	(1,244)	17,567	21,882	7,287	1,970	9,257
6 months ended 30 June 2022 (Unaudited)										
At 1 January 2022		24,243	45,225	(100,399)	136	17,418	27,202	13,825	1,547	15,372
Profit for the period		—	—	—	—	—	254	254	200	454
Other comprehensive expense for the period		—	—	—	(958)	—	—	(958)	73	(885)
Total comprehensive expense for the period		—	—	—	(958)	—	254	(704)	273	(431)
Equity-settled share-based payment credit		—	—	—	—	(226)	—	(226)	—	(226)
Exercise of share options	11	—	—	—	—	—	(5)	6	—	6
Effects of hyperinflation		—	—	—	—	—	43	43	—	43
Dividends paid		—	—	—	—	—	(663)	(663)	—	(663)
At 30 June 2022		24,254	45,225	(100,399)	(822)	17,192	26,831	12,281	1,820	14,101
Year ended 31 December 2022 (Audited)										
At 1 January 2022		24,243	45,225	(100,399)	136	17,418	27,202	13,825	1,547	15,372
Profit for the year		—	—	—	—	—	523	523	254	777
Other comprehensive expense for the year		—	—	—	(961)	—	152	(809)	2	(807)
Total comprehensive expense for the period		—	—	—	(961)	—	675	(286)	256	(30)
Equity-settled share-based payment credit		—	—	—	—	(206)	—	(206)	—	(206)
Exercise of share options	13	—	—	—	—	—	(7)	6	—	6
Deferred tax on share options		—	—	—	—	—	(9)	(9)	—	(9)
Effects of hyperinflation		—	—	—	—	—	3	3	—	3
Dividends paid		—	—	—	—	—	(663)	(663)	—	(663)
At 31 December 2022		24,256	45,225	(100,399)	(825)	17,212	27,201	12,670	1,803	14,473

CONSOLIDATED CASH FLOW STATEMENT

	Note	6 months ended 30 June 2023 £'000 (Unaudited)	6 months ended 30 June 2022 £'000 (Unaudited)	Year ended 31 December 2022 £'000 (Audited)
Net cash (used in)/from operating activities	9	(2,429)	(327)	3,822
Investing activities				
Interest received		429	176	490
Purchases of property, plant and equipment		(162)	(200)	(526)
Purchases of intangible assets	3	(1,643)	(1,153)	(2,194)
Costs associated with disposal of discontinued operations		—	(72)	(128)
Cash disposed of with discontinued operations		—	(518)	(823)
Net cash used in investing activities		(1,376)	(1,767)	(3,181)
Financing activities				
Dividends paid		—	(663)	(663)
Repayment of the lease liabilities		(742)	(713)	(1,388)
Interest paid		(37)	(37)	(75)
Issue of ordinary share capital		—	6	6
Net cash used in financing activities		(779)	(1,407)	(2,120)
Net decrease in cash and cash equivalents		(4,584)	(3,501)	(1,479)
Effect of foreign exchange rate changes		(441)	413	54
Cash and cash equivalents at start of period		20,984	22,409	22,409
Cash and cash equivalents at end of period		15,959	19,321	20,984

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 General information

The condensed consolidated interim financial statements for the six months ended 30 June 2023 do not constitute statutory accounts as defined under Section 434 of the Companies Act 2006. The Annual Report and Financial Statements (the 'Financial Statements') for the year ended 31 December 2022 were approved by the Board on 27 March 2023 and have been delivered to the Registrar of Companies. The Auditor, PKF Littlejohn LLP, reported on these financial statements; their report was unqualified, did not contain an emphasis of matter paragraph and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

2 Accounting policies

Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022 which were 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 condensed consolidated interim financial statements were approved for release on 18 September 2023.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except as detailed below.

New standards

IFRS 17 is applicable for the first time in the current period. Due to the immaterial nature of the Group's insurance operations, no adjustment has been made for this accounting standard change as the valuation of the remaining insurance contract balances are expected to be materially the same under both IFRS 17 and IFRS 4 in the context of the Group's consolidated financial statements.

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

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 was classified as discontinued the Group's consolidated financial statements for the year ended 31 December 2022. Accordingly, in these interim financial statements the comparative consolidated income statement information for the six months ended 30 June 2022 and appropriate disclosure notes have been restated. The adjustments relating to the restatement have not been audited.

