

30 January 2023

Personal Group Holdings plc
("the Company" or "Group")

Trading Update

Strong levels of recurring revenue growth, providing increasing earnings visibility and paving the way for profitable growth in 2023

Personal Group Holdings Plc (AIM: PGH), the workforce benefits and services provider, is pleased to provide the following update for the financial year ended 31 December 2022 ("FY 2022"). The Company expects to publish its results for FY 2022, together with notification of its final dividend, on 28 March 2023.

Highlights

- Overall trading for FY 2022 was in line with market expectations, with revenue of approximately £85m (2021: £74.5m) and adjusted EBITDA of approximately £6m (2021: £6.1m)
- Considerable growth was delivered in H2, following the investments made into the sales team and offering, resulting in significant half on half EBITDA growth (H2 2022 adjusted EBITDA of approximately £4.5m, H1 2022: £1.5m)
- Group benefiting from increasing proportion of recurring revenues, providing high levels of visibility for 2023:
 - Insurance Annualised Premium Income ("API") increased by c.15% to £28.0m (2021: £24.4m)
 - Benefits Platform Annual Recurring Revenue ("ARR") increased c.56% to £5.0m (2021: £3.2m)
 - Pay & Reward ARR increased c.25% to £0.5m (2021: £0.4m)
- Strong retention levels across all areas, with insurance retention levels remaining above pre-pandemic averages
- Industrial action in key clients in H2 resulted in a softening of the expected trading performance of the Let's Connect business in its peak period
- Robust balance sheet with cash position in excess of £18m as at 31 December 2022 (2021: £22.9m) as expected, post the acquisition of Quintige Consulting Group (June 22) and internal technology investment

Operational Highlights

The Group continued to enjoy positive trading through the second half of the year, resulting in 101 new client wins in the year, whilst maintaining high levels of retention of existing clients. Continued progress against the Board's key strategic objectives was made with the *Affordable Insurance* and *Benefits Platform* divisions in particular, demonstrating strong underlying growth.

Affordable Insurance

Momentum continued into H2, with new business sales records achieved for both the best month and the best annual performance by an individual sales colleague, helping to drive up the API value to £28.0m (December 2021: £24.4m). Achieving this level of growth against a backdrop of industrial action and the cost-of-living crisis, provides the Company with a solid foundation from which to grow further in 2023, when the full benefit of the sales achieved in 2022 are expected to be seen.

As anticipated, claims levels for the year were higher than historic norms as NHS activity ramped up post Covid, but remained at projected levels in H2, after the higher than anticipated levels of Q1.

Encouragingly, retention levels continued to remain above the Group's pre-pandemic averages and are a validation of the value placed on our products by our policyholder base.

Benefits Platform

Further growth was seen in H2 as the relationship with Sage continued to strengthen. ARR from Sage Employee Benefits increased to £3.0m at the end of the year (2021: £1.6m) and, significantly, our target of 50,000 paying employees by the end of 2022 was met. This provided a large contribution towards the growth in the division's overall ARR to £5.0m (2021: £3.2m), alongside new business wins and strong retention rates for our Enterprise clients.

Pay & Reward

Quintige Consulting Group Limited, acquired at the end of June 2022, performed well in H2 and contributed to growth in this division. Innecto performed steadily in H2 and ARR from its Job Evaluation, Pay Benchmarking and Pay Review software products now stands at £0.55m (2021: £0.43m) generated through a combination of new business sales and strong retention rates.

Other Owned Benefits (Let's Connect)

Our consumer technology benefits business, Let's Connect, had a challenging H2 with industrial action taking place in its major client, Royal Mail Group. This compounded existing supply chain availability and impacted its peak trading period. Whilst other clients performed well, emphasising the cost-of-living benefit for employees of being able to spread the cost of technology purchases, the impact of the aforementioned industrial action resulted in a divisional performance broadly in line with FY21 but down on management expectations.

Outlook

Whilst we have planned for 2023 to be another difficult year for the economy and wider macro environment, the strength of the Company's trading in 2022, strong retention levels across all areas and the Group's growing API and ARR continue to provide the Board with confidence in the future opportunity for the business.

Our products remain extremely relevant in a growing market. This, together with a strong balance sheet, quality customer base and leading technology platform, mean that we are well placed to capitalise on opportunities as employee engagement remains high on the agenda and have a strong platform from which to grow further.

Deborah Frost, Chief Executive of Personal Group, commented:

"2022 was a pivotal year for Personal Group, as we put the pandemic behind us and rebuilt our business strongly, delivering underlying double-digit growth in many areas of our recurring revenue. Against a turbulent backdrop, we have proven the resilience of our offering and business model and continued to deliver in line with expectations.

Our offerings are needed now, more than ever. Our core customers in warehousing, transport, manufacture and care have robust employment prospects, and they and their employers are investing in protection and wellbeing solutions as they seek to retain and support their workforces. The vast UK SME market is enthusiastic about our employee benefits platform, and we are excited by the substantial growth of this division.

We start 2023 with positivity across the business and our Board and management team are confident in our ability to deliver profitable growth for all our stakeholders in 2023."

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

-ENDS-

For more information please contact:

Cenkos Securities Plc

Camilla Hume / Callum Davidson (Nomad)
Russell Kerr (Sales)

+44 (0)20 7397 8900

Alma PR

Caroline Forde / Joe Pederzoli / Kinvara Verdon

+44 (0)20 3405 0205

personalgroup@almapr.co.uk

Notes to Editors

Personal Group Holdings Plc (AIM: PGH) is a workforce benefits and services provider. The Group enables employers across the UK to improve employee engagement and support their people's physical, mental, social and financial wellbeing. Its vision is to create a brighter future for the UK workforce.

Personal Group provides health insurance services and a broad range of employee benefits, engagement, and wellbeing products. Its offerings can also be delivered through its proprietary app, Hapi, and the recently developed extension to the platform, Hapiflex.

The Group's growth strategy is centred around widening the footprint of the business into the SME, talent-led & Public Sectors, thereby expanding the addressable customer base. In addition, it aims to grow in its existing industrial heartlands, to re-invigorate growth in insurance policyholders and to drive the use of its SaaS offerings.

Group Clients include: Airbus, B & Q, Barchester Healthcare, British Transport Police, The Prince's Trust, Randstad, Royal Mail Group, The Royal Mint, the Sandwell & Birmingham NHS Trust, Stagecoach Group plc, and The University of York.

For further information on the Group please see www.personalgroup.com

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