16 APRIL 2020

CPPGROUP PLC

FULL YEAR REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

A year of significant growth

Further to the trading update on 23 March 2020, CPPGroup Plc ("CPP" or "the Group"), the partner focused, global product and services company, today announces its full year results for the year ended 31 December 2019.

The Group has generated rapid growth in its international revenue and customer numbers, leading to a financial performance for 2019 that was in line with the Board's expectations. Our key strategic markets and investments made promising progress in 2019 and will increasingly contribute to the Group's performance in the future.

Highlights

- Group revenue increased by 26% to £138.4 million (2018: £110.1 million) continuing the strong growth seen since 2016.
- Cash balance of £22.0 million (2018: £26.0 million) including a cash flow from ordinary operating activities (excluding cash investments in business growth projects) of £3.4 million (2018: £1.3 million).
- Revenue from Ongoing Operations increased by 37% to £121.0 million (2018: £88.0 million), which includes a 53% increase in Indian revenues to £99.6 million (2018: £65.3 million).
- Adjusted EBITDA increased by 38% to £8.7 million (2018: £6.3 million). Start-up losses from our investment in business growth projects total £3.3 million (2018: £2.4 million) resulting in an EBITDA of £5.4 million (2018: £3.9 million).
- Operating profit increased to £1.6 million (2018: £0.2 million loss).
- Profit before tax increased to £1.1 million (2018: £0.3 million).

Strategic progress

- Increased diversification in our Indian business with the launch of a new product (LivPlus), and partnerships with major brands such as Tata Capital Financial Services (Tata) and American Express.
- Globiva continues to outperform expectations as one of India's fastest growing Business Process Management (BPM) providers with over 2,000 billable seats across four locations.
- Partner base has grown 50% driven by our key strategic markets of India, Turkey, China, the UK and Blink. Our partners worldwide provide potential access to over 200 million customers.
- Market-leading parametric insurance platform[1] developed by Blink to transform the events-based insurance market.

1. Parametric insurance is a type of insurance that does not indemnify the pure loss, but instead agrees to make a payment upon the occurrence of a triggering event. Blink currently focuses on flight disruption solutions and has developed an innovative technology platform to deliver customers a proactive, real-time service.

Note – all percentage change figures in the remainder of this report are presented on a constant currency basis, unless otherwise stated. The constant currency basis retranslates the previous year measures at the average actual exchange rates used in the current financial year. This approach is applied as a means of eliminating the effects of exchange rate movements on the year-on-year reported results.

Financial and non-financial highlights

£ millions	31 December 2019	31 December 2018[1]	Change	Constant currency change
Financial highlights:				
Group				
Revenue	138.4	110.1	26%	26%
Adjusted EBITDA[2,3]	8.7	6.3	38%	42%
Investment in business growth projects[4]	(3.3)	(2.4)	(37)%	(38)%
EBITDA	5.4	3.9	39%	44%
Operating profit/(loss)	1.6	(0.2)	1,159%	1,254%
Profit before tax	1.1	0.3	249%	240%
Basic loss per share (pence)	(0.12)	(0.04)	(124)%	n/a
Net funds[5]	14.9	26.0	(43)%	n/a
Segmental revenue				
Ongoing Operations	121.0	88.0	37%	38%
Restricted Operations	17.4	22.1	(21)%	(21)%
Non-financial highlights:				
Customer numbers (millions)	10.6	8.2	28%	n/a

1. IFRS 16 *Leases* was effective from 1 January 2019, in accordance with the transition provisions permitted within the new standard the Group has applied the cumulative catch-up approach and has not restated 2018 comparative figures. If the 2018 comparatives had been restated, EBITDA would have been the main measure impacted, increasing to £4.9 million. Therefore, on a like-for-like basis, 2019 EBITDA growth would have been 11%.
2. EBITDA represents earnings before interest, taxation, depreciation, amortisation, exceptional items and Matching Share Plan (MSP) charges.
3. Adjusted EBITDA excludes costs associated with investments in business growth projects.
4. Investment in business growth projects of £3.3 million (2018: £2.4 million) comprises start-up costs relating to the UK £1.2 million (2018: £0.6 million), Blink £1.2 million (2018: £1.4 million), Bangladesh £0.2 million (2018: £0.2 million), Southeast Asia £0.4 million (2018: n/a) and our share of losses in KYND £0.3 million (2018: £0.2 million).
5. Net funds comprise cash and cash equivalents of £22.0 million (2018: £26.0 million), a borrowing asset of £nil (2018: £0.1 million) and net investment lease assets of £0.2 million (2018: n/a) less lease liabilities of £7.3 million (2018; n/a). Lease liabilities and net investment lease assets have been recognised following the adoption of IFRS 16 *Leases* on 1 January 2019, further detail is provided in note 15 of the condensed financial statements.

Jason Walsh, Chief Executive Officer, commented:

"I am pleased to report another positive set of financial results for the Group.

“We are continuing to grow our standing as a truly international business with innovation and service at its core, with the strong global revenue performance reported in 2018 being exceeded in 2019.

“India has been the driving force behind these achievements and we have also seen good progress in our China and Turkey markets. Our re-entry into the UK market has developed well, with new acquisitions opening up growth potential as we establish our presence domestically.

“We are very pleased to have not only deepened relationships with existing major financial services and insurance brands but also secured new relationships in key strategic markets, with the likes of Bank of Communications in China and Tata Capital Financial Services in India now counted as partners.

“Looking ahead, COVID-19 has created significant challenges to economies across the globe. We have entered the year with a strong platform and have confidence that our operating model along with our deep ties with partners will enable us to navigate the global uncertainty and deliver long-term, sustainable value.

Enquiries

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About CPP

CPP Group is a partner focused, global product and services company, specialising in the financial services and insurance markets. We use our local knowledge from 12 country markets within Asia, Europe and Central America to provide our business partners with technology-led product, marketing and distribution expertise that deliver commercial benefits and bring meaningful solutions to over 10 million end customers worldwide.

CPP's diverse range of insurance and assistance products can be designed to suit the bespoke needs of our business partners through providing their customers with peace of mind by reducing the stresses of everyday life, ranging from protection of mobile phones, payment cards and household belongings to keeping travel plans moving and the monitoring of compromised personal data.

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

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CHAIRMAN'S STATEMENT

The COVID-19 outbreak is having an unprecedented effect on global markets and the movement of people. The situation is rapidly changing and at this uncertain time the wellbeing of our colleagues remains our priority. The nature of Government responses across our markets has led to a reduction in sales in our Ongoing Operations, most evidently in India. It is too early to fully understand the impact COVID-19 will have on the longer-term performance of our business partners and consumer confidence. This report highlights the operational aspects of the business and illustrates the direction the Company is taking to navigate the uncertainty and create long-term success.

In 2016, ambitious plans were set out for the business. We are ahead of where we expected to be at this stage, and are confident that our strategy will continue to move the Group forward, building value and enhancing the Group's prospects. The Company has redesigned its organisational structure and focused its resources on growth in Asian markets whilst continuing to support its existing successful operation in Turkey. Our Restricted Operations in the UK remain in managed decline, with the growth in our developing markets now having a clearly visible impact on the Group position. In 2019, revenue from our Ongoing Operations increased by 38%. We are attracting new customers at the highest level in the Company's history and in November 2019, we passed the significant milestone of delivering high quality products to over 10 million customers worldwide.

This represents a significant milestone for the business since 2012, when the Group's UK back book moved into managed decline and with it our Restricted Operations. Profit from our Ongoing Operations is now on a par with these Restricted Operations and is expected to surpass it in 2020, progress which demonstrates that the Group has been able to overcome the decline in our UK back book.

At CPP we recognise that our success is built on our business partner relationships and our unique ability to provide our partners with innovative, tech-enabled products and services that enhance our partners' core product offerings to their customers. 2019 has seen CPP continue its focus, forming deeper ties with our existing partners and building new partnerships across our markets.

Once again, growth has come predominantly from India with our Turkish business also contributing to our 2019 growth story. This year we are also beginning to see promising signs of progress in other key territories such as China. Here, from a small base, we are seeing double digit revenue and customer growth. This progress towards a balanced market portfolio is a fundamental step in CPP's development and highlights the material opportunity that exists for future growth across the Group.

CPP employs limited fixed capital. Instead it makes regular investments in start-up costs which are charged against profits when incurred. These investments in business growth projects will continue to reduce reported margins. As the businesses continue to grow, so the increased scale of the existing product base will lead to this negative effect on reported profit margins becoming materially reduced.

