



Personal Group Holdings Plc

Annual Report and Accounts 2023

Personal Group provides benefits and services focused on improving employee health, wellbeing and engagement.



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For the latest Investor relations:
www.personalgroup.com/investors

2023 Highlights

Financial

Group Revenue

£49.7m

(2022 restated*:
£49.8m)

Basic EPS

13.8p

(2022: (23.2p))

* please see page 21

Adjusted EBITDA

£8.1m

(2022: £6.0m)

Dividend Per Share

11.7p

(2022: 10.6p)

Profit/(Loss) before tax

£5.3m

(2022: (£6.8m))

Cash & Deposits

£20.1m

(2022: £18.7m)

Non-financial

Unique Client Number

555

(2022: 502)

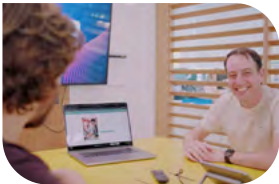
No. of Insurance Payers

97,327

(2022: 94,877)



Operational



Record year for new insurance sales

New annualised insurance sales of £11.8m (2022: £9.5m).



High policyholder retention rates

Year on year retention rates for our insurance products remained strong at 82.5% (2022: 81.0%).



Significant new contracts secured

133 new client wins across the Group (2022: 101).



High client retention rates

Strong retention rates across the Groups SaaS offerings resulted in an increased ARR of £6.7m (2022: £5.6m) as at the end of the year.



Continued growth of SME offering

The Sage partnership continued to grow reaching over 56,500 paying employees on the Sage Employee Benefits (SEB) platform at the end of 2023.



Internal launch of Hapi 2.0

The next generation of our employee benefits platform was launched internally in September 23.

[Read more in our strategy in action | Page 13](#)

Why Invest in Personal Group?

A progressive, profitable business addressing a growing market.



The right offering for today's world

The world of work is changing, and our offerings are needed now more than ever. Employers are more aware and more determined to support the wellbeing of their employees, to help retain and incentivise their workforce. Meanwhile, the ongoing effects of long-COVID and NHS wait lists have highlighted the potential impact of poor health on people's ability to maintain their income and support their families.

Hapi Platform Retention

95%

2022: 95%

Year on Year Insurance Retention

82.5%

2022: 81.0%



See our strategy in action | Page 13



Unique sales proposition with high levels of brand awareness

Our market review has identified that we are the only affordable insurance offering delivered via a face to face sales model, and that this is the sales method that is most effective in our target markets.

It has also identified that our brand is well known and liked, providing a fantastic basis for future growth of our customer base.

Unique Client Numbers

^11% to 555

2022: 502

SME Customers Via SEB

^40% to >3,900

2022: 2,800



See our business model | Page 12



Strong financial position

We have achieved strong growth in profitability, driven by record new insurance sales and new client wins. We are profitable, cash generative, debt free with a strong balance sheet and dividend paying.

We have seen recurring revenue streams grow in 2023 by 14% to over £38.3m. This high level of revenue visibility means we can be confident in our continued growth.

Cash & Deposits of

£20.1m

2022: £18.7m

Dividend Per Share

11.7p

2022: 10.6p



See our CFO statement | Page 20



Large growth opportunity

The investments we have made in expanding our offerings, sales team and partnerships mean we have a stronger business, with an increased growth opportunity.

Informed by our market review, the Group developed a targeted marketing strategy aimed at specific customer types and the most appropriate market segments. Our addressable market is now the majority of the UK workforce, either addressed directly or through our partners, such as Sage. Our market research has shown there are approximately 9.8m employees in the UK without or with partial short-term sick pay support and approximately 2.8m employees with no short-term support.

Activated Users on Hapi and Sage Employee Benefits

635,733

2022: 582,733

ARR for SaaS Licences

£6.1m

2022: £5.6m



See our business at a glance | Page 03

Our Business at a Glance

Helping employees thrive in work and in life.

Personal Group provides consultancy, benefits and technology services focused on improving employee health, wellbeing and engagement. Our mission is to build great working environments where people flourish and shine.



Affordable Insurance

On weekly or monthly rolling contracts

Insurance – hospital plan, convalescence plan, and death benefit policies, underwritten by Group subsidiaries.

Our easy to understand, affordable plans are secured for the lifetime of the policy, providing peace of mind for diverse workforces from across society.

Annualised Premium Income

£31.6m

(2022: £28.0m)

 [Read about the Merseyrail](#) | Page 14

Benefits Platform

Delivered to employers directly and through channel partners

Hapi – is our technology platform that powers growth through enhanced connectivity, engagement, health and wellbeing.

Sage Employee Benefits – our tailored engagement product designed for the SME market.

Benefit Platform ARR

£6.1m

(2022: £5.0m)

 [Read about Natures Menu](#) | Page 15

Pay & Reward

Consultancy and software solutions

Innecto & QCG – offer strategic consultancy on pay and reward through their experts and a suite of cloud-based SaaS solutions and surveys.

Clients can tailor their solution with our experts to help them define and implement fair, consistent reward programmes that align to their business strategy and workforce.

Pay & Reward ARR

£0.6m

(2022: £0.5m)

 [Read about Saga](#) | Page 16

Other Owned Benefits

Access to consumer technology

Let's Connect – delivers a benefit scheme that allows employers to give their employees affordable access to the latest consumer technology and a variety of high-end products from leading manufacturers. Employees can spread the cost either by salary sacrifice or net pay arrangements.

Number of orders

17,668

(2022: 34,297)

 [Read about our business model](#) | Page 12

Our Business at a Glance continued

Our strategy

Our growth strategy is based on three key areas focused on widening our footprint across a broader range of industry sectors.

Driving insurance sales through new and existing partners and channels



[Read about Merseyrail](#) | Page 14

Transforming reward and benefits



[Read about Natures Menu and Saga](#) | Pages 15 and 16

Accelerating our SME offer



[Read about our partnership with Sage](#) | Page 17

Our markets

We offer a uniquely holistic market proposition, spanning insurance, employee benefits, and reward consultancy, allowing us to cater to every sector of UK business and offer relevant, timely and price-appropriate services that help companies address these key themes.

Product offering by vertical

Enterprise

eg: Royal Mail Group, Cranswick

Fair-deal health and life insurance products

Our digital benefits platform – Hapi

[See Merseyrail case study](#) | Page 14

Talent-Driven

eg: Skyscanner, Refinitiv

Pay and reward consultancy (Innecto & QCG)

Our digital benefits platform – Hapi (our flex option ‘Hapiflex’ is likely to be the most relevant)

[See Saga case study](#) | Page 16

Public Sector

eg: Sandwell & West Birmingham NHS Trust

Other owned benefits (Let’s Connect)

Our digital benefits platform – Hapi (our flex option ‘Hapiflex’ is likely to be the most relevant)

[See our business model](#) | Page 12

SMEs

eg: Any enterprise with <250 employees

Digital benefits platform (Hapi white-labelled as ‘Sage Employee Benefits’ (SEB))

[See Sage case study](#) | Page 17



**“It has been
a year of
continued
progress for
Personal Group”**

Martin Bennett
Non-Executive Chair

Chair's Statement continued

It has been a year of continued progress for Personal Group, in which we have performed well amidst a challenging market backdrop, delivering on our financial objectives while responding positively to a change in leadership.

HR teams across the UK have had to focus their efforts on dealing with the well-documented market challenges, such as the decreased availability of labour, and increased employment costs. We have nonetheless continued to win customers at a steady rate, supporting the wellbeing of key workers across the country, a historically underserved and growing segment of the UK workforce.

I would like to thank the team for their continued hard work, with this year's results again reflecting the quality and diligence of our people. It is clear to me that we have a solid foundation on which to grow, bolstered by increasing levels of revenue visibility for 2024 and beyond. I look forward to the future with confidence.

A year of change

In August 2023 we welcomed Paula Constant to the Group as Chief Executive Officer. Paula has brought with her strong strategic acumen and over 20 years of telecoms, banking, and outsourcing experience, largely gathered from multinational organisations. Paula has had a significant impact on the business in a short period of time, reinforcing my faith in her to take Personal Group to its next stage of growth.

Under Paula's leadership, a review of the Group's strategy is being undertaken to identify the greatest opportunities to improve profitability and drive longer term growth in the business. A detailed analysis of our market has validated the strength of our insurance offering and the sectors we are best placed to target. Paula has simplified the organisational structure of the Group, with the senior leadership team refreshed by key hires, and introduced new operational KPIs.

With the transitional period now complete and Paula fully integrated into day-to-day operations of the business, we look forward to the Group further progressing under her leadership.

I would like to take this opportunity to thank Deborah Frost for her contribution to Personal Group, first as a Non-Executive Director, and then as Chief Executive. Deborah's stewardship in successfully navigating the business through the pandemic was excellent, and it was her work which laid the foundations for Personal Group to emerge as a stronger business and to return to a growth trajectory. On behalf of the Board, we wish her all the very best with her future endeavours.

Solid delivery

We have successfully delivered across our KPIs in the year, achieving increased revenue and EBITDA in line with market expectations in all segments except Let's Connect. We are strengthened by a robust balance sheet and our highest ever rate of recurring revenue, providing high levels of visibility for 2024 and beyond.

Following the reinvigoration of the insurance division in 2022, I am particularly pleased with the ongoing momentum gathered across our core Affordable Insurance offering in 2023, which has gone from strength to strength in the year, driven by a record level of new sales and high retention rates amongst existing customers.

Benefits platform revenue has also continued to grow, delivering increased levels of annual recurring revenue ("ARR"). We are pleased to have successfully launched the next generation of our platform, Hapi 2.0, internally. The initial external launch and migration began in early 2024.

The contribution from Pay & Reward and Other Owned Benefits remained steady throughout the year, in line with the Board's expectations.

Unique client number

555

(2022: 502)

Annualised premium income

31.6m

(2022: 28.0m)

Dividend per share

11.7p

(2022: 10.6p)



Chair's Statement continued

ESG

A key feature of Personal Group's business is the caring attitude towards people and communities. This is reflected not only in our aim to improve employee engagement and support people's physical, mental, social and financial wellbeing, but also in how the business is run.

We remain committed as a Board to maintaining high standards of ESG and during the year we made progress in executing against our ESG strategy. We have worked on reducing our carbon footprint, continued to foster an inclusive, progressive and diverse working environment, while ensuring a robust corporate governance framework.

We have incorporated ESG success metrics into our Executive remuneration for the last few years and from 2024 will be extending this to the group bonus scheme, applicable to all employees, to encourage greater engagement across the entire business.

Dividend

I am pleased to announce that the Board has recommended a final ordinary dividend of 5.85 pence per share which will be paid to shareholders on 8 May 2024. This makes a total ordinary dividend for 2023 of 11.7 pence per share.

Outlook

This has been a year of positive change for Personal Group. We have continued to gather momentum, focusing on enhancing the quality and organisational structure of the business to exploit our opportunity.

With the first phase of the review of Group's product and markets complete, we have a clearer sense of our positioning, vision and areas of focus, leaving us well-placed to maximise value for shareholders. I look forward to the results of the second phase of the review and am excited by the opportunity that lies ahead.

Martin Bennett
Non-Executive Chair
18 March 2024

The right team in place experienced and engaged.

Women on the board

43%

(2022: 43%)

Independent directors

57%

(2022: 57%)

Our Board and senior leadership have a deep understanding of the business and industry, and a proven track record in scaling-up businesses and extensive commercial experience. They are committed to ensuring Personal Group couples innovation with strong financial stewardship and delivers on its purpose to the benefit of all stakeholders, whether they be customers, employees, our communities or shareholders.

We are proud of the diversity of our business, from Board level through to our teams, and we will continue to be driven by our social purpose.



See our Social section of ESG | **Page 28**



Read more online:
www.personalgroup.com/about-us/

Chief Executive's Statement



“I am confident that Personal Group has solid foundations from which we can deliver an accelerated rate of growth.”

Paula Constant
Chief Executive

Group Chief Executive's Statement continued

**Paula Constant CV****International leader**

Held senior positions in the US, Europe and Asia

Track record of delivering innovative strategic solutions, growth and shareholder value at:

National Australia Bank, Mitie, BT, Vodafone, Accenture and most recently, Woven

Experienced in:

Technology · Digital · New business Strategy · Banking · Product innovation Sales and marketing · M&A

National Awards:

2016 Leader Award Winner, Everywoman Technology Awards

Years of experience

22

Children

02

Employees managed

5,000+

Initial reflections

Q&A with Paula Constant.

Q: Which business leader has inspired you and why?

There are far too many inspirational leaders to mention, but my time at BT was a splendid amalgamation of deep commercial focus combined with strong ethics under John Petter, incredible passion, pace and belief that anything is achievable under Liv Garfield, and brave commercial differentiation with Gavin Patterson's move into BT Sport. All three have an incredible ability to get across breadth and detail up and down an organisation.

Q: What are you most proud of in your career to date?

Turning around the Business Engineering performance in Openreach whilst pregnant, and the incredible pace of shifting work from physical sales and service channels to online through Covid at National Australia Bank have been monumental experiences involving bottomless resilience and selfless team work – it was a huge privilege to have led teams through both periods.

Q: What is your approach/ethos in running a business?

I bring drive, focus, energy and determination to each role and I like

to galvanise the organisation to think ambitiously, act with decision and to be intolerant of processes, procedures and ways of working which are unsympathetic to customers' needs. I highly value a forensically analytical fact-based approach and I am used to running bold and pacy transformation programmes. I am also a huge believer in building the team that plays together, supporting, and taking the time to develop, each other.

Q: How have you started to apply that to Personal Group?

We are undertaking forensic analysis up and down the business to size the market, target relevant sectors and build out the KPIs that move our operations forward.

Q: How important is ESG within that?

Doing the right focused activity is important to me. For example, we have some real work to do on the ground: lots of policies to rewrite, starting with maternity, paternity and carers'; volunteering in our local community for causes that align with our offerings of affordable benefits; increasing our appeal as a diverse employer. There are some more challenging priorities which

on the surface are harder to accelerate because they depend on many external influences – for example, the future use of our building space, accelerating a greater use of electrical charging in our hybrid fleet when we have various customer sites with no provision – so we are building a bolder plan of influence across our supplier and customer base to improve our environmental impact.

Q: What are your areas of focus for the coming months?

We've set out our focus this year on Strategy, Sales and Simplification. We are thoroughly analysing the role of our benefits portfolio to determine strategies for each area of the business. Focusing on the right activities to accelerate sales across marketing, account management and transformational activity is key to unlock our 3-5 year plan.

There is a lengthy list of simplification activities, from underpinning every operational metric in the business, streamlining our end to end support, improving our processing times across all areas, and making our people initiatives and policies simpler and more meaningful.

Chief Executive's Statement continued

I am pleased to report on this positive set of results delivering strong growth across the core Affordable Insurance and Benefits Platform offerings. The financial performance speaks to the quality of both the offerings and the team, whose efforts have driven a record year of insurance sales, and an increased proportion of recurring revenue, despite a testing trading environment.

Since assuming the role of Chief Executive, I have focused on invigorating the energy of the organisation, our customer focus, and the pace at which we deliver our services, preparing the business to build upon its solid foundations. As part of this process, I initiated an external review of the Group's product offering, market position and market opportunity to inform the strategic direction of the business and position Personal Group to drive sustainable long-term growth.

The first phase of this review, which concluded in December 2023, included market mapping and insight into the size and segmentation of the UK employee benefits landscape applicable to our core insurance offering. This confirmed the ongoing relevance of our insurance products and emphasised the industries which present the largest opportunities to the Group. The market mapping also confirmed that Personal Group has a clear competitive advantage through being the only 'face to face' sales-led offering in its area of the market and that there remains a large addressable market opportunity. Informed by the research, we have developed a targeted marketing strategy aimed at specific customer types and the most appropriate market segments for our insurance offerings being, in the first instance, construction, transport and production.

The second phase of the review is nearing completion and aims to determine the Group's opportunity in benefits platform provision and assess success factors across various market segments.

The initial results of the review have highlighted that the Group has a strong, repeatable business and currently operates in the right segments with clear options for strategic growth available. As the detailed outputs of the review are digested and assessed, they will serve to inform and provide focus to our detailed Group strategy update later in the year, which will also consider the most effective way to optimise performance in the Pay and Reward and Let's Connect segments.

Sales and Operational Review

We made good progress in the year under each of our three strategic areas of focus: driving our Affordable Insurance sales, transforming reward & benefits offerings, and accelerating our SME offering.

Affordable Insurance

Key achievements in 2023 were the improved delivery and productivity of the face-to-face sales team, helping to deliver a record year for new annualised insurance sales of £11.8m, up 24% from 2022. We continued to reduce the time spent working away from home for the sales team, to improve their wellbeing, and implemented new tools and operational enhancements to support FCA Customer Duty and ensure better outcomes for customers. £6.8m of claims payments were made to support policyholders in 2023 (2022: £6.4m) and customer retention rates remained high, demonstrating the value employees place on the Group's product offering.

As a result of all the above, the insurance book increased from £28.0m in 2022 to £31.6m in Annualised Premium Income at the end of 2023, setting us up for further success in 2024.

In 2024 we will increase our focus on specific sectors identified as offering the largest opportunities for growth, continue to review our insurance product offering, progress opportunities to partner with other benefits providers to promote their benefits platforms alongside the sale of insurance and explore opportunities to partner with third party providers to offer alternative products that would benefit our growing client base.

Transforming Reward & Benefits

The internal launch of the next generation of our benefits platform, Hapi 2.0, and subsequent go live of our first new client in January 2024 marks a key highlight for the year. The new and enhanced platform, now with improved Reward and Recognition functionality, navigation, search capabilities, onboarding processes, and modularisation for tiered and self-serve offers, sets the service up well for sustained success. We won 31 new Benefits clients in 2023 (2022: 22) which helped to drive growth in Hapi related annual recurring revenue up 29% to £2.5m (2022: £2.0m). We also secured a place on the Crown Commercial Framework, providing a new avenue for customer acquisition in 2024.

Our focus for 2024 will be the external launch of the full functionality of Hapi 2.0 alongside existing client migration. In addition, we anticipate that the development of a new 'career pathways' product, for the Pay & Reward segment, will provide an opportunity for upsell to our customer base and increase the attractiveness of our offering.

