RNS Number : 3932U
Personal Group Holdings PLC
28 March 2023

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

Preliminary Results and Final Dividend

Personal Group Holdings Plc (AIM: PGH), the workforce benefits and services provider, is pleased to announce its preliminary results for the year ended 31 December 2022.

The Group has successfully delivered growth across the majority of its KPIs, increasing total client numbers and reporting double digit growth in key areas of recurring revenue. The strength of trading in the second half of the year underpins the Board's confidence that Personal Group is firmly back on a growth trajectory and set to benefit from the investments that have been made in the offering and team.

Financial Highlights

- Group revenue up 16% to £86.7m (2021: £74.5m)
- Adjusted EBITDA* of £6.0m, in line with market expectations, (2021: £6.1m), showing significant half on half EBITDA growth (H2 2022 adjusted EBITDA of approximately £4.5m, H1 2022: £1.5m)
- Adjusted profit before tax** of £3.8m (2021: £4.3m profit), with a statutory loss before tax of £6.8m as a result of £10.6m goodwill impairment of Let's Connect
- Adjusted Basic EPS** of 10.6p (2021: 11.5p), with a statutory Basic EPS of (23.1)p (2021: 11.5p)
- Strong balance sheet and liquidity, with cash and deposits at year end of £18.7m (2021: £22.9m) and no debt
- Final dividend for 2022 of 5.3p per share, making a full year dividend for 2022 of 10.6p (2021: 10.6p)

Operational Highlights

- **Continued expansion of our customer base and high retention rates**
    - Significant new contracts secured with 101 new clients (2021: 86), including Secure Trust Bank, Telford & Wrekin Council and the National Trust
    - 1.4m employees in the UK workforce with access to one or more of the Group's services (2021: 1.2m)
    - High client and customer retention rates, evidencing the value placed on our products
- **Increased Affordable Insurance sales provide basis for future growth**
    - Annualised Premium income up 15% to £28.0m (2021: £24.4m)
    - New insurance sales of £9.5m, up 157% (2021: £3.7m); at the highest level seen since 2018, benefiting from investments in our sales team.
    - Claims ratios increased to 27.7% (2021: 24.5%) higher than historic norms as hospital admittances and visits increased post COVID-19 lockdowns. As the NHS continues to address long waiting lists, we anticipate this continuing in the short to medium term.
- **Benefits platform providing increased contribution to the Group**
    - Subscriptions for our enterprise platform, Hapi, gained momentum with Annualised Recurring Revenue (ARR) increasing by 29% to £2.0m (2021: £1.6m)
    - Expansion into SME market also continued to grow at pace, with Sage Employee Benefits, the Group's SME proposition, being taken to market through Sage achieving gross ARR by end of 2022 of £3.0m (2021: £1.6m) and 50,000 paying employees on the platform.
- **Challenging H2 for Let's Connect**
    - Consumer technology benefits business impacted by industrial action within in its major client, compounding existing supply chain availability and impacting its peak trading period, leading to a goodwill impairment.
    - Other clients performed well, emphasising the cost-of-living benefit for employees in being able to spread the cost of technology purchases without the interest charges and credit checks they face on the High Street.
- **M&A adds to Pay & Reward division footprint**
    - Acquisition of Quintige Consulting Group in July 2022 presents opportunities for cross-selling and adding new clients

new clients.

Confident Outlook

- Growth in insurance book and increased levels of ARR provide high levels of visibility of revenues for 2023. This, together with investments in the development of the Hapi platform and expansion of our Pay and Reward offering provide confidence in another successful year
- Trading has continued positively into the first quarter, including good momentum in new insurance policy sales.
- While cognisant of the ongoing economic challenges, the Board looks to the future with a strong sense of optimism and confidence in meeting market expectations for FY23.

**Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation of intangible assets, goodwill impairment, share-based payment expenses, corporate acquisition costs and restructuring costs.*
*** Excluding goodwill impairment of Let's Connect of £10.6m.*

Deborah Frost, Chief Executive of Personal Group, commented:

"I have a great deal of satisfaction on looking back on a pivotal year for Personal Group; we delivered a strong year of new business development, insurance book growth and expansion in our key market focus of Small and Medium Business. I am very proud of how my team have rebuilt the business post the impact of the pandemic, delivering double digit growth in many key areas of our book of recurring revenue. Annualised Premium Income ends the year 15% ahead of last year's close, new client numbers are up 17% and we have hit our Sage channel target of 50,000 paying employees from 2,800 companies.