We are making progress in establishing a new business in the UK market. The acquisition of the UK insurance broker, Business & Domestic Insurance Services (B&D), has provided established product lines which, in combination with our innovative internally developed propositions, will grow our regulated business in the UK. It is important that we maintain and support a modern forward-looking business in the UK as developed market products create the long-term product pipeline for new offerings in our high growth markets. We have made good progress in this regard, and in 2019 we saw a continuation of this ethos with the further development and roll-out of our Blink parametric insurance and cyber identity protection products to our partners and their customers.

Culture, values and governance

The Board is responsible for ensuring that effective governance is applied throughout the Group and has a policy of continuous improvement. We continue to adopt the Quoted

Companies Alliance (QCA) Corporate Governance Code which provides a flexible but rigorous framework well suited to the nature of the Group.

We operate a truly international Group with businesses at a distance from the UK, employing colleagues with often very different cultural backgrounds. Internal controls are built around clear Group-wide policies, national procedures consistent with those policies, and a strong internal assurance function reporting on compliance. The glue for making this system work effectively is our investment in a CPP culture built on openness, trust and integrity and we are extending this consistently throughout the business. The Board feels very strongly that constantly seeking the highest behavioural standards is essential for the continued success of the Group whether that is within a regulated or non-regulated environment.

Performance
The strong growth in revenue from our Ongoing Operations confirms the progress we have made and drives the increase in Group revenue to £138.4 million (2018: £110.1 million). Aligned to this our key profit measures of EBITDA and operating profit are in line with our expectations, improving to £5.4 million (2018: £3.9 million) and £1.6 million (2018: £0.2 million loss) respectively.

Capital structure
The Board considers that it would benefit the Company and shareholders to reduce the number of ordinary shares in issue. Therefore, at the AGM on 28 May 2020, shareholders will be asked to vote in favour of a share consolidation of 1:100 shares. The consolidation will increase the nominal value of a share to £1.00, all other rights over the ordinary shares will remain unchanged.

Looking ahead
We will continue to invest in a business model that delivers long-term sustainable growth for our shareholders and business partners, and will enable us to navigate the uncertainty created by COVID-19. As global markets progress beyond the challenges presented by COVID-19 we will focus on growing our margins and developing further opportunities to work with new and existing partners across the globe.

Our people
Once again, on behalf of the Board I would like to thank all our colleagues for their important contribution to the continued success of the Group, and our wider stakeholders for their ongoing support.

Sir Richard Lapthorne
Chairman
15 April 2020

CHIEF EXECUTIVE'S STATEMENT

We are now three years into our transformation journey. In this time the direction of the business has been clearly established, and the foundations for success have been laid through strengthening partner relationships, through strategic acquisitions and through a clarity in our approach to technology. These foundations are what gives CPP its competitive advantage. CPP is now a unique blend of start-ups, turnaround elements and growth markets, all of which are individually important for the continued growth of the business and building significant value.

The business continues to make strong progress as we successfully embed the substantial changes made in previous years. Revenue in 2019 grew by 26%, which is the third straight year of double digit growth. This performance reflects growth of 28% in our customer numbers, which now exceed 10 million. This growth has again been fuelled by our Indian business, however we have also seen positive progress in our developing enterprises such as China and the UK.

Building Value

It is our core strategy, culture and commitment to put our customers at the heart of everything we do that binds us together as a Group. From a structural, geographical and technical perspective our operations are diverse and therefore value needs to be built through individual business lines and our success in achieving that will drive an increase in the Group's overall valuation.

Partners

Partner relationships are the cornerstone of all our businesses, and we are pleased to be adding new agreements with major brands around the world. Our partner base has increased by 50% in 2019 which will contribute to our continued growth in revenue and customer numbers. Our focus is to create strong, trusted relationships with market-leading partners that have large accessible customer bases into which we can deliver technology-led propositions in a fully managed, brand-enhancing customer experience. The core proposition to our partners is to either generate additional revenue and profit for them, create enhanced loyalty from their own customer base, or reduce cost and increase the efficiency of their operations. Our existing partner base already provides potential access to over 200 million customers.

It is this partner focus that has served us so well in India where we have seen substantial growth in revenue and customer numbers over recent years and an increasingly robust profit stream. We have developed and nurtured successful relationships in India; Bajaj Finserv Ltd (Bajaj) is a leading example of this, where over time we have worked with the partner to develop new innovative products which meet their customers' needs. We currently have four different propositions being delivered through Bajaj, the most recent of which is LivPlus, a life insurance and wellness product launched in May 2019, which has already generated over 800,000 new customers and revenue in excess of £13 million. Our Indian business demonstrates the value that can be created through focusing on our partners and we have continued to add new partners in this market in 2019 along with extending relationships with existing partners.

Turkey is another example of the success and value that can be generated from developing strong and trusted partner relationships. We have built a multi-partner, multi-product business that services nearly 700,000 customers, is consistently growing revenue and generates a reliable profit stream. The strength of this model and business has been demonstrated by the continued progress made in the face of challenging political and economic circumstances over the last two years.

Acquisitions

Acquisitions also form a key part of our strategy. We have invested in entrepreneurial start-up entities like Blink and Globiva and our financial support and established global network enables them to realise their potential at an accelerated rate. Whilst they promote different propositions they are similar in their innovative nature and desire to grow at pace. Both businesses, with the support of the Group, have made significant progress in 2019 which is enhancing their standalone business value and in turn will create value for the Group.

Blink, our InsurTech business, has developed a pioneering parametric insurance platform which has the potential to transform the travel insurance market and other sectors in the future. It has been a breakthrough year for Blink with four partnerships live and further progress is expected in 2020.

Globiva, our Indian BPM company, has grown very quickly in 2019, exceeding initial expectations. The business has now expanded to four locations across Delhi and Kolkata and has over 2,000 billable seats in operation. Globiva provides sales and service telephony and back office solutions into international brands, such as Ola, American Express and TUI, and is seeking to expand its services further into the UK and US markets using the Group's existing networks. Globiva's potential is significant and we expect continued growth over the coming years.

Technology

Technology is a crucially important part of any successful business today. Customers and partners expect tech-enabled products, services and experiences and we are focused on continuing to enhance our digital capabilities to keep pace with this demand. At the same time, the way data is held is increasingly becoming a focus of local legislation. We have progressed the build of our global technology platform in partnership with an IT development company in India, the first phase of which is expected to be complete in mid-2020. This platform will initially service the front and back-end delivery in India, however, it will also provide a framework that can be easily replicated and deployed into our other markets which we will do on a priority basis.

This approach to technology will create a nimble, modern platform which enables digital delivery of products and the capability to house data in our local jurisdictions. The platform can also be tailored to the nuances of our markets whilst being delivered at a cost appropriate to that market. Our new decentralised platform will enable us to move away from the reliance we have on our existing legacy systems generating cost and operational efficiencies.

Financial performance

Group revenue has increased by 26% to £138.4 million (2018: £110.1 million) reflecting significant growth in our Indian market, including contribution from Globiva. The Indian growth more than offsets the continued decline in our UK and European-based renewal books. This revenue performance is underpinned by continued growth in our customer numbers which have increased 28% to 10.6 million (2018: 8.2 million) and have maintained a renewal rate of 72.6% (2018: 71.9%) on our annuity policies. The growth in our customer base and improving renewal rate is an endorsement of the customer demand for the products we create and distribute.

Our customer base of 10.6 million comprises cohorts of customers that are different in nature. 3.5 million are via our traditional customer model where the sale is typically made alongside the partner's core product and we retain the right to renew the customer at the end of the policy; 4.9 million are one-time point-of-sale products (for example, sold alongside a loan for a mobile phone or a consumer durable) and there is currently no renewal available; and 2.2 million are wholesale customers which typically attract a lower premium as they are offered the product by partners as part of a larger package of services.

EBITDA of £5.4 million (2018: £3.9 million; not on an IFRS 16 basis) has increased 44%, however to aid comparability, if 2018 had been restated for IFRS 16, the result would have been approximately £1.0 million higher at £4.9 million. The increase in EBITDA reflects the growth in India along with the cost benefit of the restructuring activities in our European markets in late 2018, partly offset by continued decline in our European back books. Adjusted EBITDA, which excludes losses from investment for growth, has increased 42% to £8.7 million (2018: £6.3 million). Operating profit has increased to £1.6 million (2018: £0.2 million loss).