New client wins across the group

133

(2022: 101)

Annualised new business premium

£11.8m

(2022: £9.5m)

Platform annual recurring revenue

£6.1m

(2022: £5.0m)



Group Chief Executive's Statement continued

Contribution from Pay & Reward, comprising Innecto and QCG, remained steady in the year with ARR of £0.6m, despite market demand being affected by wider economic challenges. The combination of the Innecto and QCG consultancies was completed in the year, aiming to create operational efficiencies.

As previously announced, Other Owned Benefits (Let's Connect) had a challenging period with the cessation of a long-term scheme with a major client in March 2023. Notwithstanding, the business performed resiliently and performance was in line with management's expectations.

SME Offering

We have an SME version of Hapi pre-populated, with key benefits, taken to market through our partnership with Sage as Sage Employee Benefits (SEB) which now serves around 4,100 clients and 60,000 employees. Areas of focus in 2023 were the improved onboarding journey for both account managed and digitally onboarded clients, the improvement of the end-to-end customer journey to improve lifetime value of clients going onto the platform, and the preparation for launch of SEB 2.0 in 2024. SEB 2.0 is based on Hapi 2.0 and aims to increase the attractiveness of the offering and accelerate uptake, with a new look and feel. We saw steady growth in SEB annual recurring revenues in the year, to £3.7m (2022: £3.0m).

In early 2024, we began working alongside Sage to migrate all clients onto SEB 2.0 with this expected to conclude in the coming months. We are continuing to develop a premium version of SEB with a wider range of benefits to attract businesses at the larger end of the SME market and progress conversations with prospective partners in different markets to increase the number of routes to the SME market.

Organisational change

In addition to the Group's market review, we conducted a review of our internal operations with a view to enhancing visibility across the organisation on delivery against our strategy and to drive profitability. We are in the process of implementing more granular operational KPIs, particularly across our sales processes and pipeline, giving greater visibility into the effectiveness of our lead conversions and opportunities for process improvements.

As part of our preparation for growth at pace, we have streamlined the operations of the business, creating a new senior leadership structure. This has included the hiring, post-period end, of a new Chief Operations Officer, with our current Chief Operations Officer moving into a tech transformation role, and a new interim Chief People Officer, to ensure the success of this vital piece of our strategy.

Future outlook

I am confident that Personal Group has solid foundations from which we can deliver an accelerated rate of growth. Increasing recurring revenues, a compelling offering, powerful partnerships, and a well-run and expert sales team that delivers strong results, combine to create an exciting opportunity for future growth.

Through completion of the market review, we have validated the strength of our insurance offering and benefits platform while gaining a fuller understanding of the large market opportunity that exists for Personal Group. Equipped with the insight gleaned from the market review and the strengthened team, I am excited by the fantastic opportunities that lie ahead for Personal Group.

Paula Constant

Group Chief Executive
18 March 2024

Market Segmentation Analysis - key findings

The market segmentation analysis found that the UK workforce overall grew moderately from 2010 to 2020 and is expected to grow by 4% over the next 12-24 months. Importantly, within this moderately growing overall market, the research found there are approximately 9.8m employees in the UK without any, or only partial short-term sick pay support. This compares to the number of employees accessing our services of 1.6m people, demonstrating considerable room for further market penetration.

The research demonstrated the ongoing relevance of our insurance products, emphasised the industries which present the largest opportunities to the Group, and that these sectors remain largely under penetrated by any offering, with our highest penetration rate being 12%, demonstrating a considerable opportunity for growth.

The market mapping also confirmed that Personal Group has a clear competitive advantage through being the only 'face to face' sales-led offering in its area of the market and that there remains a large addressable market opportunity. Informed by the research, we have developed a targeted marketing strategy aimed at specific customer types and the most appropriate market segments for our insurance offerings being, in the first instance, construction, transport and production.



Our Business Model

We are

improving the lives of the UK workforce.

We provide a broad range of employee engagement and wellbeing offerings to all sectors of the UK workforce. Our full service solutions, encompassing employee benefits and employee insurance products, enable organisations to stand out as an employer of choice, helping their employees thrive in work and in life.

Adjusted EBITDA contribution



- Affordable insurance
- Benefits platform
- Pay and Reward
- Other owned benefits

How we make money

Affordable Insurance

Employee-paid insurance plans – access to our insurance products is made available through an individual's wider employee benefits offering. Premiums are paid by the employee via a weekly or monthly payroll deduction.

Benefits Platform

Hapi subscriptions – employers pay monthly or annual subscriptions per employee for use of the Hapi platform and app.

Can be white-labelled through a corporate partner, eg. Sage Employee Benefits.

Commission on third party transactions – we earn a margin on some of the discounted vouchers available to employees through Hapi and commission on any third-party financing arranged or employer purchases of partner solutions.

Pay & Reward

Innecto Digital subscriptions – employers pay an annual subscription for digital analysis and predictive SaaS tools for use in making pay decisions.

Innecto & QCG consultancy income – employers pay for a full reward service – from pay benchmarking and surveys to the development of job evaluation and bonus schemes.

Other Owned Benefits

Employer-paid home technology salary sacrifice sales – employers pay up front for their employees' technology and other purchases with employees making subsequent monthly salary sacrifice payments back to their employers.

Our Strategy in Action

Solid performance

against our priorities.

1

Driving Insurance

Our unique sales approach helps employers communicate their messages about employee wellbeing and the key benefits they offer through a face-to-face meeting with their employees, both introducing them to their benefits package and offering them the chance to buy insurance there and then.

2023 Progress

Delivery and productivity of face-to-face field sales team improved through 'New Ways of Working', resulting in:

- Highest ever levels of new insurance sales.
- Enhanced leadership capability.
- Improved wellbeing for the field sales team with time working away from home reduced from 66% to 53%.

Operational enhancements to support FCA Consumer Duty, including:

- Implementation of VOYC, an AI compliance tool which has enabled full coverage of sales presentations by the field sales team, ensuring better outcomes for customers.
- Introduction of additional point of sale information to enhance customer understanding of the product they have bought.

Size of insurance book increased to £31.6m of Annualised Premium Income (2022: £28.0m).

2024 Aspirations

- Focused targeting of specific sectors identified from the strategic review as being the largest opportunities for growth.
- Review of product set.
- Progress opportunities to partner with other benefit providers to promote their benefit platforms alongside the sale of insurance.
- Continue to progress opportunities to partner with 3rd-party providers to offer alternative products suitable for the widening client base.

2

Transforming Reward & Benefits

Our employee benefits app-first solution, Hapi, is a market-leading employee engagement platform, which for larger clients is fully customised and white-labelled with their own bespoke mix of benefits and branding. Alongside this our Pay & Reward division is able to help clients with pay, recognition or bonus issues alongside their benefit offering.

2023 Progress

Internal launch of Hapi 2.0 with first external client going live in January 2024.

31 new clients and won a place on the Crown Commercial Framework.

Continued growth in annual recurring revenue to £3.1m (2022: £2.5m) across the Hapi platform and Innecto Digital products.

Uplift in commissions for 3rd-party products that sit on the benefits platform, such as cycle to work, of 25%.

Combined the Innecto and QCG consultancies to create operational efficiencies.

2024 Aspirations

Full launch of Hapi 2.0 which will result in:

- Enhanced reward & recognition functionality.
- A tiered proposition with greater opportunity for self-serve by clients.
- Improved MI for clients.

Migration of all existing Hapi 1.0 clients onto Hapi 2.0.

Develop new Pay & Reward 'career pathways' product to launch with major client which will create an additional software solution to offer to existing customers.

3

Accelerating our SME offer

Our SME version of Hapi enables us to target small businesses with a standardised product pre-populated with key benefits. We currently deliver to this traditionally hard to access market through our partnership with Sage with our proposition of 'Sage Employee Benefits (SEB)' offered through an initial free trial.

2023 Progress

SEB 2.0 launched in early 2024 for new Sage customers alongside the refreshed Hapi 2.0 providing improved reward & recognition functionality alongside a new look and feel.

Continued growth in annual recurring revenue for SEB to £3.7m (2022: £3.0m).

Improved onboarding journey for both account managed and digitally onboarded clients.

2024 Aspirations

Migration of all existing SEB 1.0 clients onto SEB 2.0.

Continue development of premium version of SEB with a wider range of benefits to attract larger clients.

Progress conversations with prospective partners in different markets to increase number of routes to the SME market.

Continue to improve the end to end customer journey to improve lifetime value of clients going onto the platform.

Our Strategy in Action continued

1

Driving Insurance

Company: Merseyrail

Sector: Transport

Employees: 1,227

Challenge: Employee Communication, Employee Engagement, Employee Recruitment and Retention

Challenge

Merseyrail is a self-contained rail network carrying over 90,000 passengers daily with Liverpool Central station being one of the busiest outside of London. The company is focused on maintaining a competitive advantage in recruitment and retention and sees a benefits package integral to meeting its goals for its 1,227 employees.

Solution

Partnering with Personal Group back in 2015, Hapi, which is accessible via desktop or app, helps create a happier, healthier and more productive workforce. Employees can access discounts from leading retailers, gym memberships, a Cycle to Work (C2W) scheme, electric vehicles via Octopus as well as a technology salary sacrifice scheme by Let's Connect.

The app and all its benefits are demonstrated to employees at roadshows and face-to-face visits to further increase engagement. At these site visits, Employee Engagement Executives demonstrate the available insurance policies including Death in Service, Hospital and Convalescence plans. Since the pandemic, employees are aware that insurance purchased for a rainy day could be needed any day and at the end of last year, 216 policies were held by Merseyrail employees and their dependents.

Outcomes

Merseyrail employees' use of retailer discount vouchers yielded a total saving of £6.6k over 12 months and continues to grow. The home and technology scheme has had an outstanding 36% adoption rate by 442 employees – more than 7 times the industry average.

Conclusion

The company's commitment to providing a comprehensive benefits package has contributed to its success in the industry, including a competitive advantage with recruitment and retention.



How was your experience with Personal Group over the years?

“We’ve worked with Personal Group and Let’s Connect for over 9 years, and it’s been a seamless process. Recommendation – 100%”

Frank Kenwright

Head of Payroll, Merseyrail



Our Strategy in Action continued

2

Transforming Reward & Benefits

Company: Natures Menu**Sector:** Food Manufacturing**Employees:** +250**Challenge:** Employee Recruitment, Retention and Engagement; Employee Wellbeing**Challenge**

Founded in 1981, Natures Menu, a rapidly growing raw pet food producer, has undergone rapid growth in the last decade and now employs more than 250 people.

In early 2022, Natures Menu sought to improve employee engagement and bolster their employee value proposition through a user-friendly platform. They wanted to offer employee benefits, an Employee Assistance Program (EAP), and a discount marketplace. The initiative supported employee wellbeing and retaining talent during a time of rapid expansion.

Solution

Personal Group's Hapi app helped address many of the challenges the company faced. By putting their employees' entire benefits offering in one place, employees could access them anytime, anywhere via an app on their smartphones.

Employees can now access wellbeing resources through an online health portal including an Online GP and 24/7 helpline. Further support is provided by the Employee Assistance Programme (EAP) as well as retail discounts and a Cycle to Work scheme, where employees can save money.

EEEs from Personal Group spent 9 days with Natures Menu employees in 2023, taking employees through their benefits and offering hospital, convalescence and death benefit plans. This has been popular with the employees and out of the 30% employees that the EEEs spoke to, 56% took out policies last year.

Outcomes

This has had a positive impact on the business. Employees rave about the retailer discounts and Cycle to Work scheme is great for cost savings and employee health. Engagement levels sit at around 60%, which is more than three times the industry average.

How is Personal Group transforming rewards and benefits?

“ We operate within a strict reward budget, yet Personal Group enables us to maximise every penny. An enticing benefits package and ensuring its accessibility distinguishes us from competitors.”

Nicola Sharpe

HR Manager UK, Natures Menu



Our Strategy in Action continued

2

Transforming Reward & Benefits

Company: SAGA PLC**Sector:** Financial Services, Travel & Leisure**Employees:** 4,000**Challenge:** A disjointed reward package**Challenge**

Saga PLC, a leading UK provider for individuals over 50, faced inefficiencies in their benefits proposition despite offering a comprehensive total reward package to their 4,000 employees. The benefits were disjointed and lacked clarity, raising concerns about their value for money and competitiveness.

Solution

Innecto Reward Consultancy, part of the Personal Group family, conducted a thorough analysis of Saga's benefits offering. Leveraging desktop research and sector expertise, they identified overlaps and areas for improvement. By examining creative initiatives from other companies, Innecto proposed strategic recommendations to strengthen Saga's benefits proposition and align it with the company's values and objectives.

Outcomes

Innecto's review revealed opportunities for Saga to optimise their benefits package. They recommended streamlining services to eliminate duplication, such as consolidating multiple mental health support providers. Additionally, Innecto suggested introducing unique benefits such as 'Grandparent Leave' and leveraging Saga's insurance products to enhance the proposition's appeal.

Conclusion

Mark Powell, Interim Chief People Officer at Saga, praised Innecto for their insightful recommendations and collaborative approach. By aligning benefits with Saga's brand identity and strategic goals, the proposed changes aim to improve employee satisfaction and overall company performance.

How is Personal Group helping with enhancing employee satisfaction?

"Justine and the team understood our challenges and worked closely with us to concisely articulate the opportunities we could embrace that could clearly benefit both the company's bottom line and the employees that work here."

Mark Powell

Interim Chief People Officer at Saga

SAGA

Experience is everything



Our Strategy in Action continued

3

Accelerating our SME offer

Company: Sage Group plc**Sector:** Software Development**Serving:** 4,841 Sage Employee Benefits Clients

Sage plc is a market leader in accounting, financial, HR and payroll technology for small and mid-sized enterprises (SMEs), with an annual revenue of over £2.1 billion, Sage software is used by millions of SMEs in the UK.

Across the UK, Sage's finance, HR and payroll software is trusted to make work and money flow. Back in 2017, a strategic partnership between Personal Group and Sage resulted in the birth of Sage Employee Benefits, an employee engagement product designed for SMBs and integrated into Sage's product portfolio.

Sage has been a valued Personal Group partner for more than seven years. A vast number of people in the UK are paid using a Sage Payroll solution, and almost 42% of businesses in the private sector use a Sage Payroll solution to pay their employees. Many of Sage's customers typically do not access this type of employee benefits technology, which is usually available to larger enterprises. However, Sage Employee Benefits means that even the people employed by the smallest businesses can access an entire benefit offering, which they can access anytime, anywhere via an app or on their smartphones.

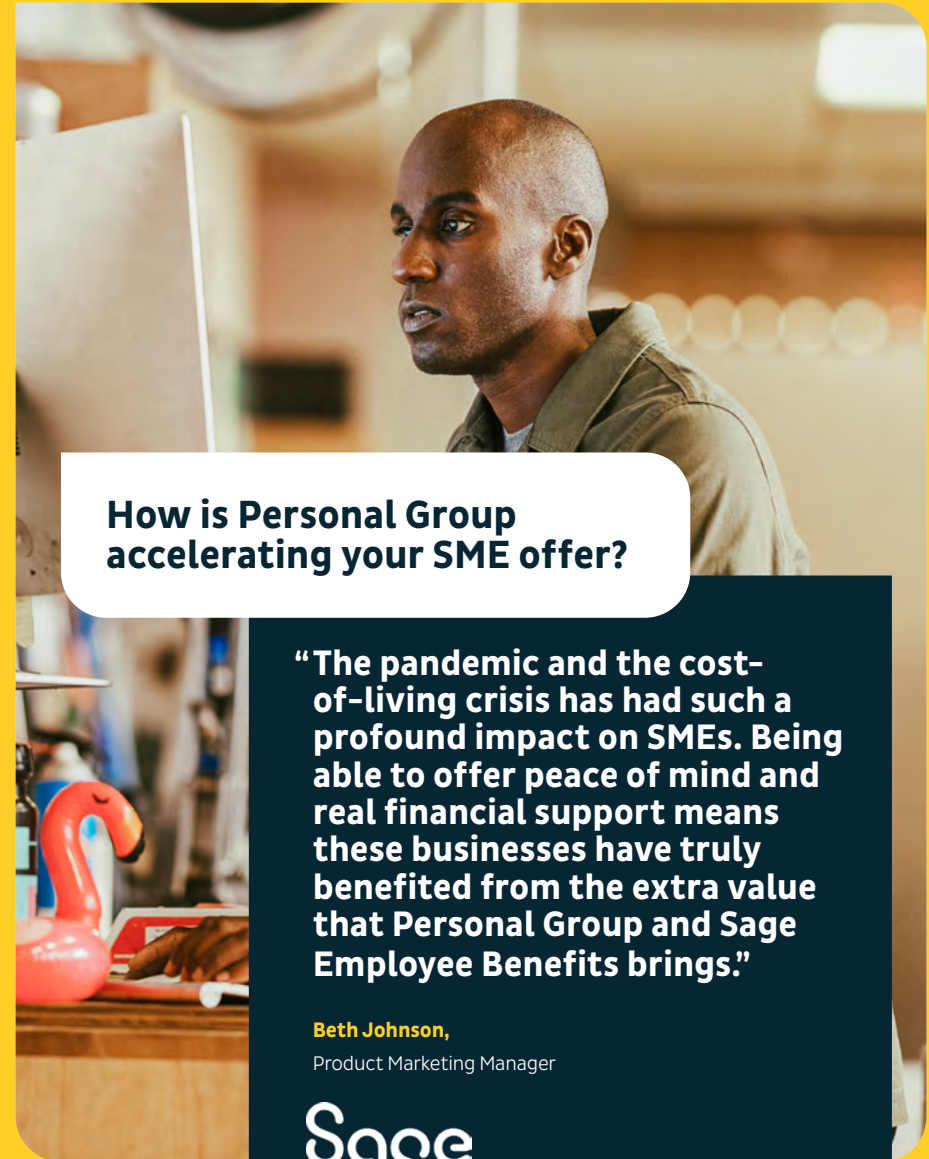
Sage Employee Benefits delivers benefits that small businesses and their employees want and need. They can access unrivalled access to savings and discounts across hundreds of retailers, salary sacrifice options, and wellbeing support. Based on Personal Group's own proprietary platform named Hapi, Sage Employee Benefits is optimised for App delivery, which means that employees can access and manage their benefit services directly from their smartphones.

Personal Group's Sage Employee Benefits teams provide everything from the onboarding of SMBs to bespoke marketing for Sage's clients with a total of 33,838 activated users on the platform across 4,841 clients (as of March 2024).