"Our business is now significantly stronger and more diversified than it was in 2019, our last year of full trading pre-pandemic. Amidst an uncertain wider trading environment, the need for organisations to look after their people has never been more important, and whilst our core business plays a very important role in our future, we have expanded our reach to different sectors of the economy, widening our market opportunity for growth in the future. We are now seeing the investments we have made in sales, marketing and technology bearing fruit through the number of new clients we are engaging with and delivering for. Whilst we have planned for 2023 to be another difficult year for the economy, we are confident our offer resonates with our target markets, and we will continue to see growth over the forthcoming years."

An overview of the preliminary results from Deborah Frost, Chief Executive, is available to watch here:https://www.fmp-tv.co.uk/2023/03/28/personal-group-tvclip/

Personal Group Holdings will be hosting a webinar for private investors on Friday 31 March at 12.00. If you would like to register for the webinar, please follow this link: https://www.investormeetcompany.com/personal-group-holdings-plc/register-investor

-ENDS-

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under The Market Abuse Regulation (EU 596/2014) pursuant to the Market Abuse (Amendment) (EU Exit) Regulations 2018. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

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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

CHAIR STATEMENT

I am pleased to report on a year of progress, in which the team have again delivered on our strategic and financial objectives. The strength of trading in the second half of the year underpins our confidence that we are now firmly back on a growth trajectory, set to benefit from the investments we have made in our offering and team.

It is evident to me that the team takes great pride in our role in supporting people's physical, mental, social and financial wellbeing, working together to achieve our vision: to create a brighter future for the UK workforce. This clear sense of purpose, with a passion for clients, partners and the people within the business, has stood Personal Group in good stead through the economic challenges of recent years, and we have emerged a stronger and more diversified business as a result. I would like to thank the team for their continued hard work and embodiment of the Company's values.

Achieving growth

We have successfully delivered growth across a number of our KPIs, increasing our total client numbers and reporting double digit growth in key areas of our recurring revenue.

Of particular note in the year was the reinvigoration of the insurance sales model which had been so affected by the pandemic. Recruiting the right people, training, and getting them back in to see clients was by no means a simple task and has been achieved exceptionally well, exemplified by the consecutive record new insurance sales achieved in November and December. Whilst this investment in the field sales team impacts our profits in the short term the benefits of the resultant growth in the insurance book will be seen in future years.

Across the benefits platform we won new customers and secured valuable new partners, including the signing of a multi-year extension to our engagement with Sage to power the Sage Employee Benefits platform which is reflective of the success of our partnership to date. Following its establishment several years ago, momentum accelerated in 2022, resulting in an increased gross Annualised Recurring Revenue of £3.0m (2021: £1.6m) with c50,000 paying employees on the platform at the end of the year and we are confident that this will continue to be a growth engine for the business.

The acquisition of Quintige Consulting Group Limited ("QCG") in July has enhanced the Group's overall pay and reward offering and consolidated the Group's position as a leading provider of employee services in the UK. Integration of the QCG team into our organisation is progressing well and we are already benefiting from shared knowledge and activities.

We are, of course, not immune to the disruption taking place across the UK, whether that be strikes or ongoing supply chain issues. As described in our trading update issued in January 2023, our consumer technology business, Let's Connect, had a challenging second half of the year, as a result of the industrial action taking place at its major client. This continued action has had implications as we have moved into the start of 2023, and as a result, the current salary sacrifice technology scheme we run with them is no longer appropriate for them in its current format. Whilst not reflective of our overall offering, taken alongside continued uncertainties around supply chain and ongoing margin pressures, in undertaking our annual impairment review of the goodwill held from the acquisition of Let's Connect in 2014, we have made the prudent decision to fully impair the £10.6m of goodwill created on acquisition. Whilst this has impacted our statutory profit before tax for the year it is a non cash item and does not affect the financial strength of the business.

We are all cognisant of operating within an inflationary environment and the management team have negotiated this well, through the careful management of resources and considered investment. With inflation set to remain high throughout 2023, we will continue to carefully balance the investment in the business with profitable growth.

A strengthened team

Personal Group places the success and happiness of people at its heart, demonstrated by the very nature of our offering. Internally, this ethos has seen the business maintain our high staff retention rates, whilst also supporting the hiring of additional talented senior managers to strengthen the team as well as the introduction of the QCG team in July. In April, we welcomed Ciaran Astin to the Board as Non-Executive Director. Ciaran brings with him a wealth of sales, digital and marketing experience.