Core and Legacy presentation

Consistent with the Group's consolidated financial statements for the year ended 31 December 2022, 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 interim presentation has also been re-presented to reflect these changes.

Hyperinflation

The Group has operations within Turkey, which continue to meet the criteria to be classified as a hyperinflationary economy, whereby inflation has reached over 100% over the past three years. The criteria was first met in the 30 June 2022 interim financial statements and continues to be applied. Therefore, the results of our Turkish subsidiary have been adjusted for the changes in inflation in each reporting period shown and are stated at the exchange rate at the end of each reporting period. The price index in Turkey (source: Turkish Statistical Institute) has shown inflation for the six month period to 30 June 2023 of 20% (H1 2022: 42%; and year ended 31 December 2022: 64%).

Going concern

In reaching their view on the preparation of the condensed consolidated interim 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, taking into account the changing economic back

2 Accounting policies (continued)

Going concern (continued)

drop. 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 condensed consolidated interim financial statements.

3 Segmental analysis

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors to allocate resources to the segments and to assess their performance.

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

- India (CPP India and Globiva);
- Turkey;
- Blink;
- 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 Legacy, UK MGA, Spain, Portugal, and Italy)

In the current period, certain exceptional items recognised within the Central Functions business unit, have been reclassified to Legacy, where they relate to costs specific to the closure of the Legacy business and decommissioning of the Group's legacy IT systems. There were no equivalent costs to reclassify in the prior period.

In October 2022, Mexico was reclassified as discontinued, having previously been part of the Legacy segment; accordingly, the interim comparatives have been restated.

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

	India	Turkey	Blink	Central Functions	Legacy	Total
Six months ended 30 June 2023 (Unaudited)	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations						
Revenue – external sales	85,224	1,413	393	—	6,491	93,521
Cost of sales	(76,167)	(612)	(39)	—	(1,713)	(78,531)
Gross profit	9,057	801	354	—	4,778	14,990
Administrative expenses excluding depreciation, amortisation, and exceptional items	(4,817)	(525)	(967)	(2,082)	(3,716)	(12,107)
EBITDA	4,240	276	(613)	(2,082)	1,062	2,883
Depreciation and amortisation	(664)	(56)	(57)	(126)	(174)	(1,077)
Exceptional items (note 4)	—	(210)	—	(416)	(5,142)	(5,768)
Operating (loss)/profit	3,576	10	(670)	(2,624)	(4,254)	(3,962)
Investment revenues						429
Finance costs						(193)
Loss before taxation						(3,726)
Taxation						(1,345)
Loss for the period						(5,071)

3 Segmental analysis (continued)

	India	Turkey	Blink	Central Functions	Legacy	Total
Six months ended 30 June 2022 (Restated*) (Unaudited)	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations						
Revenue - external sales	67,836	1,453	216	—	7,772	77,277
Cost of sales	(58,600)	(687)	(27)	—	(2,677)	(61,991)
Gross profit	9,236	766	189	—	5,095	15,286
Administrative expenses excluding depreciation, amortisation, and exceptional items	(4,905)	(553)	(246)	(2,276)	(4,369)	(12,349)
EBITDA	4,331	213	(57)	(2,276)	726	2,937
Depreciation and amortisation	(612)	(72)	(105)	(238)	(237)	(1,264)
Exceptional items (note 4)	—	—	—	(424)	(66)	(490)
Operating profit/(loss)	3,719	141	(162)	(2,938)	423	1,183
Investment revenues						221
Finance costs						(257)
Profit before taxation						1,147
Taxation						(1,449)
Loss for the period from continuing operations						(302)
Discontinued operations						
Profit for the period from discontinued operations						756
Profit for the period						454

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

3 Segmental analysis (continued)

Year ended 31 December 2022 (Audited)	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 4)	(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 period from continuing operations						101
Discontinued operations						
Profit for the period from discontinued operations						676
Profit for the period						777

Segmental assets

	30 June 2023 £'000 (Unaudited)	30 June 2022 £'000 (Unaudited)	31 December 2022 £'000 (Audited)
India	32,513	31,098	38,613
Turkey	1,570	1,849	1,665
Blink	503	360	636
Central Functions	2,008	3,793	5,092
Legacy	11,741	13,012	10,834
Total segment assets	48,335	50,112	56,840
Unallocated assets	3,101	2,797	2,815
Consolidated total assets	51,436	52,909	59,655

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

The Legacy asset balance at 30 June 2022 includes £1,155,000 of assets held in Mexico, which was sold in October 2022. See note 2.