Beth Johnson, Product Marketing Manager commented:

"Working with Personal Group has been phenomenal as it's a true partnership where we collaborate every day with the same shared objective: to make life easier and better for small business owners. Since we started back in 2017, we've served thousands of businesses and their employees who can enjoy the benefits that are usually only available to large enterprise businesses."

The partnership and the app have been a great success and in particular the usage of retailer discounts – which has been increasingly valuable to employees during the cost-of-living crisis. In total, Sage clients have saved more than £1.1 million by using the benefit. Going forward, Sage and Personal Group plans to further improve the customer journey of the app to drive even more value in its Reward and Recognition programme.



How is Personal Group accelerating your SME offer?

"The pandemic and the cost-of-living crisis has had such a profound impact on SMEs. Being able to offer peace of mind and real financial support means these businesses have truly benefited from the extra value that Personal Group and Sage Employee Benefits brings."

Beth Johnson,

Product Marketing Manager

Sage

Key Performance Indicators

The Group meticulously reviews its performance, measured across a number of KPIs.

Lead indicators

As part of our strategy for delivering long-term sustainable growth, we identified a number of lead indicators, the improvement of which will enable us to grow both our revenue and profits and build future value for the business.

Lead Indicator	Why we chose it	31 December 2023	31 December 2022
Unique client number	Winning new clients and retaining existing ones will be key to us being able to grow our business.	555	502
Number of clients served by two or more lines of business	Encouraging cross-selling across the Group will enable us to achieve increased penetration across our existing clients as well as making us an important part of clients' employee wellbeing proposition.	143	128
Total number of employees to whom one or more of our services are made available	Increasing the number of employees we provide services to will be fundamental to us achieving our growth aspirations as well as helping us achieve our vision of being a winning team creating a brighter future for the UK workforce.	1,567,393	1,432,670
Activated users on Hapi and Sage Employee Benefits	Increasing the number of activated users on Hapi and Sage Employee Benefits will help us drive greater return on the Group's SaaS digitally enabled products.	635,733	582,733
Number of insurance payers	Re-invigorating growth in insurance payers, together with a consistent focus on retention, will help us increase the size of our insurance business. We have chosen to use payers instead of our historic measure of policies to reflect that the majority of our premiums are collected through payroll deduction and our retention rates are largely determined by the actions of the individual payer.	97,327	94,877

Unique client number

555

(2022: 502)

Number of insurance payers

97,327

(2022: 94,877)

Activated users on Hapi and Sage Employee Benefits

635,733

(2022: 582,733)

Key Performance Indicators continued

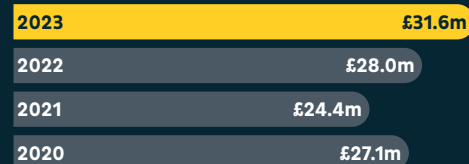
Other KPIs

In addition to our lead indicators we continue to measure against a variety of additional KPIs both across the Group and within the various business segments.

Annualised premium income¹

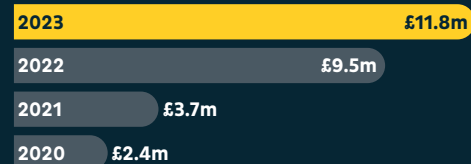
£31.6m

(2022: £28.0m)

Annualised new business premium²

£11.8m

(2022: £9.5m)

Claims ratio³

27.0%

(2022: 27.7%)

Year on year insurance retention⁴

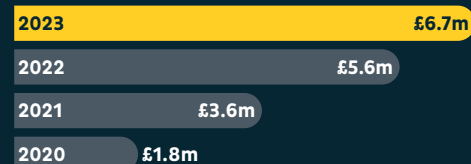
82.5%

(2022: 81.0%)

Annualised recurring revenue for SAAS licences⁵

£6.7m

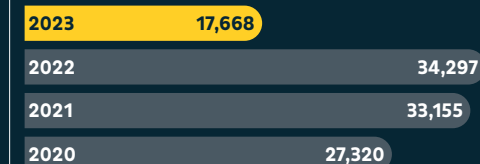
(2022: £5.6m)



LC orders

17,668

(2022: 34,297)



1. Annualised premium income refers to the annualised premium value of policies in force at the end of the financial year net of IPT.

2. Annualised new business premiums are a key performance indicator as, whilst no direct reconciliation to earned premiums for the year can be carried out, they are a primary driver of earned premiums in future years and, as such, are a key measure for the Group. For a weekly premium, the measure is calculated as the value of the premium (net of IPT) x 52; for a monthly premium, the value of the net premium (net of IPT) x 12.

3. The claims ratio is calculated as claims incurred plus net change in claims provision, less reinsurers share of claims paid as a proportion of insurance income less outward reinsurance premiums.

4. The year on year retention rate is the annual retention rate of policyholders who have held the policy for more than 1 year.

5. The SaaS license total includes Hapi, SEB and Innecto Digital recurring revenue.



“The Group continues to benefit from an increasing proportion of recurring revenues, providing high levels of visibility for 2024.”

Sarah Mace
Chief Financial Officer

Chief Financial Officer's Statement continued

Group revenue

£49.7m

(2022 restated: £49.8m)

Group revenue

Group revenue remained stable at £49.7m (2022: £49.8m). With the exception of the Other Owned Benefits division (Let's Connect), growth was seen across all areas of the business.

Our insurance segment continues to grow as anticipated and as at 31 December 2023 we had an insurance book of £31.6m Annualised Premium Income (API) (2022 £28.0m), the majority of which is renewable on weekly or monthly rolling contracts.

External income from our internally developed Benefits Platform increased by 28% year on year, following on from the 45% 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 was moderate as economic challenges continued to impact the market demand. ARR across all the Group's digital platforms now stands at £6.1m (2022: £5.6m).

Sales of technology and other products to employers as part of their employee benefit provision through the Group's subsidiary, Let's Connect, fell 34% year on year, in line with expectation, reflecting the loss of its largest customer in Q1.

Other income increased to £1.0m (2022: £0.4m) as a result of increased rates on the cash deposits held by the insurance subsidiaries.

The Group continues to benefit from an increasing proportion of recurring revenues, providing high levels of visibility for 2024.

Adjusted EBITDA*

Adjusted EBITDA* for the year increased to £8.1m (2022: £6.0m) reflecting the growth in contribution from the higher margin insurance segment, in particular where underwriting profit continued to grow in line with the size of the insurance book.

Adjusted EBITDA*

£8.1m

(2022: £6.0m)

The increased EBITDA in the period has been driven by continued contribution growth (up 33% to £3.8m) from the Benefits Platform, both through new Hapi platform sales and the growth in size of the white labelled Sage Employee Benefits. We saw a stable contribution from our Pay & Reward businesses, however, the contribution from Other Owned Benefits fell in line with the loss in top line revenue (down 56% to 0.4m). Outside of the core segments, Group administration and central costs increased year on year reflecting the investment in the Group's sales and marketing function alongside inflationary staff and operating expenses.

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.

Accounting changes

IFRS 17

During the year the Group adopted IFRS 17 which has had a significant impact on the accounting for insurance contracts but mainly from a presentation perspective as can be seen in Note 2 and Note 23.

Restated Revenue

Furthermore, the Group reviewed the application of its accounting policy and now treats all vouchers as agency, showing only the voucher margin and not income as previously stated, this is discussed further in Note 30.

Earnings per share

13.8p

(2022: (23.2p))

Group results	2023 £'000	2022 restated £'000
Revenue	49,666	49,804
Adjusted EBITDA*	8,126	6,010
Operating profit	5,414	3,835
Profit / (Loss) before tax	5,334	(6,760)
Tax	(1,010)	(493)
Profit / (Loss) for the year	4,324	(7,253)

	2023 £'000	2022 £'000
Profit / (Loss) before tax	5,334	(6,760)
Finance costs	79	20
Depreciation	1,135	1,052
Amortisation of acquired intangibles	273	238
Amortisation (other)	497	548
Goodwill impairment**	-	10,575
Share-based payment expense	169	291
Corporate acquisition costs***	-	46
Restructuring Costs	639	-
Adjusted EBITDA*	8,126	6,010

* 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.

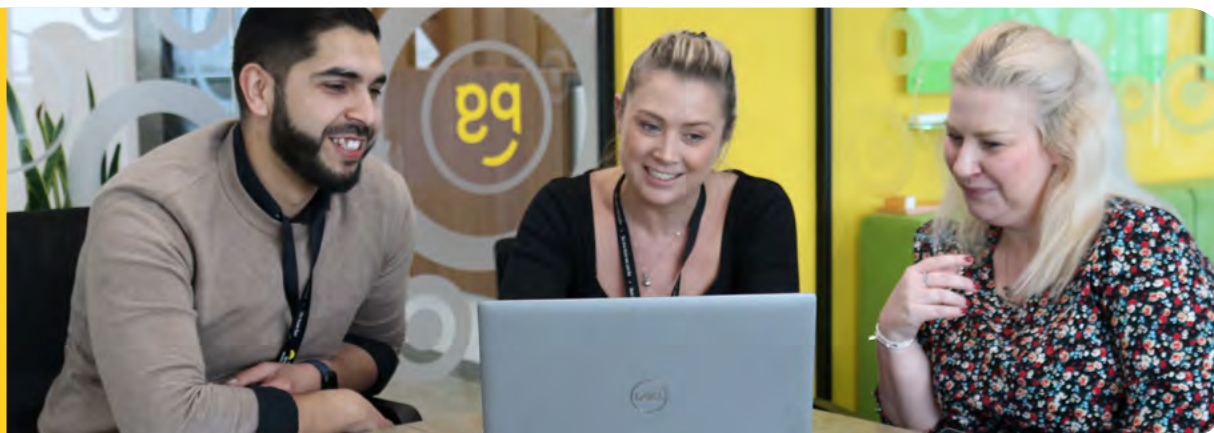
** Result of impairment review of Let's Connect in 2022, please see note 13 for further details.

*** Corporate acquisition costs incurred during the acquisition of QCG.

Chief Financial Officer's Statement continued

“Our strong balance sheet means we remain well positioned for future growth.”

Sarah Mace
Chief Financial Officer



Profit before and after tax

Statutory profit before tax for the year was £5.3m (2022: loss of £6.8m), which includes £0.6m of costs associated with restructuring the organisation following the change of Chief Executive. The 2022 loss before tax reflected a £10.6m impairment charge relating to the goodwill balance associated with Let's Connect, excluding the non-cash impairment charge the profit before tax for 2022 was £3.8m. The tax charge for the year was £1.0m (2022: £0.5m), and profit after tax for the year £4.3m (2022: loss of £7.3m).

EPS

Resulting earnings per share were 13.8p (2022: (23.2p)), excluding the non-cash impairment charge this would have been 10.6p in 2022. The calculation is detailed in Note 11.

Dividend

The Board has recommended a final ordinary dividend of 5.85 pence per share, making a total ordinary dividend for 2023 of 11.7 pence per share. The Board has considered the level of dividend in the context of 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 2023 the Group's balance sheet remained strong, with cash and deposits of £20.1m (2022: £18.7m) and no debt. The Group's main underwriting subsidiary, Personal Assurance Plc (PA), continues to maintain a conservative solvency ratio of 272% (unaudited), with a £6.8m surplus over its Solvency Capital Requirement of £4.0m. 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 484% (unaudited), under its own regime.

Alternative performance measure

Adjusted EBITDA, which is referenced throughout this document, is an alternative (non-Generally Accepted Accounting Practice (non-GAAP)) financial measure used by the Group when reviewing performance, evidenced by executive management bonus performance targets. As such, this measure is important and should be considered alongside the IFRS measures.

Adjusted EBITDA takes into account adjustments, in addition to the standard IFRS measure, which 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 payment expenses are a non-cash item which have historically been significant in size but 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. The definition above has not changed during the year.

Chief Financial Officer's Statement continued

The Group saw increased contribution from affordable insurance after a record year.

Segment	Description	Income Streams
Affordable Insurance	A directly owned benefit, provision of simple insurance products underwritten by Group subsidiaries.	Insurance income.
Benefits Platform	Provision of a benefits platform to employers both directly and through channel partners, currently Sage for our SME solution.	Digital platform subscriptions, commissions from third party benefits which sit on the platform.
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.
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.

Segmental results

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

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 and 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.

	Dec-23 £'000	Dec-22 Restated £'000
Revenue		
Affordable Insurance	28,708	25,406
Benefits Platform	6,685	5,208
Pay & Reward	2,246	2,008
Other Owned Benefits	11,081	16,800
Other	946	382
Total Revenue	49,666	49,804

	Dec-23 £'000	Dec-22 Restated £'000
Adj EBITDA Contribution		
Affordable Insurance	11,226	9,032
Benefits Platform	3,837	2,887
Pay & Reward	493	495
Other Owned Benefits	369	664
Group Admin & Central Costs	(8,732)	(7,107)
Other	933	39
Total Adj EBITDA	8,126	6,010



Further information

CE Statement From Personal Group
Read more | **Page 08**

KPIs
Read more | **Page 18**

Chief Financial Officer's Statement continued

Affordable insurance

Insurance revenue from the Group's core insurance business increased by £3.3m to £28.7m (2022: £25.4m).

The continued opportunity for our face-to-face sales activity, driven by employers wishing to engage more effectively with their workforce, has provided the opportunity to continue to expand the sales team and grow the insurance book back to levels seen pre-COVID. A record of £11.8m of new insurance sales were written during the year (2022: £9.5m) which, together with continued strong retention rates for existing policyholders, meant that as at 31 December 2023 we have £31.6m (2022: £28.0m) of Annualised Premium Income, the majority of which are renewable on weekly or monthly rolling contracts.

Claims ratios remained stable at 27.0% (2022: 27.7%), as the NHS continues to address long waiting lists.

Adjusted EBITDA contribution of £11.2m for the year (2022: £9.0m), reflects the increased underlying profit arising from increased revenue alongside the stabilisation of acquisition costs.

Benefits platform

Revenue from digital platform subscriptions and commissions from third party benefit suppliers which sit on the benefits platform rose 28% to £6.7m in 2023 (2022: £5.2m).

Subscriptions for our enterprise platform, Hapi, continued to grow throughout 2023 with ARR on the platform increasing to £2.5m (2022: £2.0m) during the course of the year with 31 new clients onboarded.

Our expansion into the SME market also continued to grow, with Sage Employee Benefits, the Group's SME proposition being taken to market through its partner Sage. ARR increased to £3.7m at the end of the year (2022: £3.0m).

As at 31 December 2023 the ARR from Benefits Platform subscriptions across all channels stood at £6.1m (2022: £5.0m).

Adjusted EBITDA contribution of £3.8m (2022: £2.9m) increased in line with increased revenue but also demonstrates the increased margins available as this area of the business scales up.

Pay & reward

Whilst economic challenges impacted market demand, revenue from consultancy income and digital subscription income from proprietary HR solutions increased to £2.2m (2022: £2.0m). This reflected a full year's contribution from Innecto and QCG. ARR from digital products remained stable and stood at £0.6m on 31 December (2022: £0.5m).

Towards the end of the year, the operational capabilities of the two entities were merged which is anticipated to lead to efficiencies and improved productivity in 2024.

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 £11.1m (2022: £16.8m) following the loss of a key client in March 2023. Increased average order values, alongside margin improvements and operational downsizing helped mitigate the impact on its EBITDA contribution of £0.4m (2022: £0.7m).

Group administration expenses and central costs

Group administration and central costs of £8.7m (2022: £7.1m) reflects an investment in the year building the sales and marketing function to accommodate for future growth alongside inflationary cost increases associated with utilities, Group insurances and other services. Expenses for the year also reflect additional costs in relation to the change of Chief Executive during the year.

Sarah Mace

Chief Financial Officer
18 March 2024



Risk Management

Effective risk management is central to our culture

and key to achieving our strategic objectives.

Oversight

The Board is responsible for overseeing and maintaining the adequacy and effectiveness of the risk management and internal control systems as well as identifying the nature and extent of the principle risks the Group is willing to take in achieving its strategic objectives, including the setting of the overall risk appetite and tolerance levels.

The Board delegates oversight of risk management to the Risk and Compliance Committee, who in turn regularly report to and make recommendations to the Board.

The Risk strategy, appetite and framework are set out in a suite of policies covering the material risks which exist in the business; each policy is subject to annual review and approval. We employ an Enterprise Risk Management framework (ERM) to manage all types of risk which, alongside our Own Risk and Solvency Assessment activity, enables reasonable assurance to be provided to the Board and external stakeholders that the Group is achieving its risk management and internal controls objectives. The effectiveness of the risk management system is also independently assessed periodically by the outsourced Internal Audit Function in their role as third line of defence, with the results reported to the Audit Committee.

The Board is satisfied that the processes set out above enable the Group to effectively identify, assess and manage current and emerging risks and allow the required focus on risk awareness, ethical behaviour and the fair treatment of customers and colleagues.

Risk management approach

The risk environment is managed in a two-pronged approach: top-down risks that threaten the strategic plan, and bottom-up financial, operational, regulatory and non-insurance risks which threaten the achievement of business area objectives.

The risks and the risk appetites are captured on a risk register where the inherent risk is identified, and the residual risk rated, after assessing the effectiveness of the operational controls and mitigating actions.

Responsibility to maintain the register as well as to implement and monitor mitigating actions sits with each member of the Senior Leadership Team. Each month a Risk Forum is held where the Senior Leadership Team discuss the key risks, both current and emerging, with mitigating activities and timelines for implementation agreed.

We operate a 'three lines of defence' approach to define risk management within roles and responsibilities. The Group's risk governance is overseen by a Risk function led by the Head of Risk, with independence assured through direct and separate access to the Chair of the Risk and Compliance Committee.

Business Area Owner

- Identify, assess and manage risks on a daily basis.
- Develop and implement policies and procedures.
- Ownership of business practices.
- Ensure activities are consistent with objectives.
- Implement controls.
- Control self-assessment.

Risk Function

- Risk identification.
- Developing and oversight of the enterprise risk management framework.
- Risk reporting to Risk Forum and to the Risk and Compliance Committee.
- Providing advice and guidance to business areas and to the Senior Leadership Team and Board.
- Assurance of the effectiveness of policies and procedures.

Internal Audit (outsourced)

- Independent assurance of the effectiveness of the first and second lines of defence.
- Independent reporting to the Board and to the Audit Committee.
- Advisory role.