ESG

As a Board, we are committed to high standards of ESG and made good progress against our stated objectives during the year, building on our existing foundation of responsible business practice. We have made progress in reducing our carbon footprint, fostering an inclusive, progressive and diverse working environment and ensuring a robust corporate governance framework, all enhancing our wider Environmental, Social and Governance (ESG) strategy.

It is in the area of societal good that we believe we can have the most positive impact, both through our own actions and providing the tools for our customers to similarly effect change. You can read more on these efforts within the ESG section of our Annual Report.

A growing market

The need for organisations to look after their people has never been more important. Caring for health, wellbeing, and building a sense of community is crucial to modern companies and represents the ongoing opportunity for Personal Group. In this current macroeconomic environment, there are few, if any, markets about which one can be so optimistic and we look forward to capitalising on the opportunity.

Dividend

I am pleased to announce that the Board has recommended a final ordinary dividend of 5.3 pence per share which will be paid to shareholders on 18 May 2023. This makes a total ordinary dividend for 2022 of 10.6 pence per share. The Board has considered the level of dividend in the context of the non-cash impairment of goodwill, alongside the underlying growth seen during the year and continued confidence in the Group's business model and prospects.

Outlook

With the impact of the pandemic now largely behind us, and with the growth we have seen in our key areas of recurring revenue, our focus now is on taking Personal Group onto the next stage of growth and we have entered 2023 on the front foot, benefiting from the strong end to FY22. The growth in our insurance book, investments in our Hapi platform and expansion of our Pay and Reward offering all provide confidence in another successful year.

While cognisant of the ongoing economic challenges, we look to the future with a strong sense of optimism and remain committed to the continued execution of our strategy.

committed to the continued execution of our strategy.

Martin Bennett

Non-Executive Chair
27 March 2023

CEO STATEMENT

I have a great deal of satisfaction on looking back on a pivotal year for Personal Group. In 2022, we came out of the pandemic and built on 2021's work in the restarting of the engine of the business. We have delivered a strong year of new business development, insurance book growth and expansion in our key market focus of Small and Medium Business.

In a year when many businesses have issued profit warnings, political turbulence has spilled over into financial markets and inflation has deeply affected many people in the UK, I am very proud of how my team have been rebuilding the business with double digit growth in many key areas of our book of recurring revenue. Annualised Premium Income ends the year 15% ahead of last year's close, new client numbers are up 17% and we have hit our Sage channel target of 50,000 paying employees from 2,800 companies.

Sales and Operational Review

Affordable insurance

2022 was always going to be a year of lower profit, primarily because our historical normal investment in our field sales insurance team has been set against lower premium values, as a result of the pandemic. Slightly higher claims ratios this year were expected against previous years of low NHS activity but have remained stable. However, this has been a year of bests: best annual individual performance ever by a field sales colleague, best ever month in November 2022, and best ever December in 2022. Our new insurance sales of £9.5m were up 157% on 2021 and at the highest level seen since 2018. These achievements are set against a backdrop of industrial action and staff shortages in our clients, which means our site visits have to be professional and credible in building employee engagement for our clients, as well as offering key insurances for our policyholders. Over 50% of client employees that we present our insurance policies to choose to buy our insurances on the day we meet them which emphasises the value perceived in our products. The majority of our policyholders elect to pay through their payroll on a weekly or monthly basis, these policies typically have a lifetime value of around five years - so business written in 2022 builds momentum for the future.

Benefits platform

Our new business and account management teams for Enterprise clients have also had success this year. Our overall client retention rate remains extremely high for the benefits business where we retained 164 clients in year (95% retention) and added 22 new ones.

The five-year deal signed with Sage in February highlights the value that both partners place on the relationship, with us hitting our target of 50,000 paying employees by the end of 2022. This shows growth of +87% from £1.6m ARR end 2021 to £3.0m ARR end 2022. We are now actively seeking other external partners, to widen our reach, and build further ARR streams.

Pay and reward

Since the acquisition of QCG in July 2022, the Pay and Reward division has continued to develop, with cross selling of Innecto Digital and Hapi platforms, and bringing on of new clients. The division now serves 174 active clients, although as is the nature of consultancy, these clients cyclically move on, as projects are completed. We have been pleased with the retention of Innecto Digital products, covering Job Evaluation, Pay Benchmarking and Pay Review software. Our blended retention rate is 87% against a target of 75%, with 12 new clients added.