3 Segmental analysis (continued)

Capital expenditure

	Other intangible assets		
	6 months ended 30 June 2023 £'000 (Unaudited)	6 months ended 30 June 2022 £'000 (Unaudited)	Year ended 31 December 2022 £'000 (Audited)
Continuing operations			
India	1,368	949	1,814
Turkey	14	—	36
Blink	52	72	158
Central Functions	31	5	14
Legacy	178	127	172
Total additions	1,643	1,153	2,194

In the period to 30 June 2023 £1,419,000 (30 June 2022: £985,000, 31 December 2022: £1,960,000) of the total other intangible asset additions related to internally generated software assets in development. These reflect the capitalisation of staff and contractor costs in IT development projects. As a result, at 30 June 2023 other intangible assets include £4,986,000 assets in development, which became operational in August 2023 at which time amortisation commenced.

Information about major customers

Revenue from customers of one business partner in our India segment represented approximately £65,389,000 (H1 2022: £49,825,000; year ended 31 December 2022: £110,128,000) of the Group's total revenue.

4 Exceptional items

	6 months ended 30 June 2023 (Unaudited)			6 months ended 30 June 2022 (Unaudited)			Year ended 31 December 2022 (Audited)		
	Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	Total £'000	Core £'000	Legacy £'000	Total £'000
Continuing operations									
Restructuring and closure costs	271	1,651	1,922	424	66	490	480	332	812
Onerous contracts	—	3,313	3,313	—	—	—	—	248	248
DBP charges	355	—	355	—	—	—	—	—	—
IT asset impairment	—	178	178	—	—	—	—	153	153
Globiva compensation payment	—	—	—	—	—	—	519	—	519
Exceptional charge included in operating profit	626	5,142	5,768	424	66	490	999	733	1,732
Tax on exceptional items	(53)	(140)	(193)	—	—	—	(131)	(61)	(192)
Total exceptional charge/(gain) after tax for continuing operations	573	5,002	5,575	424	66	490	868	672	1,540
Discontinued operations									
Exceptional gain from discontinued operations	—	—	—	—	7	7	—	(535)	(535)
Total exceptional charge after tax	573	5,002	5,575	424	73	497	868	137	1,005

Total exceptional costs of £5,768,000 comprises:

- Restructuring and closure costs of £1,922,000 (H1 2022: £490,000) which primarily relate to Legacy closure activities. Redundancy and associated costs have been recognised in Spain, UK Legacy, and Central Functions. Restructuring costs include necessary retention provisions as part of the closure process. Core restructuring costs also includes settlement costs relating to Turkey.
- Onerous contract costs of £3,313,000 (H1 2022: £nil) reflect the finalisation of closure timelines for UK Legacy, Spain, Portugal, and the decommissioning of the Group's legacy IT platforms. As a result, a constructive obligation exists for contracts that are onerous. The largest balance relates to wind-down of the UK Legacy operations.
- IT asset impairment costs of £178,000 (H1 2022: £nil) relates to intangible assets held in the UK Legacy business.
- The Deferred Bonus Plan (DBP) charges of £355,000 (H1 2022: £nil) relates to a share-based payment retention plan put in place to retain key EMC colleagues for the duration of the CMP.

5 Taxation

The tax charge is calculated by aggregating the tax arising in each jurisdiction based on estimated profits chargeable to corporation tax and withholding taxes arising in H1 2023 at the local statutory rate of tax. This leads to a tax charge on continuing operations of £1,345,000 (H1 2022: £1,449,000; year ended 31 December 2022: £2,343,000). These tax charges result in an effective tax rate (ETR) at the half year of negative 36% (H1 2022 restated: positive 126%; year ended 31 December 2022: positive 96%).