Risk Management continued

Risk Type	Key risks (with an impact of £500k+ within the next year)	Current and emerging factors	Mitigating activities	Change in risk exposure
Strategic Risk	Products are not designed to meet customer/client requirements.	<p>Risk that we fail to design innovative or desirable products and services and fail to capitalise on opportunities, impacting our long-term sustainability and viability.</p> <p>Changing demands and needs of consumers in the personal general insurance market – products do not align with customer expectations or are outdated.</p>	<p>Investment in the design and build of Hapi 2.0 which will have an improved look and feel, better MI, improved functionality and greater ability to integrate third-party benefits.</p> <p>Enhanced engagement with clients to better understand their people agenda and engagement and wellbeing priorities.</p> <p>Commission of market study to better understand the demands and needs of the group's corporate target market, product research and competitor analysis.</p> <p>Partnerships with third-party benefits providers to expand product offering.</p> <p>Annual product governance review of the group's personal insurance products which considers market and product research, customer feedback, design, value, price, build, testing, and launch and sales channels. Better analysis of MI to help drive product enhancements and improve supporting customer service.</p> <p>Relaunch in Q2 2024 of core Convalescence product in response to customer feedback, value assessment and market research.</p>	Increasing due to client demand, new entrants in the market and increasing competition.
	<p>Technology is not an enabler for the development of innovative products to meet clients' demands and needs.</p> <p>Technology is not an enabler for informed strategic business decision making.</p>	<p>In-house technological capabilities and/or external technology solutions do not allow for agile and robust product development and optimal product delivery.</p> <p>Technology infrastructure does not support the data structures needed for "at your fingertips" management information to make informed and consistent decisions at pace.</p>	<p>Investment in in-house and outsourced technology systems and people, to build, test and deliver Hapi 2.0.</p> <p>Investment of resource and in existing third-party solutions to organise and improve data quality and reporting.</p> <p>Enhanced team structure drives split between business requirements and technical requirements as well as design.</p>	Increasing due to reliance on technology to support change and innovation and need to make quick and efficient business decisions.
Client & Customer Retention Risk	Potential to lose a client or Partner that would impact the Group's ability to meet its strategic objectives.	Loss of existing corporate clients as a result of ineffective relationship management and failure to demonstrate and promote the value of the group's business proposition.	<p>Relationship management of clients and partners.</p> <p>Early renewal/extension of key client contracts.</p>	Stable based on strength of current relationships and MI to help demonstrate the value proposition.
	Client concentration risk.	A subset of the above risk, however the overall impact on the Group could be significant with the loss of one or more large clients, i.e., clients that provide in excess of 20% of revenue.	Payroll slots for collection of insurance premiums built into contracts as 'enduring' wherever possible.	
	Decrease in individual policyholder retention rate.	Increased level of policy cancellations by individual policyholders due to failure to demonstrate and promote the value of personal insurance products and lack of a communications strategy to drive customer loyalty.	<p>B2C communications strategy to promote the value of holding personal insurance products as well as the value-added benefits of being a policyholder, i.e., access to Online GP service.</p> <p>Continued focus on improving supporting customer service.</p>	

Risk Management continued

Risk Type	Key risks (with an impact of £500k+ within the next year)	Current and emerging factors	Mitigating activities	Change in risk exposure
External Environment /Economic and Regulatory Risk	Environmental or economic change impacts profit.	<p>Inflationary pressures, rising interest rates, tax rises and increased business overheads impacts the spending power of clients, leading to them spending less on the products and services the Group provides. Higher cost of living for individuals leading customers having less discretionary spending for the Group's personal insurance products.</p> <p>Increased business operating costs and cost of acquisition impacts the profitability of the Group's products and services.</p> <p>Claims uncertainty and volatility – There is a risk that we are unable to predict our future claims liability as we see performance deviating from assumptions and historical norms.</p>	<p>Clear go to market message around how the Group's offering can support employees navigate through the 'cost of living crisis' through the use of discounts and the Group's 'value propositions', alongside wellbeing and employee assistance programmes offered via Hapi.</p> <p>Engage with clients and prospective clients to help employers maximise the benefit of their employee benefits programme to help attract and retain staff, thus promoting the value of the Group's proposition.</p> <p>Offer support to financially vulnerable customers where appropriate.</p> <p>P&L reporting, pricing reviews across the Group's segments and stress and scenario testing.</p> <p>Claims volume monitoring and stress and scenario testing. Where appropriate, and whilst continuing to offer fair value to consumers, we will reprice our products to reflect increased operating expenses.</p>	<p>Increasing overall due to continued budget constraints at clients, continued cost-of-living squeeze on individual customers and embedding of Consumer Duty arrangements.</p>
	Non-compliance with regulatory requirements leads to regulatory censure (and ensuing reputational damage).	<p>The FCA Consumer Duty intends to create a "race to the top" in terms of the quality and value of financial products and services, the way firms interact with customers and the customer service and support firms provide. The onus is on firms to demonstrate that their products provide value relative to the price consumers pay and have tangible ways of monitoring the effectiveness and quality of communications and customer service.</p> <p>The FCA's approach to the monitoring and supervision of firms could mean that random sample checking of firms' Consumer Duty reports and value assessments take place, alongside sector specific supervisory work, targeted multi-firm work, and thematic reviews, as opposed to the "risk based" approach previously used. This means that all firms, regardless of their size, scale and importance to the financial market need to be ready to evidence how their business model aligns with the requirements.</p>	<p>The Group has processes in place to help ensure we remain compliant with regulatory and legal requirements. We have a robust regulatory horizon scanning process, to ensure we are able to respond appropriately to current and emerging regulatory changes.</p> <p>Our key areas of focus continue to be:</p> <ul style="list-style-type: none"> > identifying and supporting vulnerable customers through staff training, monitoring, use of management information and outcomes reporting; > Improving our product governance processes, value assessments and Board reporting; and > Improving customer communications, feedback and service. <p>Sales interactions with customers are 100% monitored through investment in an AI tech solution, as well as manual quality assurance checks. This ensures that we can respond quickly to any issues which may arise and remedy them.</p> <p>Longer term solutions will enhance our ability to test the effectiveness of communications through improved visibility of click rates, open rates and customers' responses to key "calls to action".</p>	





The business is moving forward

with a strong ESG agenda.

A purpose-led Group

As a Group driven by a passion and commitment to improving people's health and wellbeing, ESG is at the core of our business. Our purpose is to protect the unprotected and connect the unconnected. We exist in order to create a positive impact on society:

- > Ensuring there is an affordable, straight-forward way for all UK workers to gain access to health insurance.
- > Helping organisations provide fair and appropriate remuneration and benefits to their workforces.
- > Supporting the holistic wellbeing of people in the UK – both at work and at home.

The progress that we make against our ESG goals is therefore very important to us and a priority at Board level.

We pride ourselves on doing the right thing, a value that is shared throughout our entire organisation. Just as this drives our day-to-day work, it is also reflected in how we operate as a business at all levels.

The Group's ESG strategy is overseen by the Board and develops appropriate policies and practices to ensure that we continue to work towards our targets.

This responsibility is reflected in the fact that progression against these targets is linked to Senior Executive and Board compensation.



Environmental, Social and Governance continued

Environmental

While we are a naturally low emission business, we **proactively seek to mitigate the environmental impact** of our operations and supply chain.

2021 – 2023 progress

- > Head office energy usage lowered from 14.3 Mwh / £m of revenue to 8.2 Mwh / £m before revenue restatement, as a result of efficiencies in energy usage and inclusion of solar panels.
- > CO₂ usage of the fleet has fallen by 17%, driven by replacement of fleet vehicles with lower CO₂ and hybrid vehicles.



Carbon emissions

While we are a naturally low-emission business, monitoring and reducing our carbon emissions is core to our environmental approach. Aside from meeting our reporting obligations, we recognise that as a global citizen it is our responsibility to minimise our carbon footprint.

We have reported our carbon emissions in our Annual Reports since 2021. We have installed solar panels at our headquarters and are examining further energy efficiency initiatives.

Lower emission CO₂ vehicles were added to our fleets during the year, and we have already seen the benefits. Most of the vehicles arrived in the second half of the year, so we expect to see the full impact on our CO₂ emissions in 2024. Also, to support this initiative, we installed electric chargers at our head office.

The use of solar panels at our headquarters continues to prove successful in significantly lowering our MegaWatt hours. In 2023, 12.45 MWh of energy was generated which would power 4.6 homes for a year and equates to planting 157 trees.

Group Environmental Policy

Our Group Environmental Policy acknowledges our impact on the environment and our commitments to preserving the environment in which we operate, including our expectations regarding reporting, supplier credentials, waste management, and the efficient use of resources.

Task-Force on Climate-Related Financial Disclosures (TCFD)

Personal Group falls outside the scope of mandatory disclosures under the Taskforce on Climate-Related Financial Disclosures (TCFD), though we continue to monitor the guidance published by the Financial Stability Board's TCFD on corporate disclosures to enable stakeholders to better understand financial exposures to climate-related risks.



Environmental, Social and Governance continued

Environmental continued

Personal Group's SECR Statement

Personal Group recognises that our operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year. We are aware of our reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

2023 performance

Our carbon footprint for the 2023 reporting year has been calculated based on our environmental impact across scope 1, 2 and 3 (selected categories) emission sources for the UK only. Our emissions are presented on both a location and market basis. On a location basis our emissions are 538 tCO₂e, which represents an average impact of 2.0 tCO₂e per full time employee, and on a market basis our emissions are 538 tCO₂e. We have calculated emission intensity metrics on an employee basis, which we will monitor to track performance in our subsequent environmental disclosures.

There has been a 1% reduction in emissions from company and leased cars, with the introduction of hybrid and electric company cars in 2023. There has been little variance in absolute emission between 2022 and 2023, and headcount has remained the same, resulting in only a 0.01% variance increase in emissions intensity (tCO₂e per FTE).

Energy and carbon action

During the reporting period, we have taken the following actions to reduce our environmental impact:

In 2023 we migrated our fleet of vehicles over to hybrid with the majority of our car orders with drivers going for a Plug in hybrid (PHEV) option and updated and installed additional car charging stations at our head office.

2023 reporting

The methodology used to calculate our greenhouse gas emissions is in accordance with the requirements of the following standards.

- > World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version).
- > Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).
- > UK office emissions have been calculated using the Defra 2023 issues of the conversion factor repository.

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities in the UK fall within the reporting period 1st January 2023 to 31st December 2023, using the reporting period of 1st January 2021 to 31st December 2021 and January 2022 to 31st December 2022 for comparison.

Emissions and energy usage

Energy and carbon disclosures for reporting year. All units tCO₂e unless otherwise stated.

	Emissions source	2023	2022	Variance
Scope 1	Natural gas	97	90	8%
	Company and leased cars	365	370	(1%)
Total Scope 1		462	460	0.4%
Scope 2	Electricity	53	52	2%
Scope 2	Company and leased cars	4	-	N/A
Total Scope 2		57	52	10%
Scope 3	Electricity T&D	5	5	0%
Scope 3	Employee cars	14	11	27%
Total Scope 3		19	16	19%
Total (Market Based)		538	528	2%
Total (Location Based)		538	528	2%
Total Energy Usage (kWh) ¹		2,380,002	2,277,147	5%
Normaliser 1	tCO ₂ e per FTE	2.0	1.9	0.01%

1. tCO₂e per FTE for 2021 has been recalculated from 2.6 to 1.6 to reflect the inclusion of sales staff in the total figure. The same approach has been taken in 2022.

Environmental, Social and Governance continued

Social

We believe our vision, to create a brighter future for the UK workforce, brings a **responsibility that goes beyond our clients and their employees.**

2021 – 2023 progress

- > The Group has continued its commitment to give 1% of EBITDA to its charity PACT through which it has maintained its long-standing partnership with Memusi.
- > Improvements have been made in the equal representations at salary quartile level by gender and ethnic mix across the business with an ethnic employment proportion increasing from 14% to 18%.

Our goal is to ensure that our business has a positive social impact on the communities in which we trade, that Personal Group is an employer that strives to offer opportunities to people of all backgrounds, and that drive societal change.

People

Employee wellbeing remains a focus for us and we have continued to invest significantly in training and development, as well as providing best-in-class employee benefits, whilst maintaining hybrid work policies in order to create a flexible and collaborative working environment.

We regularly conduct engagement surveys to ensure we're focusing on what's important and giving the most meaningful support to our employees. Following feedback from our 2023 Employee Engagement survey, we introduced a number of employee benefit provisions, including:

- > Days off for a 'Life Event' and 'Birthday' available for all colleagues.
- > The removal of our mandated three days leave over the Christmas period and the ability to carry over three days to the following calendar year.
- > All employees not already on a commission or bonus schemes are now eligible for a bonus.

Wellbeing

The Group's core purpose is to protect the unprotected by supporting workforce wellbeing and engagement, and our offerings touch more than a million UK employees.

We are also focused on investing in and improving the wellbeing and overall satisfaction of our own workforce both at and outside of work. Personal Group employee engagement and wellbeing is delivered through our industry leading platform, Hapi and our continued high employee engagement scores reflect our committed and passionate team.



Employees have access to a broad range of best-in-class benefits, including private medical and travel insurance, access to an online GP, options to buy and sell holiday allowances, death in service, long service rewards, access to an Employee Assistance Programme and discounted gym memberships.

The Group pays all staff above the living wage and delivers a programme of culturally relevant wellbeing initiatives. Alongside flexible working hours we have a hybrid working policy in place. We will continue to develop our employee proposition, ensuring that the Group's benefits remain competitive and that we remain an employer of choice.

Learning and development

Our Chief People Officer oversees learning and development amongst staff, with the Group monitoring the training hours per employee to ensure that all employees have easy access to enhance their learning.

In 2023 we continued with our 'Continuous Professional Development for all' approach, over 4,000 courses were accessed via our Learning Management System, 'Shine', with over 4,790 hours of learning completed. During the year we also expanded our apprenticeship levy use across the business, with new programmes of learning being undertaken at Levels 3-7 across a number of departments. Our plan for 2024 is to continue to offer apprenticeships to support young people who are new into the workforce, as well as building capability in our existing workforce.

Environmental, Social and Governance continued

Social continued

Diversity, Equity, Inclusion & Belonging (“DEIB”)

DEIB has been identified as an integral part of the Group’s objective of providing a welcoming and inclusive working environment where people are engaged, recognised and rewarded.

We strive to ensure all our colleagues are treated fairly, with dignity and feel a sense of belonging. Our 2023 employee survey found that 87% of our people felt positively that Personal Group was a diverse and inclusive place to work. Whilst we are a small business, we are committed to improving our DEIB scores further still. To this end, we launched a new mandatory learning course for all colleagues for DEIB, to educate and support our colleagues.

As part of our commitment to being a diverse and inclusive employer we set up a DEIB strategy group in 2023. Our focus has been on understanding our data against the data held by ONS for the Milton Keynes region and have refreshed our reporting, adding relevant data fields and choices for self-description, through our new HR system to include sexual orientation, neurodiversity caring responsibilities, and religion.

Whilst our current data is broadly in line with the region, one of our aspirations is to be more reflective of our local area with our recruitment data for 2023 showing a positive trend for ethnicity. Our focus areas for 2024 include gender identity and disability and we have already implemented several new initiatives to support this.

At the end of 2023 we signed up to be part of the governments Disability confident scheme, level 1 and are working toward level 2 in 2024.

To ensure our recruitment process is fair and does not disadvantage applicants, we have introduced a new psychometric assessment with additional time for applications applicants identifying as neurodiverse or

for whom English is a second language. We have also introduced a gender decoding software, to help make our advertised roles more inclusive, and showcase our vacancies on additional job boards to reach a more diverse pool of candidates and support our drive to foster an even more equitable, diverse, and inclusive working environment.

Supporting society

Our holistic offering has been designed to support and engage employees and their families from all demographics, including those from lower income groups, in both work and life. We are particularly aware that people from lower income groups can find it difficult to access appropriate financial services products – the FCA recognise they are an underserved group. Our simple, easy to buy and low cost products meet a gap for people who find it difficult to use the internet for financial services products and we have specifically adapted our products to meet their needs.

Operating ethically is also very important to us and we have in place policies including: Treating Customers Fairly, Whistleblowing and Anti-Bribery. We also have a Modern Slavery policy which covers our policy on human rights, child labour and forced labour.

Supporting our community

PACT

Personal Assurance Charity Trust (PACT) has donated around £2m to charitable causes since it was founded in 1993. The Group has historically donated approx. £100k to PACT per year, which is then allocated in a number of ways. The PACT Committee work with, and allocate funds to, specific projects within many local charities with a view to continued involvement beyond pure financial support. Key local projects around our offices for 2023 included:

- > **Memusi Foundation** – £47k continuing our ongoing partnership with Memusi we also sent a team of PG employees to visit and support the school in Kenya which is funded through PACT.
- > **Unity MK (formerly Winter Night Shelter MK)** – £13.5k to help people in crisis, including rough sleepers, sofa surfers and those who are vulnerable. This year’s donation will go towards welfare provision, Mental Health counselling, preparing guests for work.
- > **Northamptonshire Domestic Abuse Service (NDAS)** – £10K towards the cost of a children’s support worker to help to support victims of domestic abuse with rehabilitation and counselling.
- > **Safety Centre** – Hazard Alley – £10K to help deliver another year of bespoke knife crime intervention sessions to 1,200 Year 6 students in Milton Keynes.
- > **Worktree** – £10K towards the development of the Virtual Career Workout which allows volunteers to be interviewed remotely by school classes around the country.
- > **Harry’s Rainbow** – £10K towards supporting children and young adults who have been bereaved of a parent or sibling in Milton Keynes and surrounding areas. Our donation will fund an art project, which will connect those in similar circumstances and enable a supportive experience for those suffering from grief.



Group employee breakdown by gender as at 31 December 2023

	Male	Female
Directors	4	3
Managers	23	24
Employers	102	103
	129	130

Environmental, Social and Governance continued



Governance

Governance is central to our ethos of **operating with integrity.**

2021 – 2023 progress

- > Independent directors remain at 57% of the Board, with a 43% female ratio and a 14% ethnic proportion, all of which are within the targets set by the Board.
- > The Chief Executive pay ratio as a proportion of the median employee has remained in line with the market averages.

Our goal is to continue to ensure that our governance is robust and compliant with all regulatory and legal frameworks.