Other owned benefits: Let's Connect

Let's Connect has experienced a challenging year: the backdrop of industrial unrest in their biggest client affected our marketing campaigns as well as the ability of striking workers to afford new technology items. We have recognised that this will impact this area of the business going forwards and accordingly have determined to take a prudent approach and fully impaired the value of goodwill associated with it as a result of its acquisition in 2014. Notwithstanding this, other Let's Connect clients have performed well, emphasising the cost-of-living benefit for employees in being able to spread the cost of technology purchases, without the direct interest charges and credit checks that they face on the High Street. Some stock shortages have affected sales in the year, but this has significantly improved in comparison to the last couple of years.

Future outlook

Our business is now significantly stronger and more diversified than 2019, our last year of trading pre-pandemic. Previously the business mainly operated in our heartlands of lower wage, hourly-paid employees; food production, transport, care homes, warehousing and distribution. Whilst our core business plays a very important role in our future, as we set out in our strategic roadmap in 2019, we have expanded our reach to different sectors of the economy - SMEs, the public and ex-public sectors, and salaried employees in the private sector. This widens the Group's platform and market opportunity for growth in the future, and our investment in sales and marketing and technology is now bearing fruit in the number of new clients we are engaging with and delivering for. Underlying organic growth in 2022 will lead to increased EBITDA in 2023 and beyond, as our business model is mainly based on recurring contracts, whether with SMEs, insurance policyholders or our major Enterprise clients.

We also continue to search for acquisitive growth that will increase shareholder value. Alongside the small acquisition made in-year, we have continued to review selected acquisition opportunities against a clearly defined criteria of identifying businesses that would be capable of adding complementary, earnings-accretive non-organic growth.

Whilst we have planned for 2023 to be another difficult year for the economy, trading in 2023 has started positively and we are confident our offer resonates with our target markets, and we will continue to see growth over the forthcoming years.

Deborah Frost

Group Chief Executive

27 March 2023

CFO STATEMENT

Group revenue

Group revenue for the year increased 16% to £86.7m (2021: £74.5m) reflecting growth across all areas of the business, with the exception of the Other Owned Benefits division (Let's Connect).

With COVID-19 lockdowns, which impacted our ability to carry out our traditional face-to-face selling of insurance, firmly behind us, our insurance segment returned to growth as anticipated and as at 31 December 2022 we have an insurance book of £28.0m Annualised Premium Income (API) (31 December 2021 £24.4m), the majority of which is renewable on weekly or monthly rolling contracts.

External income from our internally developed Benefits Platform increased by over 45% year on year, following on from the 40% growth seen in the previous year. This growth is a result of our continued expansion into the SME sector through our partnership with Sage and growth in our own HAPI platform sales. Growth in our pay and reward segment reflected the acquisition of Quintige Consulting Group (QCG) at the start of the second half of the year but also growth in consultancy income and digital subscription income in Innecto. Annualised Recurring Revenue (ARR) across all the Group's digital platforms now stands at £5.6m (2021: £3.6m).

Sales of technology and other products to employers as part of their employee benefit provision through the Group's subsidiary, Let's Connect, fell short of 2021, primarily as a result of industrial action in its key client impacting its peak trading period in Q4.

Income from voucher resale through the benefits platform also grew significantly in the year and, whilst this predominantly represents pass-through revenue, it does continue to demonstrate the value that our Benefits Platform provision can bring to our clients and their employees.

Adjusted EBITDA*

Adjusted EBITDA* for the year was £6.0m (2021: £6.1m). Adjusted EBITDA remained in line with last year but reflected a changing mix in contribution from the various business areas.

As anticipated, we saw a reduced contribution from the insurance business, as we invested heavily in the acquisition costs of the field sales team as it re-established itself to pre-Covid levels. Offsetting this we saw increased contribution from both our Pay & Reward and Benefits Platform businesses in line with their increased revenues, with the contribution from Other Owned Benefits remaining broadly flat year on year. Outside of the core segments, group administration and central costs reduced in line with a return to more normalised levels of sales and marketing spend.

We believe adjusted EBITDA* remains the most appropriate measure of performance for our business, reflecting the underlying profitability of the business and removing the impact of one-off items arising from past acquisitions on the Group's reported profit before tax. The definition remains unchanged from previous years.

Loss before and after tax

Statutory loss before tax for the year was £6.8m (2021: profit of £4.3m). This reflects an operating profit of £3.8m together with a £10.6m impairment charge relating to the goodwill balance associated with Lets Connect. Despite the profitability of Lets Connect being maintained at a similar level to 2021, the operating landscape at its key client has changed and the current salary sacrifice technology scheme they run is no longer appropriate for them in its current format. As a result the future revenue stream for this area of the business has significantly changed and an impairment charge has been registered. The tax charge for the year was £0.5m (2021: £0.7m), and loss after tax for the year £7.3m (2021: profit of £3.6m).