Profit before tax has increased to £1.1 million (2018: £0.3 million) and whilst our effective tax rate in 2019 has fallen to 183% (2018: 218%), this is driving the reported loss for the Group of £1.0 million (2018: £0.4 million). In 2020 we expect our effective tax rate to reduce as markets that are currently making losses demonstrate greater certainty of profitability. However, the effective rate is likely to remain at around 100% in 2020, before falling below 100% in 2021 and progressively reaching normalised levels in the medium-term.

Our Restricted Operations are in natural decline and in 2019 revenue and EBITDA were 21% and 24% lower respectively. In 2020, following a decision to take more proactive action with certain elements of the historic renewal book, which we expect to increase non-renewals, these rates of decline will increase. Treating our customers fairly continues to be at the centre of everything we do.

Growth markets

We are focused on creating a sustainable platform on which our business can continue to grow. This includes establishing and launching new geographic markets, which we treat as start-up entities. Our investments in business growth projects include new operations in the UK and Bangladesh. Whilst in start-up these operations are loss-making and create an initial drag on Group profit performance. We view our Chinese market in a similar way. These are key strategic markets where we are investing now to benefit in the future. Good progress has been made in 2019, China has increased revenue 47% under new leadership and we completed the acquisition of B&D in the UK which provides an immediate presence in the broker market.

The Group is continually looking to enhance this growth platform through other market launches or further tactical acquisitions and expects to continue this activity in 2020.

Outlook

With over 10 million customers and potential access to 200 million through our partners, it is clear that the opportunity we have to continue to grow the business is substantial. We have already built viable and valuable businesses in India and Turkey and aim to repeat this in other territories, supported by our InsurTech expertise. We continue to monitor the economic uncertainties and the challenges posed globally by the coronavirus outbreak and the impact it may have on the Group. We remain confident in the long-term prospects for the Group.

Jason Walsh
Chief Executive Officer
15 April 2020

FINANCIAL AND OPERATIONAL REVIEW

Overview

In 2019 CPP delivered a strong performance with revenue and reported operating profits improving significantly. Group revenues increased 26% on a constant currency basis to £138.4 million (2018: £110.1 million), with growth being driven by our Indian market. EBITDA across the Group has improved to £5.4 million which is a 44% increase on 2018 (2018: £3.9 million) and is in part due to the positive EBITDA impact from transitioning to IFRS 16. The Group continues to invest in activities that support our objectives of building value and creating a long-term sustainable business structure. Excluding these investments in business growth projects, the Group's adjusted EBITDA for 2019 is £8.7 million (2018: £6.3 million). During 2019 CPP returned an operating profit of £1.6 million (2018: £0.2 million loss). This result is underpinned by cost and efficiency savings driven by the restructure and right-sizing in 2018 of our European markets.

The performance in 2019 provides us with a solid base with which to improve EBITDA margins over the coming years. Our investments in business growth projects which have been loss making in their formative years are expected to move into breakeven or profitable positions in the short to medium term, and margins will be further bolstered by our investments to increase our share of the value chain being fully realised, of which Globiva is a prime example.

	2019	2018
Revenue (£ millions)	**138.4**	110.1
Gross profit (£ millions)	**40.5**	41.1
Administrative expenses[1] (£ millions)	**(34.8)**	(37.0)
Loss from joint venture (£ millions)	**(0.3)**	(0.2)
EBITDA (£ millions)	**5.4**	3.9
Depreciation and amortisation (£ millions)	**(3.3)**	(0.9)
Exceptional items (£ millions)	**(0.5)**	(3.1)
MSP charges (£ millions)	**-**	(0.1)
Operating profit/(loss) (£ millions)	**1.6**	(0.2)
Net finance (costs)/income (£ millions)	**(0.5)**	0.5
Profit before tax (£ millions)	**1.1**	0.3
Taxation (£ millions)	**(2.1)**	(0.7)
Loss for the year (£ millions)	**(1.0)**	(0.4)
Basic loss per share (pence)	**(0.12)**	(0.04)
Net assets (£ millions)	**16.0**	16.3
Net funds (£ millions)	**14.9**	26.0

1. Excluding depreciation, amortisation, exceptional items and MSP charges.

Gross profit has reduced marginally to £40.5 million (2018: £41.1 million) resulting in a reduction in gross profit margin to 29% (2018: 37%). This is due to growth in our Indian business which has higher costs associated with sales than the UK and European renewal book businesses it is replacing. As India continues to grow and new business lines grow in key strategic markets we expect our gross profit margins to settle at a lower level in the medium-term.

We have a growing business; however, administrative expenses have reduced 6%, which reflects savings from the restructuring activities in late 2018, a reduction in underlying central costs and lower operating lease charges following the transition to IFRS 16.

As a result, EBITDA, after our share of KYND losses, has increased to £5.4 million (2018: £3.9 million).

Following the extensive restructuring activities undertaken in our EU Hub in 2018, we have continued this activity in 2019 to further streamline our EU operating capability whilst ensuring that excellent customer service remains our priority. This has resulted in additional exceptional charges of £0.5 million (2018: £3.1 million).

Depreciation charges have increased substantially to £3.3 million (2018: £0.9 million) as a result of adopting IFRS 16. We have not restated 2018 for this change in accounting standard.

The exceptional items and depreciation charges contribute to an operating profit of £1.6 million (2018: £0.2 million loss).

Net interest and finance charges are £0.5 million (2018: £0.5 million income) which reflects interest charges on lease liabilities through the adoption of IFRS 16 and foreign exchange losses following a general strengthening of sterling in the year.

As a result, the Group's profit before tax was £1.1 million (2018: £0.3 million) and our loss after tax was £1.0 million (2018: £0.4 million).

Tax
In 2019 the tax charge is £2.1 million (2018: £0.7 million) which is an effective tax rate of 183% (2018: 218%). The Group's high effective tax rate in both the current and prior year reflects that losses in our developing markets currently reduce the overall Group profit before tax to a level that is lower than the tax charges recognised in our profitable markets. This position is further exacerbated by Group policy that deferred tax assets should only be recognised when profit forecasts indicate tax losses will be utilised in the short-term. By their very nature our developing markets are investing for growth and profit expectations in the short-term lead us not to recognise deferred tax assets in these areas.

The Group's effective tax rate is also impacted by the local tax rates applying to our profitable countries, which are all higher rates than the UK corporate income tax rate of 19%. In addition to this, the UK has recognised a deferred tax liability on withholding taxes which are likely to arise on future Indian distributions.

The tax charge includes £1.2 million (2018: £0.9 million) in India, reflecting an increase in Indian taxable profits. Charges also arise in Turkey and our EU Hub. Profits from UK entities are fully covered by group relief from losses arising in other UK entities and double tax relief.

The Group's effective tax rate, whilst progressively reducing, is expected to remain higher than the UK statutory tax rate in future years as we continue to make profits in territories with higher than UK tax rates, provide for withholding taxes on overseas distributions and invest in new and developing markets which will not indicate sufficient short-term certainty of profitability to recognise deferred tax assets.

Dividend
The Directors are not recommending the payment of a dividend at this time. The Board continues to review the Group's ability to embark on a progressive dividend strategy alongside the cash requirements to fund its expansion plans.

Cash flow and net funds
The net funds position has decreased to £14.9 million (2018: £26.0 million), which reflects a cash outflow of £4.0 million (2018: £5.5 million) in the year and the recognition of lease

liabilities total £7.3 million following the adoption of IFRS 16. The Group is currently not utilising its available £5.0 million revolving credit facility.

The reduction in the Group's cash balances of £4.0 million (2018: £5.5 million) reflects increased expenditure on technology to improve product delivery, customer experience and our core platforms. Cash generation is strong in our growing markets like India and Turkey and our Restricted Operations back book; however, this does not yet exceed the costs associated with funding loss making operations in key strategic markets and our central cost base, which includes Group IT. Increased profitability in our Ongoing Operations and management of our central cost base is expected to reverse this position over the medium-term.

Balance sheet
The Group's net assets have decreased to £16.0 million (2018: £16.3 million). The Group's non-current assets have increased to £16.5 million (2018: £8.7 million) reflecting Globiva's expansion and the costs associated with equipping BPM office space for over 2,000 agents, investment in technology capability in India and the recognition of right-of-use assets on adoption of IFRS 16. The new lease standard has also led to recognition of non-current lease liabilities.