The Board recognises the important role a robust corporate governance framework plays in the successful delivery of our long-term strategy and remain committed to adhering to the QCA Corporate Governance Code. We continue to monitor our performance against in line with each of the 10 principles. (see **Page 37**).

The Chairman and the Board is ultimately responsible for establishing the Group's governance structure, the effectiveness of internal controls, risk management, and the direction of the Group in accordance with our purpose and values to help deliver our strategy.

Board composition

The composition of our Board is carefully selected to ensure a diverse and varied set of skills, cultures, experiences and knowledge to promote success within the business.

We are working towards targets to ensure that our Board is diverse and inclusive. To support this, we have a policy in place regarding the gender diversity of the Board and currently have 14% of Board members with a cultural background different from the location of the corporate headquarters.


We also strive to have equal representation of both executive and non-executive Board members to allow for fair, varied and independent opinion. Board members are elected with a majority vote and have the authority to hire external advisers or consultants without management's approval.

With the Chief Executive succession in August 2023, the Nominations Committee had a renewed focus. Introduced in 2021, the committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and

making recommendations to the Board with regard to any changes. The Nominations Committee Report on **Page 48** contains more detailed information on the Committee's activity during the year.

Board compensation

The Board's compensation is determined by our Remuneration Committee, chaired by Non-Executive Director Maria Darby-Walker. Our shareholders have the right to vote on executive compensation.

 For more information on how the Remuneration Committee sets appropriate compensation | **Page 44**


Policies

The following policies are currently implemented by the Group:

Modern Slavery – The Modern Slavery Act (2015) requires a commercial organisation over a certain size to publish a slavery and human trafficking statement for each financial year. This statement can be found on our website personalgroup.com and is made available to our entire workforce.

Whistleblowing – We have a whistleblowing policy in place, which complies with local regulatory requirements and is designed to protect those who report wrongdoing in the workplace. Details of the policy are communicated to all workforce members.

Anti-Bribery and Corruption – The Group's Anti-Bribery and Corruption Policy is reviewed annually and includes all Directors, employees and all third parties operating on its behalf. There were no instances of bribery or corruption in the period.

 Further detail is included in the Corporate Governance section | **Page 36**



Section 172 Statement



The Directors are aware of their duty under s172 of the Companies Act 2006 to act in the way they would consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- > the likely consequences of its decisions in the long-term;
- > the interests of the Group's employees;
- > the need to foster the Group's business relationships with suppliers, customers and others;
- > the impact of the Group's operations on the community and the environment;
- > the desirability of the Group maintaining a reputation for high standards of business conduct; and
- > the need to act fairly between members of the Group.

The Chairman sets out the text of s172 Companies Act 2006 on every Board agenda by way of a reminder.

The table that follows is a description of our key stakeholder groups and how we engaged with them in 2023.

Why we engage with	How we engaged in 2023	What matters to the Group
<p>Our Policyholders</p> <p>Our policyholders are key to the long-term success of the Group.</p> <p>The retention of existing, and attraction of new, policyholders is equally important.</p> <p>We aim to make any interaction with Personal Group as positive and simple as possible and ensure that our products are regularly reviewed and fit for purpose.</p> <p>Provision of suitable and targeted employee benefits to our relevant market sectors.</p>	<p>Our primary interactions are to provide individual face-to-face presentations of our products to potential and existing policyholders at their place of work. In 2023 we continued to expand our sales channels offering one to many webinars to allow access to our products to a greater audience, but focused on our, unique in the market, face to face approach where possible. This allows the greatest ability for potential policyholders to ask questions and have the human interaction our customers are looking for.</p> <p>Policyholders who held policies at 31 December 2021 continued to benefit from an additional outpatient appointment for 2023 in recognition of the fact that during COVID reduced NHS activity had meant that, in many cases, they were unable to make full use of their plan/benefits.</p> <p>As part of our operational improvements to support Consumer Duty we implemented Voyc, an AI compliance tool which has enabled full coverage of sales presentations by the field sales team, ensuring better outcomes for customers. We also introduced additional point of sale information to enhance customer understanding of the products they have bought.</p> <p>We have maintained a hybrid working environment for our customer relations team. We value the ability to have colleagues in the office to support training and development of staff and to allow greater flexibility in responding to queries and claims made by our policyholders, some of whom are calling from a place of vulnerability.</p> <p>In 2023 our Customer Relations Team took over 60,000 calls and dealt with over 47,000 emails and online queries.</p>	<ul style="list-style-type: none"> > Our products are relevant and provide cost effective protection > Fair and consistent pricing > Efficient and sympathetic processing of claims > Ease of access to customer service > Strong net promoter score > Strong retention rates
<p>Our Clients</p> <p>Our purpose is to help companies improve their effectiveness and profitability by improving their staff engagement and retention. Improving such metrics in turn improves our customer retention and encourages new business.</p>	<p>We engage and build relationships with our customers and clients in several ways, from face-to-face interaction to holding industry and other business forums and producing white papers on topics that are relevant for their businesses.</p> <p>We also recognise the importance of system security for our customers and their employees and have ISO 27001 accreditation across the whole Group and ISO 9001 covering the Employee Benefits Platform operated by the Group.</p>	<ul style="list-style-type: none"> > Product range, price and quality > Convenience and accessibility > Customer service > Fair marketing > Responsible use of personal data > Ethics and sustainability > Becoming a trusted partner

Section 172 Statement continued

Why we engage with	How we engaged in 2023	What matters to the Group
<p>Our Colleagues</p> <p>The Group's long-term success is predicated on the commitment of our employees to our purpose and demonstration of our values. In order to deliver great customer service and improve our already high staff engagement scores we need to ensure that we provide an appropriate environment and communication channels to both attract and retain talent for now and the future.</p>	<p>We have an open, collaborative, and inclusive management structure and actively engage regularly with our employees.</p> <p>We remunerate with competitive market-based pay, sector leading rewards and benefits alongside a learning culture and great career opportunities. We continue with our hybrid working policy for all office-based staff, feedback tells us that this helps our colleagues achieve a better work-life balance with subsequent gains in engagement and productivity.</p> <p>Following feedback from our 2023 Employee Engagement survey, we introduced a number of employee benefit provisions which can be seen in detail on page 31. We have also created a DEIB strategy group in 2023 with a focus on understanding the Groups data against the regions in which we operate.</p>	<ul style="list-style-type: none"> > Fair employment > Competitive pay and benefits > Development and career opportunities > Collaborative and supportive work environment > Health and safety and colleague wellbeing > Responsible and respectful use of personal data > Ethics and sustainability
<p>Our Suppliers</p> <p>Our suppliers are fundamental to the quality of our products and to ensuring that as a business we meet the high standard of conduct that we set ourselves. Our Hapi platform contains numerous third-party offerings which add value to the overall proposition. It is important that we ensure good working relationships with those suppliers but also to choose partners that allow the Group to fulfil its day-to-day operations to deliver our products and services to the best standard possible.</p>	<p>We regularly engage in open and two-way conversations with our largest suppliers. Key suppliers are invited to attend and present at our client conferences or workshops.</p> <p>We continually review and update our supplier onboarding process and conduct annual reviews on all key suppliers to the Group.</p> <p>Whilst we work with our suppliers to ensure that they have effective controls in place to protect the security and privacy of our customers data.</p>	<ul style="list-style-type: none"> > Long-term partnerships > Collaborative approach > Open terms of business > Fair payment terms
<p>Our Community & Environment</p> <p>The Board recognises the importance of leading a Group that not only generates value for shareholders but also contributes to the wider society.</p>	<p>We encourage all our employees to engage in the local community and work with our PACT Committee to utilise the funds in the Personal Assurance Charitable Trust to support charities at home and abroad as discussed on page 32.</p> <p>We are conscious of the need for our business to focus on long-term sustainability, during 2023 we have seen the replacement of most of the Group's fleet with a range of hybrid and low CO₂ petrol cars replacing less environmentally friendly cars. We are also taking steps to lessen commuting for our field sales team, both for their benefit but also for the environmental impact generated.</p> <p>We continue to review ways in which we can be more active in the local community and are beginning discussions with local schools and colleges to support them and to offer ourselves as a work experience possibility for their students.</p>	<ul style="list-style-type: none"> > Reduce environmental impact > Invest in local community > Promote environmental offerings on platform, i.e. Cycle to Work > Supporting local community by creating jobs and providing work experience and apprenticeships
<p>Our Shareholders</p> <p>Our shareholders are key to the long-term success of the business. Through our investor engagement activities, we strive to obtain investor buy-in into our strategic objectives and how we plan to deliver on them. We create value for our shareholders by generating strong sustainable profits and dividends.</p>	<p>Through our investor relations programme, which includes regular updates, meetings, roadshows and our Annual General Meeting, we ensure that shareholders' views are brought into the Boardroom and considered in our decision making.</p> <p>With a new Chief Executive the Group will be looking to conduct a series of investor roadshows to follow the release of the accounts to further articulate the future strategy of the Group.</p>	<ul style="list-style-type: none"> > Financial performance > Strategy and business model > Dividend > Long-term growth > Reputation of the Group



Corporate Governance

The Board continues to have a significant role to play in establishing the culture of the business.

Chair's Introduction Dear Shareholder

My role as Chairman of Personal Group is to ensure that the Board is performing its role effectively. This means making sure the Directors have the capacity, ability, structure, diversity and support to respond to the opportunities being created for us, whilst having consideration of our responsibilities under s172 of the Companies Act 2006.

I also have responsibility for ensuring the robust governance of the Group through challenge and direction of the Senior Leadership Team. Good governance should enhance performance and deliver positively for our shareholders, staff, customers, suppliers and other stakeholders whilst still enabling achievement of the Group's strategic aims.

The Board continues to have a significant role to play in establishing the culture of the business, ensuring that it is consistent with our business model and suitably cascaded through the Group.

This is monitored through engagement with the wider investor community, through involvement of the Board Committees and by use of the wide-ranging experience, skills and capabilities of Board members.

We continue working on an integrated succession plan for the Board and, as noted in my Chair's report earlier in this document, we have appointed a new Chief Executive, Paula Constant, during the year with Deborah Frost having chosen to retire, this has allowed for a review of the senior positions within the business identifying gaps and any succession issues which the Board and Executive are currently in the process of resolving.

The year presented a number of pressures on our workforce with the increased cost of living and general uncertainty in the UK. The Senior Leadership Team has worked to ensure that the employees of the Group are supported against these pressures by benchmarking roles across the business to ensure that pay reflects the markets rates and ensuring that there is support for staff both with regard to their working environment by virtue of the right equipment and appropriate hybrid working conditions and with other, more personal matters, ensuring access to relevant mental and physical health provisions as part of our staff benefits package.

In 2023, we continued to develop our governance processes to improve adherence to the Quoted Companies Alliance (QCA) Corporate Governance Code which the Group adopted in 2018. The Board does not consider that it departs from any of the principles of the Code and we continue to monitor our performance against each of the 10 principles. We plan to adopt the revised 2023 code from the start of 2025. The Board is able to deliver effective decision making and subsequent drive of value for shareholders, based on the quality information which it receives.

2023 Committee meeting dates

Board	26 Jan	2 Mar	21 Mar	5 May	25 May	22 Jun	20 Jul	12 Sep	6 Nov	30 Nov
Audit			21 Mar					12 Sep		
Risk & Compliance	26 Jan							12 Sep		30 Nov
Nominations	26 Jan									
Remuneration	26 Jan		21 Mar							30 Nov

During 2023 we have addressed the recommendations raised in the external board effectiveness review conducted in 2022, however, the 2023 internal review was postponed to early 2024 to allow the new Chief Executive to gain a full picture of the business prior to the review. We are committed to external independent reviews every three years and will continue to complete annual internal board effectiveness reviews in the intervening years.

The Board met 10 times in 2023 and the number of meetings each Director attended can be seen on pages 38 and 39. In addition, the reports of the Audit, Risk and Compliance, Remuneration Committees and Nominations and SM&CR Committee can be seen later in this section.

Martin Bennett
Independent Non-Executive
Chair



Corporate Governance continued

QCA Code compliance



<p>Principle 1 – Establish a strategy and business model, which promote long-term value for shareholders.</p>	<p>Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.</p>	<p>Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair.</p>	<p>Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</p>	<p>Principle 9 – Maintain governance structures and process that are fit for purpose and support good decision-making by the Board.</p>
<p>Personal Group provides insurance services and a broad range of employee benefits and wellbeing products to businesses across the UK. The Group enables employers to improve employee engagement and support their employees physical, mental, social and financial wellbeing, supporting our vision of creating a brighter future for the UK workforce. Full details of our business model can be found on page 12 and on the Group website (www.personalgroup.com).</p>	<p>As a Board we understand our duty to promote the success of the Company whilst considering the views of, and impact on, our wider stakeholder group of customers, policyholders, suppliers, colleagues and our community and environment as well as our shareholders. A more detailed summary of the Group's engagement with all our stakeholders can be seen on pages 34 and 35.</p>	<p>The Group maintains, and is satisfied that, the Board has a suitable balance of independence and knowledge, with Directors encouraged to challenge all matters. The Board meets regularly, with a formal schedule of matters for its approval. The Board is supported by regular engagement with the Senior Leadership Team, and a system of formal Board committees. Directors are required to devote sufficient time to carry out their role.</p>	<p>Board members are each set annual objectives, with performance feedback provided by corresponding Executive and Non-Executive members. Board evaluation is the responsibility of the Chairman. Internal board effectiveness reviews are undertaken yearly, with independent reviews at least every three years. The findings from the 2022 external review have been fed back to the Board and actions implemented. Following the onboarding of the new Chief Executive an internal review will be conducted in early 2024.</p>	<p>The Board is collectively responsible for the long-term success of the Group and for setting and executing the business strategy. It fulfils this responsibility through Board and other Committee meetings held regularly throughout the year. The meetings held in 2023 for the Board and other Committees can be seen on page 36.</p>
<p>Principle 2 – Seek to understand and meet shareholders' needs and expectations.</p>	<p>Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.</p>	<p>Principle 6 – Ensure that between them the Directors have the necessary up to date experience, skills and capabilities.</p>	<p>Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.</p>	<p>Principle 10 – Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p>
<p>Regular dialogue takes place with shareholders through initiatives including the Annual General Meeting, investor roadshows, regulatory announcements and the Report and Accounts. During 2023 our Chief Executive, CFO, Chair and other Non-Executive Directors met virtually, and in person, with key investors. We also hosted our investor events in March and September 2023.</p>	<p>The Board is responsible for identifying and mitigating risks to the Group achieving its strategic objectives. It addresses risk management through an "Enterprise Risk Management Framework", and a system of risk governance, including a Risk and Compliance Committee. During 2023, a risk based internal audit function was again provided by RSM. For further details see page 41.</p>	<p>The background and experience of the Board ensures there is an effective and appropriate balance of skills and knowledge. Additional training is provided where needed and Board members are encouraged to maintain their professional development. As noted on page 36 there has been one addition to the Board in the year with Paula Constant taking up her role as Chief Executive.</p>	<p>The Board believes Group culture is set from the top of the organisation. These values form a core part of how the business is managed, from recruitment to training, and ongoing reward and recognition.</p> <p>An employee engagement survey was conducted in June 2023 which produced strong results but also some feedback which has been actioned upon as noted in the ESG section on page 30.</p>	<p>The Group communicates through a variety of regular digital and traditional communications. These include face-to-face meetings, the Annual Report and Accounts, Interim Results, investor news announcements and information provided on the Group's website.</p>

An updated QCA Corporate Governance Code was announced on the 13th November 2023. Personal Group will strengthen its understanding and ensure compliance with the changes ahead of the effective implementation date affecting the 2024 accounts.

Board of Directors

The Board has a combined wealth of knowledge and experience to help the business achieve success.



Martin Bennett
Non-Executive Chairman

Appointed January 2021 (previously Non-Executive Director; appointed Chairman May 2021)

Martin is an experienced non-executive and chairman, bringing over 20 years of financial service experience. He has a diverse and extensive skill set, stretching across commerce, operations and finance. Prior to embarking on a non-executive career in 2018 Martin spent nearly 15 years at HomeServe plc creating a FTSE 250 services business, holding CEO, COO and CFO responsibilities in the UK, US and Europe.

Before this he spent three years as Finance Director of Clarity Group and 10 years at Arthur Andersen where he worked in audit and transaction services.

Skills, personal qualities and capabilities

An accounting and finance graduate, Martin is a Fellow of the Institute of Chartered Accountants.

External appointments

Chairman of Ventureprise plc, Homeowner Services, and the Association of Foreign Exchange and Payments Companies (AFEP). Chair of Lumon until 31 August 2022.



10/10
Meetings attended



Paula Constant
Group Chief Executive

Appointed August 2023

With a career spanning over 20 years in the fields of telecoms, banking, and outsourcing, Paula brings a wealth of experience and expertise to the role. Her executive journey includes notable positions at renowned companies such as National Australia Bank, Mitie, BT, Vodafone, Accenture and most recently, Woven.

She has a strong track record of delivering growth through enhancing distribution and improving customer service in B2C and B2B organisations. During her time with BT, she delivered substantial improvements in B2B engineering revenues, in addition to working with the regulator and over 500 customers to significantly reduce delivery lead times and complaints.

Skills, personal qualities and capabilities

Paula holds a BA in music and management studies from the University of Cambridge. In 2016, she was honoured with a Leader Award from FDM Everywoman in Technology, showcasing her leadership and influence in the industry.



3/4
Meetings attended



Sarah Mace
Chief Financial Officer

Appointed October 2020 (previously Company Secretary from April 2014)

Sarah joined Personal Group in January 2014 as Group Financial Controller and Company Secretary.

Previously Head of Finance for private equity owned Chicago Leisure Ltd, she also has experience in a broad range of industries including roles at large communications firm Cable and Wireless and various life and pensions companies.

Skills, personal qualities and capabilities

Sarah is a Fellow Member of the Association of Chartered Certified Accountants and also has a Master's degree in mathematics from Oxford University.



10/10
Meetings attended



Maria Darby-Walker
Senior Non-Executive Director

Appointed June 2019 (Appointed Senior Non-Executive Director in January 2021)

Maria joined Personal Group as Non-Executive Director in June 2019 and is Chair of the Remuneration Committee.