Excluding the non-cash impairment charge the profit before tax is £3.8m.

EPS

Resulting earnings per share was (23.1p) (2021: 11.5p); excluding the non-cash impairment charge this would have been 10.6p.

Dividend

The Board has recommended a final ordinary dividend of 5.3 pence per share, making a total ordinary dividend for 2022 of 10.6 pence per share. The final ordinary dividend will be paid on 18 May 2023 to members on the register as at 11 April 2023 (the pence per share. The final ordinary dividend will be paid on 18 May 2023 to members on the register as at 11 April 2023 (the record date). Shares will be marked ex-dividend on 6 April 2023. The last day for elections will be on 25 April 2023. The Board has considered the level of dividend in the context of the non-cash impairment of goodwill, alongside the underlying growth seen during the year and the continued confidence in the Group's business model and prospects.

Balance sheet

As at 31 December 2022 the Group's balance sheet remained strong, with cash and deposits of £18.7m (2021: £22.9m) and no debt. This reduction reflects both the c£1m purchase of QCG and a £1.5m equity investment (valued at £1.3m within Financial Investments) alongside investment of c£1m in our proprietary software. The Group's main underwriting subsidiary, Personal Assurance Plc (PA), continues to maintain a conservative solvency ratio of 333% (unaudited), with a £8.1m surplus over its Solvency Capital Requirement of £3.5m. The Company has consistently maintained a prudent position in relation to its Solvency II requirement. Personal Assurance (Guernsey) Limited, the Group's subsidiary which underwrites the death benefit policy, also maintained a healthy solvency ratio of 312% (unaudited), under its own regime.

Segmental Results (see note 1)

The Group reports across four core segments as detailed in the table below.

For each of the segments, the adjusted EBITDA* contribution comprises the gross profit of that segment together with any costs associated directly with the operation of that segment. Sales and marketing costs and other central costs that are not directly attributable to a segment, such as Finance, HR, depreciation, amortisation and Group Board expenses are not allocated to a segment and are shown separately as 'Group Admin & Central Costs'.

We believe this presentation provides transparency to enable the impact of top line growth on adjusted EBITDA* contribution for each area of the business to be better understood.

Segment	**Description**	**Income Streams**
Pay & Reward	Provision of a full reward service to employers through the Group's pay and reward subsidiaries, Innecto and QCG	Consultancy, industry surveys and digital platform subscriptions
Benefits Platform	Provision of a benefits platform to employers both directly (Hapi) and through channel partners, currently Sage for our SME solution	Digital platform subscriptions, commissions from third party benefits which sit on the platform
Affordable Insurance	A directly owned benefit, provision of simple insurance products underwritten by Group subsidiaries	Premium income
Other Owned Benefits	Other directly owned benefits: sale of technology and other products to employers as part of their employee benefit provision through the group's subsidiary, Let's Connect	Retail sales directly to employers, commission received from the introduction of third-party finance

Pay & Reward: Innecto

Innecto's strong performance in 2021 continued into 2022, with consultancy income up 34% as the battle for talent continued and demand from HRDs looking to retain and attract their employees increased. Digital subscription income from its proprietary HR solutions also increased by 19% on the previous year. Annualised Recurring Revenue on these products stood at £0.5m as at 31 December 2022 (2021: £0.4m).

The acquisition of QCG in July 2022 also added to the Group's Pay & Reward offering with the expectations set out at acquisition achieved in the second half of the year. Whilst operating in a similar market to Innecto, QCG operates in different market sectors, has a strong presence in pay surveys and provides opportunities to cross sell across both client bases.

Collectively this division achieved revenue of £2.0m (2021: £1.2m) and EBITDA of £0.5m (2021: £0.3m) of which QCG contributed £0.4m of revenue and £0.1m of EBITDA post acquisition.

Benefits Platform

Revenue from digital platform subscriptions and commissions from third party benefit suppliers which sit on the benefits platform rose to £4.8m in 2022 (2021: £3.3m).

Subscriptions for our enterprise platform, Hapi, gained momentum in 2022 with ARR on the platform increasing by 29% to £2.0m (2021: £1.6m) during the course of the year and are expected to benefit further in 2023 with the refined and refreshed Hapi 2.0.