Events after the balance sheet date
The outbreak of the COVID-19 pandemic has occurred subsequent to the balance sheet date and in line with IAS 10 is considered a non-adjusting event. The impact of COVID-19 on the Group is presently uncertain, however, proactive measures are being taken to prepare the Group for a reduction in business activity. Any resultant changes to the value of non-financial assets or costs associated with change would be reflected through the income statement in 2020. For more detail refer to note 17 of the condensed consolidated financial statements.

Segmental performance

REVENUE	**2019 £'m**	2018 £'m	Change	Constant currency change
Ongoing Operations				
India	**99.6**	65.3	53%	51%
EU Hub	**13.6**	15.7	(13)%	(12)%
Turkey	**4.4**	4.5	(3)%	12%
Rest of World[1]	**3.4**	2.5	34%	32%
Total Ongoing Operations	**121.0**	88.0	37%	38%
Restricted Operations	**17.4**	22.1	(21)%	(21)%
Group revenue	**138.4**	110.1	26%	26%

1. Rest of World comprises China, Malaysia, Mexico, UK, Blink, Bangladesh and Southeast Asia.

EBITDA	2019 £'m	2018 £'m	Change	Constant currency change
Ongoing Operations				
India	**5.5**	2.7	107%	101%
EU Hub	**2.4**	0.9	173%	175%
Turkey	**0.7**	0.6	7%	45%
Rest of World	**(4.1)**	(4.2)	3%	3%
Total Ongoing Operations	**4.5**	-	n/a	n/a
Restricted Operations	**7.6**	10.1	(24)%	(24)%
Central Functions	**(6.4)**	(6.0)	(7)%	(7)%
Segmental EBITDA	**5.7**	4.1	40%	45%
Share of loss in joint venture	**(0.3)**	(0.2)	(61)%	(61)%
Group EBITDA	**5.4**	3.9	39%	44%

Ongoing Operations (87% of Group revenue):
Revenue has increased by 38% to £121.0 million (2018: £88.0 million) and EBITDA has increased significantly to £4.5 million (2018: breakeven). This segment includes investments in business growth projects, the costs of which have increased period-on-period to £3.0 million (2018: £2.3 million) due to commencing our business development in the Southeast Asia region.

The move to profit and a strong and growing EBITDA in our Ongoing Operations segment represents a significant milestone for the Group and one which will see us being much less dependent on our naturally declining historic legacy business.

Progress has primarily come from India where revenue increased by 51% to £99.6 million (2018: £65.3 million). We have deepened our strong, trusted relationship with Bajaj through continued expansion of FoneSafe (phone insurance) and the launch of LivPlus, a life insurance and wellness product, which has delivered over 800,000 sales since launch in May 2019.

In addition, we are pleased with the rapid growth in Globiva which continues to exceed our original expectations and has registered positive EBITDA ahead of schedule during 2019. Globiva offers a margin enhancement opportunity to the Group coupled with growing revenue generation.

Our Turkish business has remained resilient to ongoing challenging economic conditions, increasing revenue by 12% through the further leveraging of strong and trusted business partner relationships across new channels and products.

Revenue in our EU Hub has reduced by 12%. Whilst the year has seen some developments in new business generation, such as an agreement with Carrefour in Spain, new revenue generation is not yet at a level to offset the reduction in the renewal books, which continue to perform well with renewal rates of 82% (2018: 84%). Profitability of the EU Hub has improved, reflecting the cost efficiencies generated through restructuring activities in H2 2018. EBITDA has increased to £2.4 million (2018: £0.9 million) at an EBITDA margin of 17% (2018: 6%).

Within Rest of World, China, under new leadership, has made progress during the year, growing revenue by 47% and building new partnerships, such as Bank of Communications, which can be further developed. In addition, our start-up enterprises in the UK, Blink and Bangladesh continue to scale, securing new partnerships that are delivering revenue and will start to compensate their current operational cost bases.

Restricted Operations (13% of Group revenue)
Revenue has decreased by 21% to £17.4 million (2018: £22.1 million) reflecting the natural decline in the historic renewal books of Card Protection Plan Limited (CPPL) and Homecare Insurance Limited (HIL). This decline, along with the prior period benefiting from a review of contractual provisions, has resulted in a 24% reduction in EBITDA to £7.6 million (2018: £10.1 million).

Renewal rates have remained strong at 84% (2018: 83%) which is key in managing the rate of decline in the book.

The focus in our Restricted Operations is to ensure the best customer outcomes delivered in a compliant, cost effective way. Following a review of our UK customer renewal book we have chosen to take proactive action in the renewal process for certain customers. We expect this action to lead to an increase in non-renewals in 2020 which will increase the current rate of revenue decline and reduce EBITDA.

Central Functions:
Although our central cost base has increased by 7% to £6.4 million (2018: £6.0 million) this is due to a reduction in central costs allocated to Restricted Operations. Underlying central costs have continued to reduce as we review contracts and have taken the first steps in streamlining our UK-based central IT function.

Adjusted EBITDA

	2019 £'m	Investment in business growth projects[1] £'m	**2019 adjusted EBITDA £'m**	**2019 adjusted margin[2] %**	2018 adjusted EBITDA £'m	2018 adjusted margin %	Change	Constant currency change
Ongoing Operations	4.5	3.0	**7.5**	**6%**	2.2	3%	239%	258%
Restricted Operations	7.6	-	**7.6**	**44%**	10.1	46%	(24)%	(24)%
Central Functions	(6.4)	-	**(6.4)**	**(100)%**	(6.0)	(100)%	(7)%	(7)%
Segmental EBITDA	5.7	3.0	**8.7**	**6%**	6.3	6%	38%	42%
Share of loss in joint venture	(0.3)	0.3	**-**	**n/a**	-	n/a	n/a	n/a
Group EBITDA	5.4	3.3	**8.7**	**6%**	6.3	6%	38%	42%

1. The business growth projects in Ongoing Operations are UK £1.2 million (2018: £0.7 million), Blink £1.2 million (2018: £1.4 million), Bangladesh £0.2 million (2018: £0.2 million) and Southeast Asia £0.4 million (2018: £nil). These projects are disclosed within Rest of World.

2. Adjusted margin is defined as adjusted EBITDA divided by revenue.

Adjusted EBITDA excludes investments in business growth projects. The Group's adjusted EBITDA is £8.7 million (2018: £6.3 million), which reflects the progress we are making in our key markets within Ongoing Operations where adjusted EBITDA has increased to £7.5 million (2018: £2.2 million). Adjusted EBITDA in Ongoing Operations is now on a par with Restricted Operations which demonstrates the change in focus to our growing markets and the reduced dependency we have on our legacy back book business.

Oliver Laird
Chief Financial Officer

15 April 2020

RISKS AND UNCERTAINTIES

The Group's risk framework enables risks to be identified, measured, managed, monitored and reported consistently and objectively. The focus of our risk management framework is to ensure the Group is managed in a sustainable and controlled way, making risk-based decisions within our tolerance.

Risk library

The risk library supports the risk framework and allows risks to be discussed consistently, it allows the aggregation of risk at a country and Group level and it provides a complete view of exposures.

The Group has five principal risks; financial, business, reputational, operational and conduct.

Risk & Control Self-assessment

Quarterly RCSA discussions take place with senior management and CEOs in each country to ensure that material risks have been appropriately identified and accurately reported. We have continued to enhance and embed the risk management framework and have introduced a quarterly assurance dashboard which strengthens the countries' monitoring of operational risks. This allows the provision of a more holistic view to the risks impacting the Group.

COVID-19 – emerging risk

The COVID-19 pandemic is an emerging risk that is having a disruptive impact on the global economy. The Group's operational capacity and service levels could be adversely impacted as a consequence of reduced staffing levels or declining effectiveness of business partners or third party support services.

The landscape in relation to COVID-19 is rapidly changing and at this time the full impact on the global economy as well as the Group is uncertain. Colleagues remain our top priority and the Group has taken appropriate measures to ensure that all colleagues are presently working from home, with the exception of China where colleagues have returned to office working. The Group has enacted business continuity plans to ensure that our customers continue to receive excellent service, whilst data security remains a priority at all times. The impact COVID-19 will have on the performance of our business partners and enduring consumer confidence is not yet clear. The Group continues to closely monitor the situation and will take all necessary steps to respond appropriately.