The ETR is reflective of the overall loss before tax in the current period; due to the large exceptional items recognised leading to the Legacy markets being loss making; and the continuing losses recognised within Central Functions and Blink. These markets, therefore, recognise only a minimal tax charge. Our profitable markets in India and Turkey recognise tax at higher rates than the current UK corporate income tax rate of 23.5% (blended rate of; 19% to March 2023 increasing to 25% in April 2023) (H1 2022 and year ended 31 December 2022: 19%). There are also withholding taxes applied to funds repatriated from our overseas operations which further increases the ETR.

Removing the one-off exceptional items, gives an adjusted ETR of 75%, which is expected to be more reflective of the adjusted ETR for the 2023 full year. The CMP is expected to reduce the Group's overall ETR in the medium to long term, once it has been fully concluded.

6 (Loss)/earnings per share

Basic and diluted (loss)/earnings per share (EPS) has been calculated in accordance with IAS 33 *Earnings per share*. Underlying earnings/(loss) per share has also been presented 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 EPS or increase the loss per share attributable to equity holders.

Six months ended 30 June 2023 (Unaudited) (Loss)/earnings	Continuing operations £'000	Discontinued operations £'000	Total £'000
Loss for the purposes of basic and diluted loss per share	(5,303)	—	(5,303)
Exceptional items (net of tax)	5,575	—	5,575
Earnings for the purposes of basic and diluted underlying earnings per share	272	—	272

(Loss)/earnings attributable to Core and Legacy	Core £'000	Legacy £'000	Continuing operations £'000
Loss for the purposes of basic and diluted loss per share	(1,084)	(4,219)	(5,303)
Exceptional items (net of tax)	573	5,002	5,575
Earnings/(loss) for the purposes of basic and diluted underlying earnings/(loss) per share	(511)	783	272

Number of shares	Number (thousands)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share and basic underlying earnings per share	8,846
Effect of dilutive ordinary shares: share options	322
Weighted average number of ordinary shares for the purposes of diluted underlying earnings per share	9,168

(Loss)/earnings per share	Continuing operations pence	Discontinued operations pence	Total pence
Basic and diluted loss per share	(59.95)	—	(59.95)
Basic underlying earnings per share	3.07	—	3.07
Diluted underlying earnings per share	2.97	—	2.97

	Core pence	Legacy pence	Continuing operations pence
Basic and diluted loss per share	(12.25)	(47.70)	(59.95)
Basic underlying earnings/(loss) per share	(5.78)	8.85	3.07
Diluted underlying earnings/(loss) per share	(5.57)	8.54	2.97

6 (Loss)/earnings per share (continued)

Six months ended 30 June 2022 (Unaudited) (Restated*) Earnings/(loss)	Continuing operations £'000	Discontinued operations £'000	Total £'000
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share	(502)	756	254
Exceptional items (net of tax)	490	7	497
Earnings/(loss) for the purposes of underlying basic and diluted earnings/(loss) per share	(12)	763	751

(Loss)/earnings attributable to Core and Legacy	Core £'000	Legacy £'000	Continuing operations £'000
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share	(864)	362	(502)
Exceptional items (net of tax)	424	66	490
(Loss)/earnings for the purposes of basic and diluted underlying (loss)/earnings per share	(440)	428	(12)

Number of shares	Number (thousands)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share and basic and diluted underlying earnings/(loss) per share	8,843

Earnings/(loss) per share	Continuing operations pence	Discontinued operations pence	Total pence
Basic and diluted earnings/(loss) per share	(5.68)	8.55	2.87
Basic and diluted underlying earnings/(loss) per share	(0.14)	8.63	8.49

	Core pence	Legacy pence	Continuing operations pence
Basic and diluted (loss)/earnings per share	(9.77)	4.09	(5.68)
Basic and diluted underlying (loss)/earnings per share	(4.98)	4.84	(0.14)

6 (Loss)/earnings per share (continued)

Year ended 31 December 2022 (Audited)	Continuing operations	Discontinued operations	Total
Earnings/(loss)	£'000	£'000	£'000
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share	(153)	676	523
Exceptional items (net of tax)	1,350	(535)	815
Earnings for the purposes of basic and diluted underlying earnings per share	1,197	141	1,338

(Loss)/earnings attributable to Core and Legacy	Core	Legacy	Continuing operations
	£'000	£'000	£'000
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share	(640)	487	(153)
Exceptional items (net of tax)	678	672	1,350
Earnings for the purposes of basic and diluted underlying earnings per share	38	1,159	1,197