Our expansion into the SME market also continued to grow at pace, with Sage Employee Benefits, the Group's SME proposition being taken to market through its partner Sage. Having signed a new five-year contract in February 2022 and with an updated version of the platform to be launched in 2023, we are anticipating further growth in its ARR which stood at £3.0m at the end of the year (2021: £1.6m).

As at 31 December 2022 the ARR from Benefits Platform subscriptions across all channels stood at £5.0m (2021: £3.2m).

Adjusted EBITDA contribution of £2.9m (2021: £2.1m) increased in line with increased revenue but also demonstrates the increased margins available as this area of the business scales up.

Affordable Insurance

Premium income from the Group's core insurance business increased by £0.6m to £25.3m (2021: £24.7m).

The strong opportunity for our face-to-face sales activity, driven by employers wishing to re-engage with their workforce post COVID-19, has given opportunity to rebuild the sales team and grow the insurance book back towards levels seen pre-COVID. £9.5m of new insurance sales were written during the year (2021: £3.7m) which together with continued strong retention rates for existing policyholders meant that as at 31 December 2022 we have £28.0m (2021: £24.4m) of Annualised Premium Income, the majority of which are renewable on weekly or monthly rolling contracts.

Claims ratios for the year increased to 27.3% (2021: 24.5%) higher than historic norms as hospital admittances and visits increased post COVID-19 lockdowns. As the NHS starts to address their long waiting lists, we anticipate this continuing in the short to medium term.

Adjusted EBITDA contribution of £9.0m for the year (2021: £11.0m), reflects the increased premiums and claims costs but also the increased acquisition costs of the field sales team as we invested heavily to re-establish it at pre-Covid levels. The benefit of the related new insurance sales will be seen in future years.

Other Owned Benefits: Let's Connect

Let's Connect, which provides technology and other products to employers as part of their employee benefit provision, saw revenues decrease to £16.8m (2021: £18.2m), although margin improvements helped mitigate the impact on its EBITDA contribution of £0.7m (2021: £0.7m). The industrial action which took place at its key client in the second half of the year impacted its peak trading period in Q4 and has led to full impairment of the £10.6m goodwill balance associated with its acquisition at group level.

Group Administration Expenses and Central Costs

Group administration and central costs of £7.1m (2021: £8.2m) reflected a return to a more normalised level of sales and marketing spend post the additional investment made in 2021 alongside a reduced level of bonus costs.

Sarah Mace

Chief Financial Officer
27 March 2023

Consolidated Income Statement

	2022	2021
	£'000	£'000
Gross premiums written	**25,660**	25,050
Outward reinsurance premiums	**(138)**	(163)
Change in unearned premiums	**(254)**	(208)
Change in reinsurers' share of unearned premiums	**(11)**	(9)
Earned premiums net of reinsurance	**25,257**	24,670
Employee benefits and services income	**23,627**	22,753
Voucher resale income	**37,389**	26,852
Other income	**237**	215
Investment income	**145**	23
Revenue	**86,655**	74,513
Claims incurred	**(6,990)**	(6,049)
Insurance operating expenses	**(6,619)**	(4,860)
Employee benefits and services expenses	**(22,236)**	(22,370)
Voucher resale expenses	**(37,368)**	(26,894)
Other expenses	**(33)**	82
Group administration expenses	**(8,973)**	(9,779)
Share based payments expenses	**(291)**	(169)

Unrealised losses on equity investments	**(210)**	-
Charitable donations	**(100)**	(100)
Expenses	**(82,820)**	(70,139)
Operating profit	**3,835**	4,374
Finance costs	**(20)**	(32)
Impairment of Goodwill	**(10,575)**	-
(Loss) / Profit before tax	**(6,760)**	4,342
Tax	**(493)**	(745)
(Loss) / Profit for the year	**(7,253)**	3,597

The loss for the year is attributable to equity holders of Personal Group Holdings Plc

Earnings per share	**Pence**	Pence
Basic	**(23.2)**	11.5
Diluted	**(23.2)**	11.5

There is no other comprehensive income for the year and, as a result, no statement of comprehensive income has been produced. All operations are classed as continuing activities.