Consolidated income statement
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	4	**138,362**	110,070
Cost of sales		**(97,874)**	(68,993)
Gross profit		**40,488**	41,077
Administrative expenses		**(38,541)**	(41,031)
Share of loss of joint venture		**(320)**	(199)
Operating profit/(loss)		**1,627**	(153)
Analysed as:			
EBITDA	4	**5,442**	3,911
Depreciation and amortisation		**(3,305)**	(866)
Exceptional items	5	**(510)**	(3,137)
MSP charges		**—**	(61)
Investment revenues		**508**	531
Finance costs		**(1,003)**	(51)
Profit before taxation		**1,132**	327
Taxation	6	**(2,076)**	(712)
Loss for the year		**(944)**	(385)

Attributable to:			
Equity holders of the Company		**(1,009)**	(380)
Non-controlling interests		**65**	(5)
		(944)	(385)

Loss per share		**Pence**	Pence
Basic and diluted	7	**(0.12)**	(0.04)

Consolidated statement of comprehensive income
For the year ended 31 December 2019

	2019	2018
	£'000	£'000
Loss for the year	**(944)**	(385)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(219)**	(286)
Other comprehensive expense for the year net of taxation	**(219)**	(286)
Total comprehensive expense for the year	**(1,163)**	(671)
Attributable to:		
Equity holders of the Company	**(1,188)**	(666)
Non-controlling interests	**25**	(5)
	(1,163)	(671)

Consolidated balance sheet
As at 31 December 2019

	Note	**2019 £'000**	2018 £'000
Non-current assets			
Goodwill	8	**1,492**	1,492
Other intangible assets	9	**3,533**	2,788
Property, plant and equipment	10	**2,362**	1,717
Right-of-use assets	11	**6,496**	—
Investment in joint venture		**714**	1,034
Deferred tax asset		**1,152**	1,225
Net investment lease assets		**16**	—
Contract assets		**709**	479
		16,474	8,735
Current assets			
Insurance assets		**42**	24
Inventories		**87**	159
Net investment lease assets		**140**	—
Contract assets		**6,108**	4,553
Trade and other receivables		**17,778**	13,704
Cash and cash equivalents		**21,957**	25,955
		46,112	44,395
Total assets		**62,586**	53,130
Current liabilities			
Insurance liabilities		**(756)**	(617)
Income tax liabilities		**(601)**	(536)
Trade and other payables		**(23,922)**	(22,906)
Provisions		**—**	(571)
Lease liabilities		**(1,371)**	—
Contract liabilities		**(12,169)**	(10,934)
		(38,819)	(35,564)
Net current assets		**7,293**	8,831
Non-current liabilities			
Borrowings		**50**	90
Deferred tax liabilities		**(373)**	(90)
Provisions		**(309)**	(291)
Lease liabilities		**(5,895)**	—
Contract liabilities		**(1,248)**	(1,009)
		(7,775)	(1,300)
Total liabilities		**(46,594)**	(36,864)
Net assets		**15,992**	16,266
Equity			
Share capital	12	**24,056**	24,021
Share premium account		**45,225**	45,225
Merger reserve		**(100,399)**	(100,399)
Translation reserve		**299**	478
ESOP reserve		**16,999**	15,884
Retained earnings		**28,928**	30,323
Equity attributable to equity holders of the Company		**15,108**	15,532
Non-controlling interests		**884**	734
Total equity		**15,992**	16,266

Consolidated statement of changes in equity
For the year ended 31 December 2019

	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 2018		23,978	45,225	(100,399)	764	15,114	30,816	15,498	—	15,498
Loss for the year		—	—	—	—	—	(380)	(380)	(5)	(385)
Other comprehensive expense for the year		—	—	—	(286)	—	—	(286)	—	(286)
Total comprehensive expense for the year		—	—	—	(286)	—	(380)	(666)	(5)	(671)
Equity-settled share-based payment charge	13	—	—	—	—	770	—	770	—	770
Deferred tax on share-based payment charge	6	—	—	—	—	—	(113)	(113)	—	(113)
Exercise of share options	12	43	—	—	—	—	—	43	—	43
Non-controlling interest on acquisition of a subsidiary		—	—	—	—	—	—	—	739	739
At 31 December 2018		24,021	45,225	(100,399)	478	15,884	30,323	15,532	734	16,266
Change of accounting policy – IFRS 16	15	**—**	**—**	**—**	**—**	**—**	**(203)**	**(203)**	—	**(203)**
At 1 January 2019		**24,021**	**45,225**	**(100,399)**	**478**	**15,884**	**30,120**	**15,329**	**734**	**16,063**
Loss for the year		**—**	**—**	**—**	**—**	**—**	**(1,009)**	**(1,009)**	**65**	**(944)**
Other comprehensive expense for the year		**—**	**—**	**—**	**(179)**	**—**	**—**	**(179)**	**(40)**	**(219)**
Total comprehensive expense for the year		**—**	**—**	**—**	**(179)**	**—**	**(1,009)**	**(1,188)**	**25**	**(1,163)**
Equity-settled share-based payment charge	13	**—**	**—**	**—**	**—**	**1,115**	**—**	**1,115**	**—**	**1,115**
Deferred tax on intangible asset	6	**—**	**—**	**—**	**—**	**—**	**(58)**	**(58)**	**—**	**(58)**
Exercise of share options	12	**35**	**—**	**—**	**—**	**—**	**—**	**35**	**—**	**35**
Movement in non-controlling interests		**—**	**—**	**—**	**—**	**—**	**(125)**	**(125)**	**125**	**—**
At 31 December 2019		**24,056**	**45,225**	**(100,399)**	**299**	**16,999**	**28,928**	**15,108**	**884**	**15,992**

Consolidated cash flow statement

For the year ended 31 December 2019

	Note	**2019 £'000**	2018 £'000
Net cash from/(used in) operating activities	14	**1,138**	(833)
Investing activities			
Interest received		**499**	531
Purchases of property, plant and equipment		**(1,477)**	(792)
Purchases of intangible assets		**(2,184)**	(1,931)
Receipts from net investment lease assets		**157**	—
Acquisition of subsidiaries, net of cash acquired		**—**	(704)
Investment in joint venture		**—**	(1,224)
Net cash used in investing activities		**(3,005)**	(4,120)
Financing activities			
Costs of refinancing the bank facility		—	(126)
Repayment of the lease liabilities		**(1,770)**	—
Interest paid		**(444)**	(51)
Issue of ordinary share capital	12	**35**	43
Net cash used in financing activities		**(2,179)**	(134)
Net decrease in cash and cash equivalents		**(4,046)**	(5,087)
Effect of foreign exchange rate changes		**48**	(423)
Cash and cash equivalents at 1 January		**25,955**	31,465
Cash and cash equivalents at 31 December		**21,957**	25,955

Notes to condensed financial statements

1. General information

While the financial information included in this annual results announcement has been computed in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted for use by the European Union ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company will publish full financial statements that comply with IFRS in April 2020.

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2019 or 31 December 2018, but is derived from the 2019 financial statements. Statutory financial statements for 2018 for the Company prepared under IFRS have been delivered to the Registrar of Companies and those for 2019 for the Company will be delivered following the Company's Annual General Meeting. The Auditor, Deloitte LLP, has reported on these financial statements; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s498 (2) or (3) of the Companies Act 2006. These 2019 financial statements were approved by the Board of Directors on 15 April 2020.

2. Accounting policies

The same accounting policies, presentation and methods of computation are followed in the condensed financial statements as were applied in the Group's audited financial statements for the year ended 31 December 2018. The following Standards and Interpretations have become effective and have been adopted in these condensed financial statements. No Standards or Interpretations have been adopted early in these condensed financial statements.

Standard/Interpretation	Subject
IFRS 16	Leases
IFRIC 23	Uncertainty over tax treatments
IAS 28 (amendments)	Long-term interests in Associates and Joint Ventures
Annual improvements to IFRSs	2016-2018 cycle

Following the adoption of IFRS 16 *Leases* the Group has changed its accounting policies. In accordance with the transition provisions for IFRS 16 the Group has applied the cumulative catch-up approach and has not restated comparative information. The impact of the new rules at 1 January 2019 are disclosed in note 15. All other new or amended Standards and Interpretations applied for the first time in the period commencing 1 January 2019 have not impacted the amounts recognised in prior periods and are not expected to significantly affect future periods.