In 2005 she started her own consultancy, advising the boards of leading brand names on business-critical issues including mergers and acquisitions, crisis management, brand and reputation, ESG, equality and diversity, and financial regulation. Her client list included: The Financial Conduct Authority, The Investment Association, Unum, Iglo / Birds Eye, Cadbury and Rio Tinto amongst others.

Skills, personal qualities and capabilities

Beyond her technical and industry qualifications, Maria is also a qualified leadership coach and mentor being appointed an honorary visiting fellow of Oxford University in September 2022.

External appointments

Senior Independent Non-Executive Director at Redwood Bank Ltd.



10/10
Meetings attended

Committee Membership Key



Risk and Compliance Committee



Audit Committee



Nominations & SM&CR Committee



Remuneration Committee



Chair of the Committee



Independent



Bob Head
Non-Executive Director
Appointed November 2016

Bob joined Personal Group in July 2016. With over 25 years in Non-Executive Director roles, Bob brings an extensive range of knowledge and experience to the Board.

His diverse working life has seen him work worldwide with almost every branch of financial services. He also has experience of software and marketing companies as well as government.

Skills, personal qualities and capabilities

Further to his ACA, ACII and FCIB with an MA from Oxford, Bob has solid blue-chip experience with big brands and business and a rich tapestry of management roles.

External appointments

Non-Executive Director at Alexander Forbes and Chair of Audit and Remcom committees at Mirriad.

10/10 Meetings attended



Ciaran Astin
Non-Executive Director
Appointed May 2022

Ciaran is an experienced leader in consumer services businesses across the insurance, telecoms and energy sectors. Ciaran is currently a consultant to businesses in the telecoms and insurance sectors.

From 2019 to 2023, Ciaran was Managing Director of ClearScore's Insurance-related business. Between 2012 and 2019, he held senior leadership roles at leading personal lines insurers, Hastings Group and Direct Line Group. Earlier in his career, Ciaran spent two years driving product transformation in Centrica's consumer business, following seven years in commercial leadership roles in the telecoms sector with BT Group and Telewest.

Skills, personal qualities and capabilities

Ciaran holds a Masters in Engineering from Cambridge University.

10/10 Meetings attended



Andy Lothian
Non-Executive Director
Appointed July 2017 (previously Executive Director, appointed Non-Executive Director in January 2021)

Andy Lothian joined Personal Group in 1998 as a Group Account Executive focusing on new business sales and client servicing. His passion for excellence, drive, and commitment has seen him go from strength to strength. His journey at Personal Group has evolved greatly over the last two decades, through Sales Management roles and eventually 11 years as Managing Director of Personal Group Benefits.

In January 2021 Andy moved into a Non-Executive Director role on the Board.

Skills, personal qualities and capabilities

Andy has extensive knowledge and experience of the important day-to-day role that all Personal Group employees play in the development and growth of the business.

External appointments

Director of Lothian Property Group.

10/10 Meetings attended



Damian Kane
Commercial Finance Director and Company Secretary
Appointed October 2020

Damian first joined the business in 2015 as Senior Finance Manager, with his role evolving to Financial Controller in 2018. He was appointed Finance Director and Company Secretary in 2020.

Damian has extensive knowledge and experience in a variety of industries having held finance positions within Amtech Group Ltd and Connells Group subsequent to his professional training as an auditor for Grant Thornton UK LLP.

Skills, personal qualities and capabilities

Damian is a Chartered Accountant and holds a degree in Economics and Politics from the University of Southampton.

10/10 Meetings attended

Committee Membership Key Risk and Compliance Committee Audit Committee Nominations & SM&CR Committee Remuneration Committee Chair of the Committee Independent

Risk and Compliance Committee Report

The Committee's role is to assess the effectiveness of the Group's risk management framework, to set the group's risk appetite and to oversee compliance with regulatory requirements.



Meetings held

3

Risk and Compliance Committee members

Meeting Attendance

Bob Head (Chair)	3/3
Martin Bennett	3/3
Maria Darby-Walker	3/3
Andy Lothian	3/3
Ciaran Astin	3/3
Deborah Frost*	2/2
Sarah Mace	3/3
Paula Constant*	1/2

Dear Shareholder

I am pleased to present the Risk and Compliance Committee Report for the year ending 31 December 2023.

Activity during the year

The Committee focuses its debate on key risks, emerging risks, new risks and areas where we perceive we have increased risk. We then assess whether the risk has been optimised. We use the word "optimise" rather than "mitigated" since not all risk can be economically eliminated – for example, the economy.

The Committee's Chair reports formally to the Board on its proceedings after each meeting and during the year the Committee met three times, overseeing significant Group-wide projects which included:

- > Consideration of the Group's approach to the challenging economic outlook which persisted throughout 2023, including how to optimise the Group's current offering and tailor the go to market message to mitigate the risk of any impacts on income from clients and customers.
- > Implementation of the FCA Consumer Duty regime, ensuring that the gap analysis carried out in 2022 had been appropriately addressed and ensuring that the Group was compliant with the new regime.

- > A deep dive into the value in the insurance products underwritten, and sold, by Personal Group companies, reviewing peer-related data in the context of healthcare cash plans.
- > Update and further development of the Own Risk and Solvency Assessment (ORSA) for Personal Assurance Plc to account for current risks and exposures, particularly in relation to inflationary pressures and negative cost of living effects which have persisted throughout 2023.
- > The regulatory capital is formulaic. We are also thinking about the capital we need for our non-regulated businesses.
- > An ongoing focus on cyber risks as well as operational resilience to deliver what we have promised our clients and customers remains a key topic of discussion for the Committee. We are pleased to note that we remain certified for ISO27001.
- > The regular review, consideration and approval of existing Group policies used across the business.
- > Consideration of management information which assesses levels of quality and compliance, and the effectiveness of the Information Security Management System.
- > Consideration of the quality of the sales of the insurance policies, and understanding how artificial intelligence (AI) is used to enhance quality and protect consumers. We are using AI to help assess whether sales are compliant and meet Personal Group standards.
- > Oversight of the resolution of actions arising from an external review of our health and safety regime.
- > Annual appraisal of the insurance products for value, price and suitability.

In addition, other work undertaken during the year included:

- > Ongoing consideration of the Own Risk and Solvency Assessment (ORSA) for Personal Assurance Plc to account for current risks and exposures.
- > The regular review of the group's exposure to the risks and threats to the strategic objectives, setting the risk appetites and agreeing tolerances.

As in previous years, the Committee has continued to apply its mind to the risk logs both in terms of completeness and how risks are optimised. The Committee has also worked closely with the Audit Committee to ensure that the Committees neither duplicate work nor allow things to slip between the gaps. All directors are members of risk committee. We believe the size of Personal Group is such that we get a better result by organising ourselves this way.

Bob Head
Independent Non-Executive Director
18 March 2024

* Paula Constant was appointed as Chief Executive, and replaced Deborah Frost, on 1 August 2023.

Audit Committee Report

The primary role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the internal controls as well as oversight of the internal and external audit functions.



Meetings held

2

Audit Committee members

Meeting Attendance

Bob Head (Chair)	2/2
Martin Bennett	2/2
Maria Darby-Walker	2/2
Ciaran Astin	2/2

Dear Shareholder

The Committee oversees the appointment of, and relationship with, the external auditor and ensures compliance with other regulatory requirements that are relevant to the Group, as well as gaining reassurance that the control environment is fit for purpose. The internal audit function is currently outsourced to a third-party, and the Committee is also responsible for overseeing the effectiveness of internal audit in line with the Chartered Institute of Internal Auditors (IIA's) Guidance on Effective Internal Audit.

Roles and Responsibilities

The Audit Committee assists the Board in discharging its responsibilities with regard to the oversight of:

Financial reporting:

- > Monitoring the integrity of the financial statements of the Group, including its annual and half yearly reports, and considering the clarity and completeness of disclosures therein;
- > Reviewing and challenging any changes to accounting policies, accounting for significant or unusual transactions and the application of appropriate judgements and estimates;

- > Considering new accounting standards and pronouncements and comments from the Financial Reporting Council; and
- > Advising the Board on whether the Group's financial statements are fair, balanced and understandable. Particular attention has been given to ensuring the business commentary is consistent with the reported results.

Internal and external audit:

- > Overseeing the Group's relationship with its external and internal auditors, including their appointment, remuneration, independence and the effectiveness of the audit processes;
- > Developing and implementing a policy on the supply of non-audit services by the external auditor; and
- > Monitoring and reviewing the scope of work and effectiveness of the outsourced internal audit function in the context of the Group's overall risk management system.

Internal controls:

- > Reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management systems; and
- > Reviewing the Group's arrangements with regard to employee/contractor whistleblowing, fraud detection, prevention of bribery and money-laundering.

Membership and meetings

The Audit Committee comprises the Independent Non-Executive Directors and meets at least twice a year.

The Directors' profiles and qualifications are included on pages 38 and 39.

Risk matters are covered at the Risk and Compliance Committee but all members of the Audit Committee are also members of the Risk and Compliance Committee, which ensures tight co-ordination.

Two formal meetings were held during 2023 and all Committee members were in attendance. Additionally, the remaining Board members, Head of Risk and Company Secretary were present at all meetings.

Audit Committee Report continued

The meetings of the Committee are designed to facilitate and encourage communication among the Committee, the Group's outsourced internal audit function (RSM) and the appointed external auditor. The Committee meets with the internal auditors and the external auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Group's internal control and the overall quality of the Group's financial reporting. In addition, the members of the Audit Committee also meet separately to consider any issues.

Activities of the Audit Committee during the year

The Committee discussed with the Group's internal and external auditors the overall scope and plans for their respective audits. As a part of these discussions the Committee has considered whether there are further risk areas that need to be considered in addition to those raised by both sets of auditors. In addition, the key work undertaken by the Committee during the year under review and up to the date of this Annual Report included:

- > Review and approval of the 2022 Annual Report and Accounts and 2023 Interim Results statement.
- > Approval of the Solvency and Financial Condition Report.
- > Review of internal audits carried out by RSM.

During 2023 RSM undertook audits, in line with the agreed scope, over areas including assurance frameworks, complaints, financial crime, SMCR. RSM also undertook a follow up of the marketing effectiveness review to ensure we had properly covered off the new regulatory requirements.

The Committee received reports from the internal auditors throughout the year and was satisfied with the effectiveness of internal controls and risk optimisation. It supports the recommendations made by the internal auditors and is satisfied with the plans in place and the actions taken or planned by management in response to these recommendations and monitors the clearance of the items raised to ensure that they are resolved on a timely basis.

The approach in developing the internal audit plan for 2023 (and for 2024) was based on analysing the corporate objectives, risk profile and assurance framework of the Group, as well as other factors affecting the Group. The aim is to cover all significant risk areas at least once every three years.

The Audit Committee regularly discusses the performance of internal audit within the Committee, with management and with internal audit. Given the size of the Group we believe that an outsourced Internal Audit function gives us access to more areas of expertise than an internally resourced department.

Significant reporting issues and judgements

In fulfilling its oversight responsibilities, the Committee has reviewed and discussed the audited consolidated financial statements and the related schedules within the Annual Report with Group management, including a discussion of the appropriateness of the accounting principles, the reasonableness of significant judgements and the clarity of disclosures in the financial statements. The areas the Audit Committee have focused on are detailed later in the report.

Key Group issues included:

- > Consideration was given to going concern, the adequacy of capital in a variety of scenarios and the ability to pay a dividend whilst maintaining our target of 150% of required regulatory capital.
- > The transition to IFRS 17, including any changes to the transactional values and presentation thereof was reviewed to ensure compliance with the new standard.
- > Review of the disclosure of voucher income following a recommendation from the finance team that the balance of evidence now supported disclosure as agency rather than principle.
- > The carrying value of goodwill in the Group's financial statements was reviewed in line with the difficult trading environment.

The Committee reviewed the recommendations of the finance function and received reports from the external auditor on their findings. Where cost effective to do so the Committee has encouraged the external auditors to adopt a controls approach to the audit rather than substantive audit approach.





The significant reporting matters and judgements the Committee considered during the year included:

<p>Carrying value of goodwill and other intangibles</p> <p>As a result of business acquisitions, the Group has recognised significant balances for goodwill. Goodwill must be tested annually for impairment; other intangible assets are tested when there are indicators that they may be impaired. The assessment of potential impairment requires a number of judgements and estimates to be made in determining the relevant future cash flows and the discount rate to be applied.</p>	<p>Note 13 & 14</p> <p>The Committee reviewed the key financial assumptions underpinning cash flow projections, the discount and long-term growth rates applied thereto and the results of sensitivity analyses.</p> <p>The Committee was satisfied that no impairment was needed on the goodwill of Pay & Reward, and reiterated that the initial assessment of the acquired intangible assets and goodwill was appropriate.</p>
<p>The presentation of “Adjusted EBITDA” alongside statutory profit</p> <p>Adjusted EBITDA, in this context, looks to adjust for non-underlying trading activity within the financials for year which are material in size, in order to fairly remunerate the management on underlying performance.</p>	<p>Note 5</p> <p>The Committee considered the approach adopted and was satisfied that the approach continues to help provide a clear and balanced view of the underlying performance of the business than simply focusing on profit after tax. It also concluded that the approach is being applied consistently from year to year and the rationale is clearly presented and reconciled back to the IFRS published numbers.</p>
<p>The valuation of the liabilities for incurred claims</p> <p>In line with IFRS 17 the Group retains a liability for incurred claims arising from claims in the current and preceding financial years which have not yet given rise to claims paid.</p> <p>It is estimated based on the current information, and the ultimate liability may vary as a result of subsequent information and events.</p>	<p>Note 24</p> <p>The Committee has reviewed the methodology and calculations relating to the claims provisions held by the insurance entities within the Group to ensure that the incurred but not reported claims reflect not only the historical trends of the insurance policies sold but also continuing impacts post COVID-19 including considerations such as increased hospital waiting lists. The Committee was satisfied that the amount reserved for across the Group is appropriate given the data available. It should be noted that the insurance business is short tail and post year end claims are examined before the accounts are signed off.</p>

External audit

EY LLP were first appointed for the 2019 financial year. We value continuity providing the Group gets value for money both for the formal reporting and the third-party assurance that the business has a good control environment.

The Committee considers a number of areas when reviewing the external auditor reappointment, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and their reappointment and remuneration. In addition, as noted, we are seeking more value from the audit and encourage a control based approach rather than substantive where it is cost effective to do so.

The external auditor reports to the Committee on actions taken to comply with professional and regulatory requirements and is required to rotate the lead audit partner every five years.

There is also an active, ongoing dialogue between the Committee and the external auditor on actions to improve the effectiveness and efficiency of the external audit process. In addition, the Committee considers risk areas that might inform the audit strategy and discusses this with the external auditors.

The Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of EY LLP as auditor.

No non-audit services were provided by the external auditors during this financial year or since they were originally appointed.

Bob Head

Independent Non-Executive Director
18 March 2024

The Committee's objective is to align our reward strategy with the delivery of profitable and sustainable growth for the benefit of all our stakeholders.



Meetings held

3

Remuneration Committee members

Meeting Attendance

Maria Darby-Walker (Chair)	3/3
Martin Bennett	3/3
Bob Head	3/3
Ciaran Astin	3/3

Dear Shareholder

On behalf of the Board, I am pleased to present this year's Remuneration Committee report. The Remuneration Report provides a comprehensive picture of the structure of our remuneration framework, its alignment with the business strategy and the rest of the workforce, as well as the decisions made by the Committee as a result of business performance for this year.

Aims of the Remuneration Committee

The primary purpose of the Remuneration Committee is to review and make recommendations regarding the remuneration policy for the Group, specifically regarding the Group's framework of Executive Remuneration.

The Committee's overall objective is to align reward for the Executive Directors with the delivery of profitable sustainable growth for our shareholders and employees through the Group's remuneration framework which:

- > Offers competitive salary packages to attract, retain, and motivate talented people.

- > Operates straightforward, transparent, and effective reward schemes that incentivise delivery of stretching annual targets and delivery of our longer-term business strategy including ensuring the organisation operates in a sustainable way increasing societal benefit.

In addition, the Committee:

- > Offers the chance for all employees to participate in share schemes.
- > Oversees and reviews the commission and bonus arrangements for customer-facing insurance sales employees to ensure a proper balance between motivating staff whilst making sales of the highest quality (i.e. beyond simple regulatory compliance) and ensuring good customer outcomes.

To that end, we currently operate the following remuneration framework:

- > Annual salary and associated benefits (all employees).
- > Defined contribution pension scheme and other benefits such as life cover, private medical insurance (all employees).

- > Performance based annual bonus linked to delivering stretching financial, business development, and service-oriented targets (selected employees).
- > Commission, bonus schemes and incentives for the customer-facing insurance teams (selected sales and sales support employees).
- > Share schemes:
 - > PG Share Ownership Plan (all employees);
 - > Company Share Option Plan (selected employees); and
 - > Long-Term Incentive Plans (LTIPs) (selected senior executives – see page 47 for further details).

We have continued to consider comparisons of remuneration for senior employees of similar sized quoted companies in related sectors when establishing the levels of packages set. Our most recent Executive and Non-Executive Directors' benchmarking exercise was concluded in December 2023.

Remuneration Committee Report continued

Composition of the Remuneration Committee

The Remuneration Committee consists of the independent Non-Executive Directors, with the Chief Executive, Chief People Officer, Company Secretary and any non-Independent Non-Executive Directors invited to be in attendance at times. The Remuneration Committee operates within defined terms of reference, which were updated last year. It met three times in 2023, with ad hoc calls taking place when required.

None of the Committee has any personal financial interest, conflicts of interests arising from cross Directorships, or day-to-day involvement in running the business and, as such, the Committee is deemed to be independent.

The Board determines the remuneration of the Non-Executive Directors after benchmarking external market research. Non-Executive Directors are not involved in setting their own pay and do not participate in the bonus schemes or the LTIPs, or in any other share award scheme.

Performance for the year & annual bonus

The overall amount of a persons bonus opportunity which could be paid out was calculated by the overall EBITDA performance of the Group for those not on a sales based target. The total amount unlocked was 40% of the overall bonus opportunity.

Given this proportion the bonus was earned across three elements, Group EBITDA, a shared objective which was departmental and personal objectives.

From 2021 to 2023 the ESG targets were included as part of the performance criteria of the LTIPs for senior management. From 2024, this will change to annual ESG goals forming part of the gateway to release bonus for the year in question for all staff. This will enable the goals to become more specific and measurable, as well as becoming more relevant for the wider business.