Consolidated Balance Sheet at 31 December 2022

	2022 £'000	2021 £'000
ASSETS		
Non-current assets		
Goodwill	**2,684**	12,696
Intangible assets	**2,384**	1,637
Property, plant and equipment	**4,639**	5,033
	9,707	19,366
Current assets		
Financial assets	**3,031**	2,596
Trade and other receivables	**15,863**	14,035
Reinsurance assets	**95**	108
Inventories - Finished Goods	**726**	898
Cash and cash equivalents	**16,958**	20,291
Current tax assets	**229**	310
	36,902	38,238
Total assets	**46,609**	57,604

Consolidated Balance Sheet at 31 December 2022

	2022 £'000	2021 £'000
EQUITY		
Equity attributable to equity holders of Personal Group Holdings Plc		
Share capital	**1,562**	1,561
Share premium	**1,134**	1,134
Share based payment reserve	**367**	158

Capital redemption reserve	**24**	24
Other reserve	**(55)**	(32)
Profit and loss reserve	**27,946**	38,436
Total equity	**30,978**	41,281
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	**681**	478
Trade and other payables	**130**	402
Current liabilities		
Trade and other payables	**11,346**	12,356
Insurance contract liabilities	**3,474**	3,087
	14,820	15,443
Total liabilities	**15,631**	16,323
Total equity and liabilities	**46,609**	57,604

Consolidated Statement of Changes in Equity for the year ended 31 December 2022

Equity attributable to equity holders of Personal Group Holdings Plc

	Share capital	**Share Premium**	**Capital redemption reserve**	**Share Based Payment reserve**	**Other reserve**	**Profit and loss reserve**	**Total equity**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance as at 1 January 2021	1,561	1,134	24	158	(32)	38,436	41,281
Dividends	-	-	-	-	-	(3,310)	(3,310)
Employee share-based compensation	-	-	-	271	-	20	291
Proceeds of SIP* share sales	-	-	-	-	-	11	11
Cost of SIP shares sold	-	-	-	-	20	(20)	-
Cost of SIP shares purchased	-	-	-	-	(43)	-	(43)
LTIP Options Exercised	1	-	-	(62)	-	62	1
Transactions with owners	1	-	-	209	(23)	(3,237)	(3,050)
Profit for the year	-	-	-	-	-	(7,253)	(7,253)
Balance as							

Balance as at 31 Dec 2022	**1,562**	**1,134**	**24**	**367**	**(55)**	**27,946**	**30,978**

*PG Share Ownership Plan (SIP)

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

Equity attributable to equity holders of Personal Group Holdings Plc

	Share capital	Share Premium	Capital redemption reserve	Share Based Payment reserve	Other reserve	Profit and loss reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	1,561	1,134	24	-	(21)	38,076	40,774
Dividends	-	-	-	-	-	(3,244)	(3,244)
Employee share-based compensation	-	-	-	158	-	11	169
Proceeds of SIP* share sales	-	-	-	-	-	24	24
Cost of SIP shares sold	-	-	-	-	28	(28)	-
Cost of SIP shares purchased	-	-	-	-	(39)	-	(39)
Transactions with owners	-	-	-	158	(11)	(3,237)	(3,090)
Profit for the year	-	-	-	-	-	3,597	3,597
Balance as at 31 Dec 2021	**1,561**	**1,134**	**24**	**158**	**(32)**	**38,436**	**41,281**

*PG Share Ownership Plan (SIP)

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement

	2022	2021
	£'000	£'000
Net cash from operating activities (see next page)	**3,240**	7,588
Investing activities		
Additions to property, plant and equipment	**(332)**	(236)
Additions to intangible assets	**(1,196)**	(981)
Proceeds from disposal of property, plant and equipment	**39**	1
Proceeds from disposal of financial assets	**871**	-
Purchase of financial assets	**(1,517)**	(9)
Interest received	**145**	23
Acquisition of QCG	**(812)**	-
Net cash used in investing activities	**(2,802)**	(1,202)
Financing activities		
Proceed from issue of shares	**1**	-
Interest paid	**-**	2
Purchase of own shares by the SIP	**(54)**	(35)
Proceeds from disposal of own shares by the SIP	**21**	20
Payment of lease liabilities	**(429)**	(427)
Dividends paid	**(3,310)**	(3,244)
Net cash used in financing activities	**(3,771)**	(3,684)
Net change in cash and cash equivalents	**(3,333)**	2,702
Cash and cash equivalents, beginning of year	**20,291**	17,589
Cash and cash equivalents, end of year	**16,958**	20,291

Consolidated Cash Flow Statement

	20
	£'0
Operating activities	
Profit after tax	**(7,25**
Adjustments for	
Depreciation	**1,0**
Amortisation of intangible assets	**7**
Goodwill impairment	**10,5**
Profit on disposal of property, plant and equipment	
Realised and unrealised investment losses	**2**
Interest received	**(14**
Interest charge	
Share-based payment expenses	**2**
Taxation expense recognised in income statement	**4**
Changes in working capital	
Trade and other receivables	**(1,63**
Trade and other payables	**(1,01**
Inventories	**1**
Taxes paid	**(32**

Net cash from operating activities	**3,2**

Notes to the Financial Statements

1 Segment analysis

The segments used by management to review the operations of the business are disclosed below.