The Group has revised income statement and segmental reporting formats to include EBITDA from 1 January 2019. EBITDA is an alternative performance measure (APM); the Group previously used an alternative APM, underlying operating profit. The Group is investing in technology which will be an ongoing focus, and as a result EBITDA provides a better understanding of the underlying performance of the business. The prior period income statement and relevant notes have been represented to reflect the change.

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 the foreseeable future.

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. This was focused on the impact of the Group's key operational risks crystallising and considered the impact of COVID-19 on operations across the Group.

Taking the analysis into consideration, the Directors are satisfied that the Group has the necessary resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

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.

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 ones which are material and outside of the normal operating practice of the Group.

Assumptions and estimation uncertainties

Contractual matters

The Group has made certain commercial and contractual decisions that are not yet agreed with all affected parties. The Group is satisfied with its position from both a legal and regulatory perspective. Appropriate financial provisions are in place in respect of these matters and are included in trade and other payables. The Group has applied the reduced disclosures available within IAS 37 as it does not consider it appropriate to disclose the detail of contractual matters as it may prejudice any future discussions.

The appropriate level of financial provision may vary and impact the consolidated income statement depending on the outcome of any future discussions with those parties affected.

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.

4. Segmental analysis

IFRS 8 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's operating segments are:

- **Ongoing Operations**: India, China, Turkey, Spain, Germany, Portugal, Italy, Mexico, Malaysia, the UK, Bangladesh, Blink and Southeast Asia. We continue to invest and drive new business opportunities in these markets;
- **Restricted Operations**: historic renewal books of our UK regulated entities; CPPL, including its overseas branches; and HIL; and
- **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 both Ongoing Operations and Restricted Operations for statutory purposes.

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

	Ongoing Operations 2019 £'000	Restricted Operations 2019 £'000	Central Functions 2019 £'000	Total 2019 £'000
Year ended 31 December 2019				
Revenue – external sales	**120,962**	**17,400**	—	**138,362**
Cost of sales	**(95,761)**	**(2,113)**	—	**(97,874)**
Gross profit	**25,201**	**15,287**	—	**40,488**
Administrative expenses excluding depreciation, amortisation and exceptional items	**(20,661)**	**(7,644)**	**(6,421)**	**(34,726)**
Segmental EBITDA	**4,540**	**7,643**	**(6,421)**	**5,762**
Share of loss of joint venture				**(320)**
EBITDA				**5,442**
Depreciation and amortisation				**(3,305)**
Exceptional items (note 5)				**(510)**
Operating profit				**1,627**
Investment revenues				**508**
Finance costs				**(1,003)**
Profit before taxation				**1,132**
Taxation				**(2,076)**
Loss for the year				**(944)**

	Ongoing Operations 2018 £'000	Restricted Operations 2018 £'000	Central Functions 2018 £'000	Total 2018 £'000
Year ended 31 December 2018				
Revenue – external sales	88,033	22,037	—	110,070
Cost of sales	(67,428)	(1,565)	—	(68,993)
Gross profit	20,605	20,472	—	41,077
Administrative expenses excluding depreciation, amortisation, exceptional items and MSP charges	(20,592)	(10,375)	(6,000)	(36,967)
Segmental EBITDA	13	10,097	(6,000)	4,110
Share of loss of joint venture				(199)
EBITDA				3,911
Depreciation and amortisation				(866)
Exceptional items (note 5)				(3,137)
MSP charges				(61)
Operating loss				(153)
Investment revenues				531
Finance costs				(51)
Profit before taxation				327
Taxation				(712)
Loss for the year				(385)

Segment assets

	2019 £'000	2018 £'000
Ongoing Operations	**43,843**	30,637
Restricted Operations	**11,309**	17,114
Central Functions	**4,076**	1,628
Total segment assets	**59,228**	49,379
Unallocated assets	**3,358**	3,751
Consolidated total assets	**62,586**	53,130

Goodwill, deferred tax and investment in joint venture are not allocated to segments.

Capital expenditure

	Intangible assets		Property, plant and equipment		Right-of-use assets	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000	**2019 £'000**	2018 £'000
Ongoing Operations	**1,857**	1,387	**1,069**	728	**3,065**	—
Restricted Operations	**32**	20	**145**	61	**—**	—
Central Functions	**295**	878	**263**	277	**—**	—
Total	**2,184**	2,285	**1,477**	1,066	**3,065**	—

Revenues from major products

	2019 £'000	2018 £'000
Retail assistance policies	**128,300**	105,006
Retail insurance policies	**97**	336
Wholesale policies	**3,859**	4,162
Non-policy revenue	**6,106**	566
Consolidated total revenue	**138,362**	110,070

Major product streams are disclosed on the basis monitored by senior management. For the purpose of this product analysis, 'retail assistance policies' are those which may be insurance backed but contain a bundle of assistance and other benefits; 'retail insurance policies' are those which protect against a single insurance risk; 'wholesale policies' are those which are provided by business partners to their customers in relation to an ongoing product or service which is provided for a specified period of time; and 'non-policy revenue' is that which is not in connection with providing an ongoing service to policyholders for a specified period of time. The Group derives its revenue from contracts with customers for the transfer of goods and services which is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8.

Timing of revenue recognition

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

	2019 £'000	2018 £'000
At a point in time	**115,014**	89,116
Over time	**23,348**	20,954
Total	**138,362**	110,070

Geographical information

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

	External revenues		Non-current assets	
	2019 £'000	2018 £'000	**2019 £'000**	2019 £'000
India	**99,613**	65,326	**7,791**	2,115
UK	**14,176**	18,051	**3,490**	2,468
Spain	**8,608**	10,514	**481**	281
Other	**15,965**	16,179	**2,846**	1,612
	138,362	110,070	**14,608**	6,476

Non-current assets include £6,496,000 (2018: n/a) right-of-use assets recognised on the adoption of IFRS 16.

Information about major customers

Revenue from the customers of one business partner in the Group's Ongoing Operations segment represented approximately £69,832,000 (2018: £48,158,000) of the Group's total revenue.

5. Exceptional items

	Note	**2019 £'000**	2018 £'000
Restructuring costs		**510**	3,477
Customer redress and associated costs		**—**	(340)
Exceptional charge included in operating profit/(loss)		**510**	3,137
Tax on exceptional items		**(125)**	(848)
Total exceptional charge after tax	7	**385**	2,289

Restructuring costs of £510,000 (2018: £3,477,000) primarily relate to redundancy programmes in Spain and the UK-based central IT function.

6. Taxation

	2019 £'000	2018 £'000
Current tax charge:		
UK corporation tax	**71**	(245)
Foreign tax	**1,836**	1,048
Adjustments in respect of prior years	**(103)**	(35)
Total current tax	**1,804**	768
Deferred tax charge/(credit):		
Origination and reversal of timing differences	**254**	(41)
Impact of change in UK tax rates	**(10)**	(47)
Adjustments in respect of prior years	**28**	32
Total deferred tax	**272**	(56)
Total tax charge	**2,076**	712

UK corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year. The UK Finance Act 2016 was enacted on 15 September 2016 and included provisions to reduce the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the March 2020 UK Budget it was announced that the reduction in the rate to 17% will now not occur and UK corporation tax will remain at 19%. As substantive enactment is after the balance sheet date, UK-based deferred tax balances at 31

December 2019 continue to be calculated at a rate of 17%. If the amended tax rate had been used, the net deferred tax asset would have been £10,000 higher.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions - India 25.2% inclusive of surcharges (2018: 29%), Spain 25% (2018: 25%), Turkey 22% (2018: 22%), Italy 27.5% (2018: 27.5%). Non-UK deferred tax is provided at the local prevailing tax rate. The Group's effective rate of taxation is 183.4% (2018: 217.7%).

The Group maintains appropriate provisions in respect of tax uncertainties arising from operating in multiple overseas jurisdictions.

The Group's effective tax rate is expected to be significantly higher than the UK statutory tax rate in the medium-term as deferred tax assets are unlikely to be recognised against losses in certain overseas markets.