Pay increases

The Remuneration Committee approved a pay increase pot of c.5% for all eligible employees in January 2023. This reflected a significant increase from 2022 in order to support our staff with cost-of-living increases. During the year we also conducted reviews of areas of the business where significant pay inflation had been seen across certain job types and adjustments made as required to keep key employees.

Other Committee activities for the year

The Committee has been actively engaged in reviewing the changing nature of reward and benefits. The Committee is in regular communication with the Chief Executive and Chief People Officer to ensure that the Group understands the market norms and offers packages which are competitive for our employees. The Committee particularly focused on the attraction and retention of scarce talent, with a detailed review of the pay of all employees, and those at particular flight-risk in crucial roles identified.

The Committee reviewed the outcomes of the revised remuneration and incentive programme, introduced in 2022, for the field sales team to ensure that the changes had brought about the desired results in terms of financial reward and in the context of ensuring good behaviours and customer outcomes in line with consumer duty legislation.

The Committee also reviewed the existing CSOP and LTIP arrangements to ensure that the method of allocation and criteria were fair and that it represented an appropriate incentive for retention and performance.

The year ahead

The Remuneration Committee remains focused on aligning reward with delivering long-term sustainability and growth of the business, combined with our on-going progressive dividend policy. Where any material changes are made to the remuneration policy, we will continue to discuss our intentions with our major shareholders and give them the opportunity to comment.

Service contracts

The Executive Directors have service contracts that can be terminated on six months' notice.

These provide for termination payments equivalent to the notice period's basic salary and contractual benefits.

The Non-Executive Directors have letters of appointment that can be terminated on six months' notice.

“We remain focused on aligning reward with the business’s long-term sustainability and growth.”

Maria Darby-Walker

Independent Non-Executive Director

Remuneration Committee Report continued

Membership of Board and Directors' interests

The membership of the Board throughout the year is set out herein.

The interests of the Directors and their families (including transactions committed to before the year end and shares held in the PGH employee share ownership plan) in the shares of the Company as of 31 December 2022 or date of appointment if later, and 31 December 2023, are shown in the table to the right.

At 31 December 2023, the mid-market closing share price was 185.00p per share (31 December 2022: 196.00p).

Directors' remuneration

The Executive Directors' remuneration packages currently include components of a basic salary, annual bonus, a company car or car allowance if applicable to the role, Long-Term Incentive Plan (LTIP), non-matched pension contributions and life cover as appropriate.

The remuneration of the Directors listed by individual Director is shown to the right.

	At 31 December 2023	At 31 December 2022
Share holding of Board Members		
Paula Constant (Chief Executive)	-	-
Sarah Mace (Chief Financial Officer)	12,275	12,071
Andrew Lothian (Non-Executive Director – Managing Director PGB Sales until December 2020)	37,532	37,532
Martin Bennett (Independent Non-Executive Chair – Appointed January 2021)	18,070	18,070
Bob Head (Independent Non-Executive)	-	-
Maria Darby-Walker (Senior Independent Non-Executive)	5,555	-
Ciaran Astin (Independent Non-Executive – Appointed May 2022)	-	-

	Salary and fees 2023 £'000	Bonus 2023 £'000	Share-based gains on exercise of options 2023 £'000	Termination payment 2023 £'000	Pension contributions 2023 £'000	Total 2023 £'000	Total 2022 £'000
Directors Remuneration							
Deborah Frost *	333	15	-	185	10	543	421
Paula Constant **	146	40	-	-	8	194	-
Sarah Mace	196	86	-	-	15	297	202
Andrew Lothian	43	-	-	-	-	43	41
Bob Head	52	-	-	-	-	52	50
Maria Darby-Walker	52	-	-	-	-	52	51
Martin Bennett	103	-	-	-	-	103	101
Ciaran Astin ***	45	-	-	-	-	45	28
Liam McGrath ****	-	-	-	-	-	-	130
Total	970	141	-	185	33	1,329	1,024

* Departed the Board in August 2023.

** Joined the Board as Chief Executive in August 2023.

*** Joined the Board as a Non-Executive Director in May 2022.

**** Departed the business in August 2022.

Directors' share options

CSOP – On 31 December 2023 options outstanding were as follows:

	Number of shares	Exercise price pence per share	Earliest exercisable date
Andy Lothian	6,026	498.00	14 February 2017
Sarah Mace	6,122	490.00	28 January 2017
Sarah Mace	13,888	216.00	19 June 2026

LTIP – On 31 December 2023 options outstanding were as follows:

	Number of shares	Exercise price pence per share	Earliest exercisable date
Paula Constant	286,574	5.00	01 January 2026
Sarah Mace (2021 award)	62,438	5.00	01 January 2024
Sarah Mace (2022 award)	84,602	5.00	01 January 2025
Sarah Mace (2023 award)	137,858	5.00	01 January 2026

The options above are subject to the performance criteria of the LTIP.

Company Share Option Plan

Awards under CSOPs have taken place for a number of years and have been predominantly allocated to senior members of staff across the business in line with the rules on the government scheme. The options have a requirement to be held for three years prior to exercise and no performance obligations.

Long-Term Incentive Plan

The Long-Term Incentive Plan introduced in April 2021 was established in order to reward and incentivise the senior executives to deliver sustainable growth for the Company and to create material value for shareholders. The scheme accommodates performance conditions across market, financial and ESG measures which support the growth of the business.

The scheme has made three awards of share options to date in April 2021, April 2022 and June 2023. A further scheme is expected to be announced in April 2024.

The performance criteria of the awards are detailed in Note 20.

In addition to the Executive Directors, members of the Senior Leadership Team also have awards.

Maria Darby-Walker

Independent Non-Executive Director
18 March 2024

Nominations Committee Report

The objective of the Nominations Committee is to recommend for selection by the full Board, Director nominees and to ensure compliance with the requirements around Senior Managers and Certification Regime (SM&CR).



Meetings held

1

Nominations Committee members

Meeting Attendance

Martin Bennett (Chair)	1/1
Maria Darby-Walker	1/1
Bob Head	1/1
Ciaran Astin	1/1

The Chief Executive, Non-Independent NEDs, Chief People Officer and Company Secretary are normally present at the meetings.

Dear Shareholder

I am pleased to present the Nominations Committee Report for the year ended 31 December 2023. The Committee's primary function is to enable focused discussions around the composition of the Board and the Group's requirements around SM&CR.

Objectives

The aims and objectives of the Nominations Committee are to:

- > Ensure there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board and new members of the senior management team;
- > Provide oversight of Board composition, membership and Board and senior / executive appointments;
- > Lead the process for appointments, ensure plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession;
- > Provide independent oversight of the Group's compliance with the Senior Managers and Certification Regime; and
- > Determine whether employees who are subject to disciplinary procedures have breached the Conduct Rules applicable to their role and whether dismissal is an appropriate outcome.

The Nominations Committee, assisted by external executive search agencies as required, primarily manages appointments to the Board, but all Board members have the opportunity to meet shortlisted candidates, ensuring a wide range of feedback in the appointment process. All Executive Directors are engaged on a full-time basis. Non-Executive Directors have letters of appointment stating their annual fee, the minimum required time commitment and confirmation that their appointment is subject to satisfactory performance. Their appointment may be terminated with a maximum of six months' written notice at any time.

The remuneration of the Chairman and Non-Executive Directors is determined by the Board following proposals from the Nominations Committee, within the limits set out in the Articles of Association, based on a review of the level of fees paid by comparator companies. Non-Executive Directors do not participate in discussions about their own remuneration.

Activity during the year

The Committee's Chairman reports formally to the Board on its proceedings after each meeting and during the year the Committee met once, detail of what was reviewed by the Committee is as follows;

Board succession

We actively manage our Board succession plan, to ensure that our Board has an appropriate and diverse range of skills to enable us to deliver our strategy for the benefit of all of our stakeholders. We are a small and cohesive Board, and take care to ensure that all new members of our Board are aligned to our culture and share our values, whatever their skills and background. Our Board induction process, undertaken by all new members upon appointment, is an important way to get our new Board members up to speed and valued by our Non-Executive Directors.

We have a formal plan for how Board membership should develop which aims to balance continuity of service with a regular refreshment of skills and experience needed to deliver our evolving strategy. We regularly review the balance of skills on the Board as a whole, taking account of the future needs of the business, and the knowledge, experience, length of service and performance of the Directors. We are satisfied with the plan which has resulted in the placement of Paula Constant as Chief Executive replacing Deborah Frost who retired during the year.

Nominations Committee Report continued

“We remain focused on aligning reward with the business’s long-term sustainability and growth.”

Martin Bennett
Independent Non-Executive Chairman

Board and Director effectiveness

The Chief Executive receives a formal evaluation of their performance during the year, which is conducted by the Chairman. In addition, the Chief Executive discusses with the Non-Executive Directors the performance of individuals of the Executive team and any changes that she proposes to make to this team. Whilst this activity does not take place formally within the meetings of the Nominations Committee, it does form part of its work in overseeing Executive team development and succession process, and the pipeline of talent available for succession to the Board. The performance of our Board and the Committees is evaluated by the Chair. An external Board effectiveness review was conducted in 2022 with development points having been worked on subsequently. An internal review is to be conducted in early 2024.

Diversity

We fully support diversity as an important contribution to good quality decision making and innovative thinking. Diversity has many dimensions and we particularly value diversity of thought, which in turn is assisted by diversity of background and experience, as well as gender and ethnicity. We already have on our Board a diversity of gender, skills, experience, personality, and cognitive approach. Across the business, teams are diverse with an even split of males and females in management positions. However, we are

conscious that our senior leadership population does not currently reflect the broader ethnic mix of our employees and our customers and we will seek to address this.

We continue to review how we can further broaden our approach, encouraging diversity and inclusion throughout the Board and the business.

Culture and values

Preservation of our culture has always been a priority, which stems from the values instilled by the Board.

Our culture is brought to life through our shared values and business principles which the Board monitors through Board reports and agenda items, engagement with employees, and visits to the Group’s offices.

Our culture and values are an important part of what we look for in new candidates to join our Board, so that they may promote and engage with the development of these aspects throughout the business. It is important that they are aligned with our values so that they can be role models for all our employees and stakeholders.

Certification & conduct rules

It is important for the ongoing success of the business that rigorous certification processes and training and oversight of compliance with the conduct rules are completed and monitored by the Committee. We have worked hard to articulate the conduct rules as part of the wider Group values and have no tolerance for any breaches of the rules.

Martin Bennett
Independent Non-Executive Chairman
18 March 2024

Tenure and Re-Election of Directors

The Nominations Committee considers the length of service of Board members at least annually. The tenure of the Directors is set out below:

Member	Appointment	Board role	Last AGM renewal	Up for renewal at 2024 AGM
Martin Bennett	January 2021	Non-Executive Chairman	AGM 2023	
Paula Constant	August 2023	Chief Executive	–	For renewal as first year
Sarah Mace	October 2020	Chief Financial Officer	AGM 2023	
Maria Darby-Walker	June 2019	Senior Non-Executive Director	AGM 2022	For renewal by rotation
Ciaran Astin	May 2022	Non-Executive Director	AGM 2023	
Bob Head	November 2016	Non-Executive Director	AGM 2022	
Andy Lothian	July 2017 (previously Executive Director, appointed NED Jan 2021)	Non-Executive Director	AGM 2021	For renewal by rotation

The Directors present their report together with the audited financial statements for the year ended 31 December 2023.

Principal activities

The Group is principally engaged in providing employee services, including short-term accident and health insurance, benefits and platform products, pay and reward consultancy and the provision of salary sacrifice technology products in the UK.

Results and dividends

A review of the year's results is given in the Chief Financial Officer's Statement (see page 20).

The profit from continuing operations for the year is £5,334,000 (2022: loss of £6,760,000) before taxation of £1,010,000 (2022: £493,000). During the year ordinary dividends of £3,482,000 (2022: £3,310,000) were paid.

Directors

The membership of the Board at the end of the year is set out in the Remuneration Report on pages 44 to 47. The Remuneration Committee Report also includes details of the Directors' remuneration and interests in the ordinary shares of the Company. During the year all Directors and officers were covered by third party indemnity insurance.

Political contributions

Neither the Company nor any of its subsidiaries made any political donation or incurred any political expenditure during the year (2022: £nil).

Charitable donations

Donations to charitable organisations amounted to £100,000 (2022: £100,000).

Principal risks and uncertainties

The principal risks and uncertainties facing the Group, along with the risk management objectives and policies are discussed in the Risk and Compliance and Audit Committee reports and Note 3 of these financial statements.

Capital requirements

See Note 4 of these financial statements.

Corporate governance

The Board of Personal Group Holdings Plc supports the principles and is committed to achieving high standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code in its entirety. The Board's report on the Group's corporate governance procedures is set out on pages 36 and 37.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

EY LLP have expressed willingness to continue in office. In accordance with section 489 (4) of the Companies Act 2006 a resolution to both formally appoint and reappoint EY LLP will be proposed at the Annual General Meeting to be held on Thursday 2 May 2024.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

BY ORDER OF THE BOARD

Sarah Mace

Chief Financial Officer
18 March 2024



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the Group and parent company financial statements in accordance with applicable law and regulations.

In respect of the Strategic Report, Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Group and parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the UK (UK adopted IFRS) and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- > Select suitable accounting policies and then apply them consistently.
- > Make judgements and estimates that are reasonable, relevant and reliable.
- > State whether they have been prepared in accordance with UK adopted IFRS.
- > Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- > Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Personal Group Holdings Plc

Opinion

In our opinion:

- > Personal Group Holdings plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- > the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- > the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act; and
- > the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Personal Group Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2023	Balance sheet as at 31 December 2023
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of cash flows for the year then ended	Related notes 1 to 31 to the financial statements including material accounting policy information
Related notes 1 to 31 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards to the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- > confirming our understanding of management's going concern assessment process and obtained management's assessment which covers 12 months ending 31 March 2025;
- > obtaining the financial forecasts prepared by the Group and assessed the appropriateness of assumptions applied in the modelled stress scenarios based on our understanding of the business and the Group's historical performance;
- > performing enquiries of management and those charged with governance to identify risks or events that may impact the Group's ability to continue as a going concern. We also reviewed management's assessment approved by the Board, minutes of meetings of the Board and its committees, and made enquiries as to the impact of market conditions on the business; and
- > assessing the appropriateness of the going concern disclosures by comparing the consistency with management's assessment and for compliance with the relevant reporting requirements.

Independent Auditor's Report continued

Based on management's assessment, we have observed that the Group is able to continue to have surplus cash and solvency above the solvency requirements within its two regulated entities in a number of extreme downside scenarios and the Group will be able to continue to service customers and meet its commitments in the current environment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period ending 31 March 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope > We performed an audit of the complete financial information of 8 components and audit procedures on specific balances for a further one components.

Full scope audit

- > UK core insurance (Personal Assurance plc)
- > Guernsey core insurance (Personal Assurance (Guernsey) Limited)
- > IT salary sacrifice (PG Let's Connect IT Solutions Limited)
- > Software as a service (Personal Management Solutions Limited)
- > Pay and reward (Innecto People Consulting Limited)
- > Intermediate holding company (Personal Group Limited)
- > Others (Berkeley Morgan Limited and Personal Assurance Services Limited)

Specific scope audit

- > Pay and reward (Quintige Consulting Group Limited)
- > The 9 components where we performed full or specific audit procedures accounted for 98% of Group profit before tax, 96% of Group revenue and 99% of Group total assets.

Key audit matters > **Valuation of Innecto and QCG (Pay and Reward) goodwill**
> **Transition to IFRS 17**

Materiality > Overall group materiality of £266,700 which represents 5% of Group profit before tax.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, the potential impact of climate change, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the reporting components of the Group, we selected nine entities, which represent the principal business units within the Group.

We performed an audit of the complete financial information of eight components ("full scope components") which were selected based on their size or risk characteristics. For the remaining component ("specific scope component"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

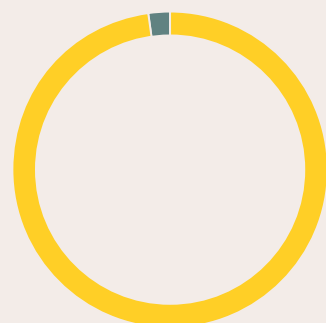
The reporting components where we performed audit procedures accounted for 98% (2022: 98%) of the Group's Profit before tax, 96% (2022: 97%) of the Group's Revenue and 99% (2022: 99%) of the Group's Total assets. For the current year, the full scope components contributed 98% (2022: 91%) of the Group's Profit before tax, 95% (2022: 93%) of the Group's Revenue and 97% (2022: 97%) of the Group's Total assets. The specific scope component contributed 0% (2022: 7%) of the Group's Profit before tax, 1% (2022: 4%) of the Group's Revenue and 2% (2022: 2%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining components that together represent 2% of the Group's Profit before tax, we performed other procedures, including analytical review to respond to any potential risks of material misstatement to the Group financial statements.

Independent Auditor’s Report continued

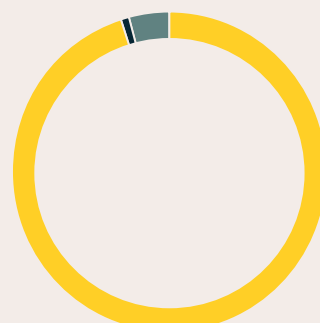
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax



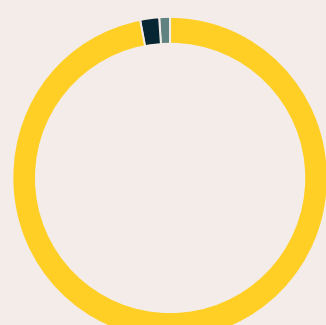
- 98% Full scope components
- 0% Specific scope components
- 2% Other procedures

Revenue



- 95% Full scope components
- 1% Specific scope components
- 4% Other procedures

Total assets



- 97% Full scope components
- 2% Specific scope components
- 1% Other procedures

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the scoped-in components, audit procedures were performed on seven full scope and one specific scope directly by the primary audit team, whilst for the other component (Personal Assurance (Guernsey) Limited) audit procedures were performed by the component audit team, EY Guernsey.

The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on its operations will be from physical and transition risks of climate change. These are explained on page 29 in the Task Force for Climate related Financial Disclosures. All of these procedures form part of the “Other information,” rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other Information”.