1) Affordable Insurance

Personal Assurance Plc (PA), a subsidiary within the Group, is a PRA regulated general insurance Company and is authorised to transact accident and sickness insurance. It was established in 1984 and has been underwriting business since 1985. In 1997 Personal Group Holdings Plc (PGH) was created and became the ultimate parent undertaking of the Group.

Personal Assurance (Guernsey) Limited (PAGL), a subsidiary within the Group, is regulated by the Guernsey Financial Services Commission and has been underwriting death benefit policies since March 2015.

This operating segment derives the majority of its revenue from the underwriting by PA and PAGL of insurance policies that have been bought by employees of host companies via bespoke benefit programmes. During 2020 PAGL began underwriting employee default insurance for a proportion of LC customers.

2) Other Owned Benefits

This segment constitutes any goods or services in the benefits platform supply chain which are owned by the Group. At present this is made up of technology salary sacrifice business trading as PG Let's Connect, purchased by the Group in 2014.

3) Benefits and Platform

Revenue this segment relates to the annual subscription income and other related income arising from the licensing of Hapi, the Group's employee benefit platform. This includes sales to both the large corporate and SME sectors.

4) Pay and Reward

Pay and Reward refers to the trade of the Group's pay and reward consultancy Company Innecto, purchased in 2019, and QCG, purchased in 2022. Revenue in this segment relates to consultancy, surveys, and licence income derived from selling digital platform subscription.

5) Other

The other operating segment consists exclusively of revenue generated by Berkely Morgan Group (BMG) and its subsidiary undertakings along with any investment and rental income obtained by the Group. This segment also includes revenue generated from the resale of vouchers.

Segment analysis

	20 **£'0**
Revenue by segment	
Affordable Insurance	**25,2**
Other Owned Benefits	**16,8**
Benefits Platform	**7,4**
Benefits Platform - Group Elimination	**(2,62**
Pay & Reward	**2,0**
Other Income	
Voucher resale	**37,3**
Other	**2**
Investment income	**1**
Group Revenue	**86,6**
Adjusted EBITDA* contribution by segment	
Affordable Insurance	**9,0**
Other Owned Benefits	**6**
Benefits Platform	**2,8**
Pay & Reward	**4**
Other	**1**
Group admin and central costs	**(7,10**
Charitable Donations	**(10**
Adjusted EBITDA*	**6,0**
Depreciation	**(1,05**
Amortisation	**(78**
Interest	**(2**
Share Based Payments Expenses	**(29**

Goodwill impairment	**(10,57**
Corporate acquisition costs	**(4**
Profit before tax	**(6,76**

2. Taxation comprises United Kingdom corporation tax of £493,000 (2021: £745,000) including a deferred tax charge of £122,000 (2021: £79,000)

3. The basic and diluted earnings per share are based on losses for the financial year of £7,253,000 (2021: £3,597,000 profit) and on 31,214,765 basic (2021: 31,205,375) and 31,969,989 diluted (2021: 31,213,537) ordinary shares, the weighted average number of shares in issue during the year.

4. The total dividend paid in the year was £3,310,000 (2021: £3,244,000)

This preliminary statement has been extracted from the 2022 audited financial statements that will be posted to shareholders in due course. The statutory accounts for each of the two years to 31 December 2022 and 31 December 2021 received audit reports, which were unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006. The 2021 accounts have been filed with the Registrar of Companies but the 2022 accounts are not yet filed.

Alternative Performance Measures

The Group uses an alternative (non-Generally Accepted Accounting Practice (non-GAAP)) financial measure when reviewing performance of the Group, evidenced by executive management bonus performance targets being measured in relation to Adjusted EBITDA*. As such, this measure is important and should be considered alongside the IFRS measures.

For Adjusted EBITDA*, the adjustments taken into account in addition to the standard IFRS measure, are those that are considered to be non-underlying to trading activities and which are significant in size. For example, goodwill impairment is a non-cash item relevant to historic acquisitions; share-based payments are a non-cash item which have historically been significant in size, can fluctuate based on judgemental assumptions made about share price and have no impact on total equity; corporate acquisition costs and reorganisation costs are both one-off items which are not incurred in the regular course of business.

This methodology is unchanged from previous years.

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