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

	2019 £'000	2018 £'000
Profit before tax	**1,132**	327
Effects of:		
Tax at the UK corporation tax rate of 19% (2018: 19%)	**215**	62
Other movement in unprovided deferred tax	**581**	689
Provisional tax charge on uncertain expenditure in the current year	**339**	109
Change in recognition of deferred tax asset	**—**	(324)
Provision for withholding tax on future distributions	**250**	—
Other expense/(income) not chargeable for tax purposes	**71**	(284)
Movement on previously unrecognised deferred tax	**—**	(264)
Higher tax rates on overseas earnings	**521**	352
Adjustments in respect of prior years	**(75)**	(3)
Impact of change in future tax rates on deferred tax	**(10)**	(47)
Surplus of share option charge compared to tax allowable amount	**184**	422
Total tax charged to income statement	**2,076**	712

Income tax charged to reserves during the year was as follows:

	2019 £'000	2018 £'000
Deferred tax charge		
Timing differences on business partner intangible	**58**	—
Timing differences on equity-settled share-based charge	**—**	113
Total deferred tax charge	**58**	113
Total tax charged to reserves	**58**	113

7. (Loss)/earnings per share

Basic and diluted loss per share have been calculated in accordance with IAS 33 *Earnings per Share*. Underlying (loss)/earnings per share have 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. The diluted loss per share is therefore equal to the basic loss per share in the current year.

(Loss)/earnings

	2018 £'000	2018 £'000
Loss for the purposes of basic and diluted loss per share	**(1,009)**	(380)
Exceptional items (net of tax)	**385**	2,289
MSP charges (net of tax)	**–**	55
(Loss)/earnings for the purposes of underlying basic and diluted (loss)/earnings per share	**(624)**	1,964

Number of shares

	Number (thousands)	Number (thousands)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share and basic underlying (loss)/earnings per share	**862,873**	858,474
Effect of dilutive potential ordinary shares: share options	**–**	28,308
Weighted average number of ordinary shares for the purposes of diluted underlying earnings per share	**862,873**	886,782

	2019 Pence	2018 Pence
Basic and diluted loss per share	**(0.12)**	(0.04)

Basic and diluted underlying (loss)/earnings per share		
Basic	**(0.07)**	0.23
Diluted	**(0.07)**	0.22

The Group has 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 (loss)/earnings per share.

8. Goodwill

	2019 £'000	2018 £'000
Cost and carrying value		
At 1 January	**1,492**	776
Recognised on acquisition of subsidiaries	**—**	716
At 31 December	**1,492**	1,492

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2019 £'000	2018 £'000
Blink	**776**	776
Valeos	**104**	104
Globiva	**612**	612
At 31 December	**1,492**	1,492

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

9. Other intangible assets

	Business partner relationships £'000	Internally generated software £'000	Externally acquired software £'000	Total £'000
Cost:				
At 1 January 2018	–	790	2,221	3,011
Additions	–	793	1,138	1,931
Acquisition of subsidiaries	304	5	45	354
Disposals	–	(3)	(59)	(62)
Exchange adjustments	–	15	–	15
At 1 January 2019	304	1,600	3,345	5,249
Additions	**340**	**1,237**	**607**	**2,184**
Disposals	—	—	**(7)**	**(7)**
Exchange adjustments	—	**(76)**	**(149)**	**(225)**
At 31 December 2019	**644**	**2,761**	**3,796**	**7,201**
Accumulated amortisation:				
At 1 January 2018	–	348	1,781	2,129
Provided during the year	–	159	253	412
Disposals	–	(2)	(49)	(51)
Exchange adjustments	–	–	(29)	(29)
At 1 January 2019	–	505	1,956	2,461
Provided during the year	**88**	**339**	**564**	**991**
Disposals	—	—	**(1)**	**(1)**
Impairment	—	—	**322**	**322**
Exchange adjustments	**(1)**	**(7)**	**(97)**	**(105)**
At 31 December 2019	**87**	**837**	**2,744**	**3,668**
Carrying amount:				
At 31 December 2018	304	1,095	1,389	2,788
At 31 December 2019	**557**	**1,924**	**1,052**	**3,533**

The business partner relationships addition of £340,000 relates to the benefits expected to be generated through the insurance broker relationships assumed in the B&D transaction.

Impairment loss of £322,000 has been recognised in Central Functions and relates to externally acquired software that has no continuing use in the business.

10. Property, plant and equipment

	Leasehold improvements £'000	Computer systems £'000	Furniture and equipment £'000	Total £'000
Cost:				
At 1 January 2018	1,251	3,121	1,121	5,493
Additions	285	355	152	792
Acquisition of subsidiaries	–	239	35	274
Disposals	(609)	(221)	(335)	(1,165)
Exchange adjustments	(8)	(33)	(35)	(76)
At 1 January 2019	919	3,461	938	5,318
Additions	**174**	**1,178**	**125**	**1,477**
Disposals	**(33)**	**(262)**	**(309)**	**(604)**
Exchange adjustments	**(54)**	**(193)**	**(59)**	**(306)**
At 31 December 2019	**1,006**	**4,184**	**695**	**5,885**
Accumulated amortisation:				
At 1 January 2018	879	2,489	844	4,212
Provided during the year	93	271	90	454
Disposals	(570)	(199)	(321)	(1,090)
Impairment	–	59	12	71
Exchange adjustments	(17)	(15)	(14)	(46)
At 1 January 2019	385	2,605	611	3,601
Provided during the year	**197**	**409**	**84**	**690**
Disposals	**(33)**	**(244)**	**(293)**	**(570)**
Exchange adjustments	**(34)**	**(130)**	**(34)**	**(198)**
At 31 December 2019	**515**	**2,640**	**368**	**3,523**
Carrying amount:				
At 31 December 2018	534	856	327	1,717
At 31 December 2019	**491**	**1,544**	**327**	**2,362**

11. Leases

IFRS 16 was adopted on 1 January 2019; this has resulted in the Group recognising the following right-of-use assets:

	Property £'000	Motor vehicles £'000	Equipment £'000	Total £'000
Cost:				
At 1 January 2019 – on adoption of IFRS 16 (note 15)	4,617	196	310	5,123
Additions	**3,024**	**41**	**—**	**3,065**
Exchange adjustments	**(421)**	**(19)**	—	**(440)**
At 31 December 2019	**7,220**	**218**	**310**	**7,748**
Accumulated depreciation:				
At 1 January 2019 – on adoption of IFRS 16	**—**	**—**	**—**	**—**
Provided during the year	**1,137**	**89**	**76**	**1,302**
Exchange adjustments	**(46)**	**(4)**	—	**(50)**
At 31 December 2019	**1,091**	**85**	**76**	**1,252**
Carrying amount:				
At 1 January 2019 – on adoption on IFRS 16 (note 15)	4,617	196	310	5,123
At 31 December 2019	**6,129**	**133**	**234**	**6,496**

12. Share capital

	Ordinary shares of 1 penny each (thousands)	Deferred shares of 9 pence each (thousands)	Total (thousands)	Ordinary shares of 1 penny each £'000	Deferred shares of 9 pence each £'000	Total £'000
Called-up and allotted						
At 1 January 2019	861,105	171,650	1,032,755	8,608	15,413	24,021
Issue of shares in connection with:						
Exercise of share options	**3,545**	**—**	**3,545**	**35**	**—**	**35**
At 31 December 2019	**864,650**	**171,650**	**1,036,300**	**8,643**	**15,413**	**24,056**

During the year, the Company issued 3,545,000 shares to option holders for total consideration of £35,448.

13. Share-based payment

Equity-settled share-based payments

Share-based payment charges comprise 2016 LTIP charges of £1,115,000 (2018: £680,000). There have been no MSP charges in the current year (2018: £90,000). These costs are disclosed within administrative expenses, although the MSP share-based payment charge forms part of the MSP charges which is not included in EBITDA. There have been 18,092,000 options granted in the current year as part of the 2016 LTIP (2018: 16,071,000 options granted).

	2019		2018	
	Number of share options (thousands)	**Weighted average exercise price (£)**	Number of share options (thousands)	Weighted average exercise price (£)
2016 LTIP				
Outstanding at 1 January	**37,981**	**—**	22,551	—
Granted during the year	**18,092**	**—**	16,071	—
Lapsed during the year	**(7,417)**	**—**	—	—
Forfeited during the year	**(4,469)**	**—**	(641)	—
Outstanding at 31 December	**44,187**	**—**	37,981	—

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 at 31 December 2018 had a weighted average remaining contractual life of one year (2018: two years) in the 2016 LTIP.

The principal assumptions underlying the valuation of the 2016 LTIP options granted during the year at the date of grant are as follows:

	April 2019
Weighted average share price	**£0.05**
Weighted average exercise price	**£nil**
Expected volatility	**–**
Expected life	**3 years**
Risk-free rate	**n/a**
Dividend yield	**0%**

There have been 18,092,000 share options granted in the current year. The aggregate estimated fair value of the options and shares granted in the current year under the 2016 LTIP was £950,000.