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

Earnings/(loss) per share	Continuing operations	Discontinued operations	Total
	pence	pence	pence
Basic and diluted earnings/(loss) per share	(1.73)	7.64	5.91
Basic underlying earnings per share	13.53	1.59	15.12
Diluted underlying earnings per share	13.49	1.59	15.08

	Core	Legacy	Continuing operations
	pence	pence	pence
Basic and diluted (loss)/earnings per share	(7.24)	5.51	(1.73)
Basic underlying earnings per share	0.43	13.10	13.53
Diluted underlying earnings per share	0.43	13.06	13.49

7 Provisions

	Onerous contract and dilapidation costs		
	30 June 2023	30 June 2022	31 December 2022
	£'000	£'000	£'000
At 1 January	369	—	—
Charged to the income statement	3,313	—	369
Utilised in the period	(50)	—	—
Total	3,632	—	369

Onerous contracts relate to the closure activities in respect of UK Legacy, UK MGA (recognised in the year ended 31 December 2022) Spain, Portugal, and the decommissioning of the Group's legacy IT systems (refer to note 4). The remaining dilapidation provision relates to the exit of a lease in the UK.

Provisions are expected to be settled as per the following table:

	30 June 2023	30 June 2022	31 December 2022
	£'000	£'000	£'000
Within one year	947	—	224
Outside of one year	2,685	—	145
Total	3,632	—	369

8 Share capital

Share capital at 30 June 2023 is £24,256,000 (30 June 2022: £24,254,000; 31 December 2022: £24,256,000).

The total number of ordinary shares in issue at 30 June 2023 is 8,846,045 of which 8,841,045 are fully paid and 5,000 are partly paid.

9 Reconciliation of operating cash flows

	6 months ended 30 June 2023 £'000 (Unaudited)	6 months ended 30 June 2022 £'000 (Unaudited)	Year ended 31 December 2022 £'000 (Audited)
(Loss)/profit for the period	(5,071)	454	777
Adjustments for:			
Depreciation and amortisation	1,075	1,260	2,509
Share-based payment charge/(credit)	355	(248)	(246)
Impairment loss on intangible assets	178	—	187
Loss on disposal of intangible assets	—	175	5
Loss on disposal of property, plant and equipment	2	42	15
Profit on disposal of discontinued operations	—	(657)	(535)
Effects of hyperinflation	(61)	(69)	86
Investment revenues	(429)	(176)	(490)
Finance costs	193	281	709
Income tax charge	1,345	1,449	2,343
Operating cash flows before movement in working capital	(2,413)	2,511	5,360
Decrease/(increase) in inventories	68	(13)	15
Increase in contract assets	(1,361)	(148)	(1,481)
Decrease/(increase) in receivables	3,231	(1,810)	(6,232)
(Decrease)/increase in payables	(5,685)	1,404	7,547
Increase/(decrease) in contract liabilities	1,196	(30)	1,655
(Decrease)/increase in insurance liabilities	(7)	—	83
Increase in provisions	3,263	—	369
Cash (used in)/from operations	(1,708)	1,914	7,316
Income taxes paid	(721)	(2,241)	(3,494)
Net cash (used in)/from operating activities	(2,429)	(327)	3,822

10 Related party transactions

Transactions with associated undertakings

In the six months to 30 June 2023, the Group incurred fees of £9,000 plus VAT (30 June 2022: £8,000; and year ended 31 December 2022: £19,000) for services rendered from KYND Limited, which was payable under 14 day credit terms. The creditor balance at 30 June 2023 was £1,000 (30 June 2022: £nil; 31 December 2022: £2,000).

Transactions with related parties

There have been no related party transactions in the current period.

Remuneration of key management personnel

The remuneration of the Directors and Senior Management Team, who are the key management personnel of the Group, is set out below:

	6 months ended 30 June 2023 £'000 (Unaudited)	6 months ended 30 June 2022 £'000 (Unaudited)	Year ended 31 December 2022 £'000 (Audited)
Short-term employee benefits	692	858	1,101
Post-employment benefits	10	25	27
Termination benefits	—	300	300
Share-based payments	187	(195)	(206)
	889	988	1,222