Cash-settled share-based payments

On 29 April 2019, 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 fair value of the notional share options has been determined by the Black Scholes model using the assumptions noted in the equity-settled table above.

The Group has recorded a total expense in relation to cash-settled awards in 2019 of £105,000 (2018: £30,000) which are disclosed within administrative expenses. The Group has recorded liabilities for its cash-settled awards of £121,000 (2018: £30,000) which is included in trade and other payables.

14. Reconciliation of operating cash flows

	2019 £'000	2018 £'000
Loss for the year	**(944)**	(385)
Adjustments for:		
Depreciation and amortisation	**2,983**	866
Share-based payment expense	**1,220**	800
Impairment loss on intangible assets	**322**	—
Impairment loss on property, plant and equipment	**—**	71
Loss on disposal of intangible assets	**6**	11
Loss on disposal of property, plant and equipment	**34**	75
Share of loss in joint venture	**320**	199
Investment revenues	**(508)**	(531)
Finance costs	**1,003**	51
Income tax charge	**2,076**	712
Operating cash flows before movements in working capital	**6,512**	1,869
Decrease/(increase) in inventories	**72**	(82)
Increase in contract assets	**(2,133)**	(1,756)
Increase in receivables	**(4,970)**	(2,691)
(Increase)/decrease in insurance assets	**(18)**	6
Increase in payables	**1,556**	1
Increase in contract liabilities	**2,245**	2,407
Increase/(decrease) in insurance liabilities	**139**	(89)
(Decrease)/increase in provisions	**(553)**	372
Cash from operations	**2,850**	37
Income taxes paid	**(1,712)**	(870)
Net cash from/(used in) operating activities	**1,138**	(833)

Reconciliation of net funds

	At 1 January 2019 £'000	Change of accounting policy – IFRS 16 £'000	Cash flow £'000	Foreign exchange and other non-cash movement £'000	At 31 December 2019 £'000
Net cash per cash flow statement	**25,955**	**—**	**(4,046)**	**48**	**21,957**
Investing activities:					
Net investment lease assets	—	304	(157)	9	156
Total movement from investing activities	—	304	(157)	9	156
Financing activities:					
Lease liabilities	—	(5,817)	1,770	(3,219)	(7,266)
Borrowings due outside of one year					
Unamortised issue costs	90	—	—	(40)	50
Total movement from financing activities	90	(5,817)	1,770	(3,259)	(7,216)
Total net funds	**26,045**	**(5,513)**	**(2,433)**	**(3,202)**	**14,897**

15. Change in accounting policy

The Group adopted IFRS 16 *Leases* effective from 1 January 2019, which has led to updates in the Group's accounting policy for leases. In accordance with the transition provisions for IFRS 16, the Group has applied the cumulative catch-up approach and has not restated comparative reporting periods. As a result, the reclassification and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group has recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.1%.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the Standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics, including geographical location;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- relying on previous assessment of whether a lease is onerous.

The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 *Determining whether an arrangement contains a lease*.

Measurement of lease liabilities

	2019 £'000
Operating lease commitments at 1 January 2019	**5,532**
Operating lease commitments at 1 January 2019 restated net of VAT	**5,291**
Discounted using the lessee's incremental borrowing rate of 7.1%	(656)
Add: finance lease liabilities recognised at 1 January 2019	1,347
(Less): short-term leases recognised as expense on straight line basis	(146)
(Less): contracts reassessed as service agreements	(102)
Add: adjustments as a result of reassessment of extension and termination options	83
Lease liability recognised at 1 January 2019	**5,817**

	2019 £'000
Non-current lease liabilities	**4,530**
Current lease liabilities	**1,287**
	5,817

Measurement of right-of-use assets

The associated right-of-use assets for all leases were measured on a retrospective basis as if the new rules had always been applied. Any identified restoration costs were added to the initial costs of the right-of-use assets. Any right-of-use assets associated with leases previously deemed to be onerous were impaired where the previous assessment of the nature of the onerous lease remained appropriate. Right-of-use assets are depreciated using a straight line approach over their deemed useful economic life, which is based on interpretation of lease contract length in line with the requirements of the Standard.

The following right-of-use assets were recognised at 1 January 2019:

	2019 £'000
Property	**4,617**
Motor vehicles	**196**
Equipment	**310**
	5,123

Lessor accounting

The Group has certain finance lease arrangements where it acts as a lessor and has made adjustments to accounting for the associated sublet assets. The subleases were previously accounted for as operating leases under IAS 17. On adoption of IFRS 16, the Group recognised a net investment asset through reclassification of the associated right-of-use assets.

The net investment asset is measured at the present value of the remaining future minimum sublease payments to be received, discounted using the relevant incremental borrowing rate as at 1 January 2019. The right-of-use asset reclassified is measured at the proportion of the existing right-of-use assets that are sublet to the lessees in the arrangement. Any resulting differences are recognised as a gain or loss in the consolidated income statement.

Reconciliation of sublease future minimum payments to net investment assets

The following net investment lease asset was recognised at 1 January 2019:

	2019 £'000
Future minimum sublease payments at 1 January 2019	**278**
(Less): adjustments as a result of reassessment of extension and termination options	**(3)**
Add: residual value of subleased asset returned on conclusion of sublease	**41**
Discounted using the incremental borrowing rate	**(12)**
	304

	2019 £'000
Non-current net investment lease asset	**148**
Current net investment lease asset	**156**
	304

In addition to lease liabilities, right-of-use assets and net investment lease assets, the transition also reduced provisions due to onerous leases being presented net of right-of-use assets. Overall, the change in accounting policy impacted the balance sheet on 1 January 2019 by increasing assets by £5,427,000 and increasing liabilities by £5,630,000. The net impact on retained earnings on 1 January 2019 was a reduction of £203,000.

16. Related party transactions

Transactions with related parties

ORConsulting Limited (ORCL) is an organisation used by the Group for consulting services in relation to leadership coaching. Organisation Resource Limited (ORL), a company owned by Mark Hamlin, who is a Non-Executive Director of the Group, retains intellectual property in ORCL for which it is paid a licence fee. The fee paid to ORCL by the Group in 2019 was £100,000 plus VAT (2018: £90,000) and was payable under 30 day credit terms.

OR Talent Inc (ORTI) is an organisation which provides advice to the Group in senior leadership recruitment and integration. ORTI is a wholly owned subsidiary of OR Talent Limited (ORTL) in which Mark Hamlin holds 75% of the voting rights. The fee paid to ORTI by the Group in 2019 was £32,000 (2018: £nil) and was payable under 30 day credit terms.

Mark Hamlin is the Chairman of Globiva. The fees for this role are paid to his consultancy company, ORL. The fee paid to ORL by the Group in 2019 was £75,000 (2018: £28,000) and was payable under 25 day credit terms.

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:

	2019 £'000	2018 £'000
Short-term employee benefits	**2,412**	2,248
Post-employment benefits	**87**	82
Share-based payments	**893**	512
	3,392	2,842

17. Events after the balance sheet date

The COVID-19 pandemic is having a disruptive effect on global economies, including the markets in which the Group operate. In response to the pandemic the Group has invoked BCP plans in all its markets, with home-working in place where possible and customer service capability maintained. Following the speed in which a lockdown was invoked, India is an exception with service centres closed and home-working not viable for sales and service agents. Sales performance across the Group is currently impacted, however, recovery in new sales activity is expected once markets have moved beyond their respective lockdown periods. We do not anticipate a material impact on our renewal rates.

COVID-19 is an event that has arisen in Q1 2020, with the first reporting and government response in China through January, progressing to other markets through February and March. As such, in line with IAS 10 *Events after the reporting period*, the impact of COVID-19 is treated as a non-adjusting event. The effect would have been to reassess judgements and estimates applied in substantiating non-financial assets. The COVID-19 situation continues to rapidly evolve and due to ongoing uncertainty it is too soon to estimate the financial impact on the Group. The impact of COVID-19 will be factored into the assessment of these balances in 2020.

Cautionary statement

This announcement has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority. The announcement should not be relied on by any other party or for any other purpose.

The announcement contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of approval of the announcement but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Subject to the requirements of the UK Listing Authority, CPP undertakes no obligation to update these forward-looking statements and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this announcement.