In planning and performing our audit we assessed the potential impacts of climate change on the Group’s business and any consequential material impact on its financial statements.

The Group has explained in the Basis of preparation note that they have concluded that the physical and transition risks of climate change do not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements. This is because the assets are reported at fair value under UK adopted international accounting standards.

Our audit effort in considering climate change was focused on challenging management’s risk assessment of the impact of physical and transition risks and the resulting conclusion that there was no material impact from climate change and the adequacy of the Group’s disclosures on page 70 of the financial statements which explain the rationale.

Independent Auditor's Report continued

Climate change continued

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Valuation of Innecto and QCG (Pay and Reward) goodwill (2023: £2.68m, 2022: £2.68m)</p> <p>Innecto was acquired by PGH in 2019, and QCG in 2022. Both businesses are now treated as one CGU due to the commonality of their business models and cash flows, as well as organisational changes put in place at the end of 2023 which merged the team into one combined consultancy unit.</p> <p>As at 31 December 2023 we noted that the value of the Pay and Reward goodwill was sensitive to the discount rate and the short-term growth rates of digital sales. The forecasted cash flows are dependent on the continued projected growth from digital and consultancy income. Current 2024 forecasts show a more positive outlook for the CGU, but due to economic uncertainty and inflationary pressures this may impact the CGU's ability to generate new business and maintain its cost base, which in turn leads to uncertainty around future cash flows and a heightened sensitivity to the applied discount rate.</p> <p>The identified key assumptions involve significant judgement about future events for which small changes can result in a material impact to the resultant valuation and therefore leads to a greater risk of material misstatement.</p> <p>The risk has remained unchanged from prior year.</p> <p><i>Refer to Accounting policies (page 73); and Note 13 of the Consolidated Financial Statements (pages 85-86)</i></p>	<p>To obtain sufficient and appropriate evidence to conclude on the valuation of goodwill at the year end, we performed the following procedures:</p> <ul style="list-style-type: none"> > Examined and assessed the appropriateness of management's impairment model, including an identification of the cash generating unit ("CGU") and attributable cashflows, an assessment of discounted cash flows, and understanding of the significant assumptions used in the impairment test for the identified CGU; > Considered the increased uncertainty in the underlying forecasts and challenged the future cash flow projections of the CGU, including the appropriateness of the applied short-term and long-term growth rates and estimated conversion rates; > Assessed the appropriateness of the identified CGU and attributed cash flows; > Challenged the future cash flow projections of Innecto and QCG to ensure pipeline business and conversion rates included in the projections are appropriate by comparing to prior year accuracy of forecasting and applying sensitivity analysis; > Engaged our valuation specialists to assess methodologies and assumptions used in the analysis including the reasonableness of the discount rate by considering Innecto's and QCG's specific circumstances as well as comparable companies; > Performed sensitivity analysis to assess the impact of certain key variables on levels of headroom, including discount rate and growth assumptions; and > Considered whether the applied accounting treatment is in compliance with IFRS and the Group's accounting policy, and the Group disclosures are in line with the required reporting framework. 	<p>Based on our work we are satisfied that the carrying value of Goodwill in relation to the acquisition of Pay Reward is not materially misstated.</p> <p>However, there is inherent uncertainty within the forecasted cash flows used in the impairment model due to the expected growth in Pay and Reward CGU (disclosed in Note 13 of the financial statements). These uncertainties could have a significant adverse impact on the future cashflows of the Pay and Reward CGU and may affect the future carrying value of the goodwill.</p> <p>We have reviewed the related disclosures and concluded that these appropriately reflect the uncertainty associated with the future cash flows of the Pay and Reward CGU, as well as the sensitivities and key assumptions.</p>



Independent Auditor’s Report continued



Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Transition to IFRS 17</p> <p><i>Refer to the IFRS 17 transition disclosures included in Note 23 of the Consolidated Financial Statements (pages 94 and 97)</i></p> <p>The transition to IFRS 17, the new insurance accounting standard, effective for annual reporting periods beginning on or after 1 January 2023, has resulted in change to the reporting processes and to the consolidated financial statements. This transition, which includes a number of key judgements, has required substantial focus during our audit, however these areas are not considered to be significant risks.</p> <p>We have focused on a number of transition areas, with the following being the areas most likely to result in a material misstatement:</p> <p>Methodology and implementation – The risk of management’s methodology and implementation not being in compliance with the requirements of the standard.</p> <p>Financial statement disclosures – The risk of disclosures in relation to the application of IFRS 17 being insufficient or inappropriate.</p> <p>> in line with the positions taken.</p> <p>This is a new risk in 2023.</p>	<p>To obtain sufficient audit evidence to conclude on the appropriateness of the initial application of the new IFRS 17 accounting standard, we have performed the following procedures:</p> <p>In conjunction with our actuaries, we obtained and challenged management’s methodology papers for compliance with the IFRS 17 accounting standard and subsequently assessed management’s implementation of their methodology.</p> <p>Tested the IFRS 4 to IFRS 17 bridging of Shareholders’ equity and result after tax.</p> <p>Tested management’s IFRS 17 disclosures in the consolidated financial statements in relation to transition and restated comparative periods.</p>	<p>Through the procedures performed, we have determined that management have appropriately implemented IFRS 17 within their financial reporting and this is appropriately reflected within the consolidated financial statements in all material respects.</p>

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £266,700 (2022: £195,050), which is 5% (2022: 5%) of Group’s Profit before tax. We believe that Group Profit before tax is the appropriate base since the Group is profit-oriented and it is the focus of the users of the financial statements.

We determined materiality for the Parent Company to be £258,940 (2022: £252,832), which is 1% (2022: 1%) of the Parent Company equity. We have used the capital based measure for determining materiality due to the Parent Company being a holding company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group’s overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £200,025 (2022: £146,288). We have set performance materiality at this percentage as we have not identified any significant errors in the prior year audits.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £30,000 to £200,025 (2022: £21,000 to £146,288).

Independent Auditor's Report continued

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £13,335 (2022: £9,753), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 01 to 51, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- > the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- > adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- > the parent company financial statements are not in agreement with the accounting records and returns; or
- > certain disclosures of directors' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 51, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- > We obtained an understanding of the legal and regulatory frameworks that are applicable to We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the direct laws and regulations related to elements of Company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA'), the Financial Conduct Authority ('FCA') and the Guernsey Financial Services Commission ('GFSC').
- > We understood how the Company is complying with those frameworks by making enquiries of management, and through discussions with those charged with governance. We also reviewed correspondence between the Company and the regulatory bodies; reviewed minutes of the Board and the Risk and Compliance Committee; and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework.
- > We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Where fraud risk, including the risk of management override, was considered to be higher, we performed audit procedures to address each identified risk. These procedures included:
 - > Reviewing estimates for evidence of management bias. Supported by our valuation specialists, we assessed if there were any indicators of management bias in the valuation of goodwill.

- > Testing the appropriateness of the revenue transactions for the year ended 31 December 2023 including revenue earned around the cut-off date.
- > Testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions.

- > We designed our audit procedures to identify non-compliance with both direct and other laws and regulations impacting the Company. Our procedures involved: making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the company's methods of enforcing and monitoring compliance with such policies, inspecting significant correspondence with the FCA and the PRA.

The Group operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Robert Bruce (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

18 March 2024

Consolidated Income Statement for the year ended 31 December 2023

	Note	2023 £'000	Restated* 2022 £'000
Insurance revenue		28,708	25,406
Employee benefits and services		20,012	24,014
Other income		139	237
Investment income	6	807	145
Revenue	5	49,666	49,802
Insurance service expenses	7	(14,593)	(13,674)
Net expenses from reinsurance contracts held	7	(135)	(84)
Employee benefits and services expenses	5	(18,077)	(22,602)
Other expenses		(94)	(33)
Group administration expenses		(11,266)	(8,973)
Share based payment expenses		(169)	(291)
Unrealised gains/(losses) on equity investments		181	(210)
Charitable donations		(100)	(100)
Expenses		(44,253)	(45,967)
Results of operating activities	7	5,413	3,835
Finance costs	6	(79)	(20)
Goodwill impairment	13	-	(10,575)
Profit/(loss) before tax		5,334	(6,760)
Taxation	10	(1,010)	(493)
Profit/(loss) for the year		4,324	(7,253)

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

Earnings per share		Pence	Pence
Basic	11	13.8	(23.2)
Diluted	11	13.5	(23.2)

There is no other comprehensive income for the year and, as a result, no statement of comprehensive income has been produced.

* With the transition to IFRS 17, certain comparative amounts have been re-stated as if the standard had always been in effect. See Note 23 for full details. In addition, a change to the presentation of voucher income has been discussed in Note 2.22. Neither restatement has impacted the overall result for the prior year.

The accompanying policies and notes form an integral part of these financial statements.

Consolidated Balance Sheet at 31 December 2023

	Note	2023 £'000	Restated 2022 £'000	Restated 2021 £'000
ASSETS				
Non-current assets				
Goodwill	13	2,684	2,684	12,696
Intangible assets	14	3,654	2,384	1,637
Property, plant and equipment	15	5,020	4,639	5,033
		11,358	9,707	19,366
Current assets				
Financial assets	16	4,035	3,031	2,595
Trade and other receivables	18	16,015	13,498	12,369
Reinsurance contracts held		(2)	42	108
Inventories	17	272	699	898
Cash and cash equivalents	19	17,497	16,958	20,291
Current tax assets		12	229	310
		37,829	34,457	36,571
Total assets		49,187	44,164	55,937

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Balance Sheet at 31 December 2023 continued

	Note	2023 £'000	Restated 2022 £'000	Restated 2021 £'000
EQUITY				
Equity attributable to equity holders of Personal Group Holdings Plc				
Share capital	20	1,562	1,562	1,561
Share premium	20	1,134	1,134	1,134
Capital redemption reserve		24	24	24
Share based payments reserve		513	367	158
Other reserve		(36)	(55)	(32)
Profit and loss reserve		28,798	27,946	38,436
Total equity		31,995	30,978	41,281
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	21	790	681	478
Trade and other payables	22	567	130	567
Current liabilities				
Trade and other payables	22	15,100	11,293	12,189
Insurance contract liabilities	24	735	1,082	1,422
		15,835	12,375	13,611
Total liabilities		17,192	13,186	14,656
Total equity and liabilities		49,187	44,164	55,937

The financial statements were approved by the Board on 18 March 2024.

S Mace

Chief Financial Officer

Company number: 3194991

P Brown (née Constant)

Chief Executive

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Balance Sheet at 31 December 2023

	Note	2023 £'000	2022 £'000
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	25	25,620	25,474
		25,620	25,474
Current assets			
Trade and other receivables	18	803	322
Cash and cash equivalents	19	50	237
		853	559
Total assets		26,473	26,033
EQUITY			
Equity attributable to equity holders of Personal Group Holdings Plc			
Share capital	20	1,562	1,562
Share premium	20	1,134	1,134
Capital redemption reserve		24	24
Other reserve		(36)	(55)
Share based payment reserve		575	429
Profit and loss reserve		22,635	22,217
Total equity		25,894	25,311
LIABILITIES			
Current liabilities			
Trade and other payables	22	579	722
Total liabilities		579	722
Total equity and liabilities		26,473	26,033

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company's profit for the year was £3,913,000 (2022: £3,363,000).

The financial statements were approved by the Board on 18 March 2024.

S Mace

Chief Financial Officer

Company number: 3194991

P Brown (née Constant)

Chief Executive

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

Equity attributable to equity holders of Personal Group Holdings Plc

	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Share based payment reserve £'000	Other reserve £'000	Profit and loss reserve £'000	Total equity £'000
Balance as at 1 January 2023	1,562	24	1,134	367	(55)	27,946	30,978
Dividends	-	-	-	-	-	(3,482)	(3,482)
Employee share-based compensation	-	-	-	146	-	23	169
Proceeds of SIP* share sales	-	-	-	-	-	22	22
Cost of SIP shares sold	-	-	-	-	35	(35)	-
Cost of SIP shares purchased	-	-	-	-	(16)	-	(16)
Transactions with owners	-	-	-	146	19	(3,472)	(3,307)
Profit for the year						4,324	4,324
Balance as at 31 December 2023	1,562	24	1,134	513	(36)	28,798	31,995
Balance as at 1 January 2022	1,561	24	1,134	158	(32)	38,436	41,281
Dividends paid	-	-	-	-	-	(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 at 31 December 2022	1,562	24	1,134	367	(55)	27,946	30,978

* PG Share Ownership Plan (SIP)

** Long-Term Incentive Plan (LTIP)

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 December 2023

Equity attributable to equity holders of Personal Group Holdings Plc

	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Share based payment reserve £'000	Other reserve £'000	Profit and loss reserve £'000	Total equity £'000
Balance as at 1 January 2023	1,562	24	1,134	429	(55)	22,217	25,311
Dividends paid	-	-	-	-	-	(3,482)	(3,482)
Employee share-based compensation	-	-	-	146	-	-	146
Proceeds of SIP share sales	-	-	-	-	-	22	22
Cost of SIP shares sold	-	-	-	-	35	(35)	-
Cost of SIP shares purchased	-	-	-	-	(16)	-	(16)
Transactions with owners	-	-	-	146	19	(3,495)	(3,330)
Profit for the year						3,913	3,913
Balance as at 31 December 2023	1,562	24	1,134	575	(36)	22,635	25,894
Balance as at 1 January 2022	1,561	24	1,134	158	(32)	22,172	25,017
Dividends paid	-	-	-	-	-	(3,310)	(3,310)
Employee share-based compensation	-	-	-	271	-	-	271
Proceeds of SIP* share sales	-	-	-	-	-	11	11
Cost of SIP shares sold	-	-	-	-	20	(20)	-
Cost of SIP shares purchased	-	-	-	-	(43)	-	(43)
Shares issued in the year	1	-	-	-	-	-	1
Transactions with owners	1	-	-	271	(23)	(3,319)	(3,070)
Profit for the year						3,364	3,364
Balance as at 31 December 2022	1,562	24	1,134	429	(55)	22,217	25,311

* PG Share Ownership Plan (SIP)

** Long-Term Incentive Plan (LTIP)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

	Note	2023 £'000	Restated 2022 £'000
Net cash from operating activities (see next page)		6,678	3,240
Investing activities			
Additions to property, plant and equipment	15	(157)	(332)
Additions to intangible assets	14	(2,040)	(1,196)
Proceeds from disposal of property, plant and equipment		78	39
Proceeds from disposal of financial assets		-	871
Purchase of financial assets		(823)	(1,517)
Interest received	6	807	145
Acquisition of QCG Limited		-	(812)
Net cash from investing activities		(2,135)	(2,802)
Financing activities			
Proceeds from issue of shares		-	1
Interest paid		(1)	-
Purchase of own shares by the SIP*		(16)	(54)
Proceeds from disposal of own shares by the SIP*		25	21
Payment of lease liabilities	29	(530)	(429)
Dividends paid	12	(3,482)	(3,310)
Net cash used in financing activities		(4,004)	(3,771)
Net change in cash and cash equivalents		539	(3,333)
Cash and cash equivalents, beginning of year	19	16,958	20,291
Cash and cash equivalents, end of year	19	17,497	16,958

* PG Share Ownership Plan (SIP)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Cash Flow Statement continued

	Note	2023 £'000	Restated* 2022 £'000
Operating activities			
(Loss)/Profit after tax		4,324	(7,253)
Adjustments for			
Depreciation	15	1,135	1,052
Amortisation of intangible assets	14	770	786
Goodwill impairment	13	–	10,575
Profit on disposal of property, plant and equipment		8	12
Realised and unrealised investment (gains)/losses		(181)	210
Interest received		(807)	(145)
Interest charge		79	20
Share-based payment expenses		169	291
Taxation expense recognised in income statement	10	1,010	493
Changes in working capital			
Trade and other receivables		(2,569)	(1,637)
Trade and other payables		3,247	(1,486)
Movement in insurance liabilities		(275)	476
Inventories		454	172
Taxes paid		(686)	(326)
Net cash from operating activities		6,678	3,240

* With the transition to IFRS 17, certain comparative amounts have been re-stated as if the standard had always been in effect.

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Cash Flow Statement

	Note	2023 £'000	2022 £'000
Net cash from operating activities (see below)		(1,012)	10
Investing activities			
Dividends received		4,300	3,450
Net cash used in investing activities		4,300	3,450
Financing activities			
Proceeds from issue of shares		–	1
Purchase of own shares by the SIP*		(16)	(54)
Proceeds from disposal of own shares by the SIP*		25	21
Dividends paid	12	(3,482)	(3,310)
Net cash used in financing activities		(3,473)	(3,342)
Net change in cash and cash equivalents		(187)	118
Cash and cash equivalents, beginning of year	19	237	119
Cash and cash equivalents, end of year	19	50	237
Operating activities			
Profit after tax		3,913	3,364
Changes in working capital			
Trade and other receivables		(482)	(129)
Trade and other payables		(143)	225
Dividends received		(4,300)	(3,450)
Net cash from operating activities		(1,012)	10

* PG Share Ownership Plan (SIP)

The parent Company has cash and cash equivalents at 31 December 2023 including £3,000 (2022: £168,000) of Company's own cash and £47,000 (2022: £69,000) relating to the purchase and sale of SIP shares by the employee benefit trust.

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

1 General information

The principal activities of Personal Group Holdings Plc (“the Company”) and subsidiaries (together “the Group”) include providing employee services and transacting short-term accident and health insurance in the UK.

The Company is a limited liability company incorporated and domiciled in England. The address of its registered office is John Ormond House, 899 Silbury Boulevard, Milton Keynes, MK9 3XL.

The Company is listed on the Alternative Investment Market of the London Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on 18 March 2024.

2 Accounting policies

These financial statements of Personal Group Holdings Plc are for the year ended 31 December 2023. The consolidated Group and individual Company financial statements are prepared in accordance with UK endorsed IFRS in conformity with the requirements of Companies Act 2006.

No individual profit and loss account is prepared for Personal Group Holdings Plc as provided by Section 408 of the Companies Act 2006.

Changes in accounting policies and new standards

Personal Group has initially applied IFRS 17 including any consequential amendments to other standards, for account periods ending after 1 January 2023. There are no other new or amended IFRS standards, that have a material effect, that have become effective during the period ended 31 December 2023.

IFRS 17 has had a significant impact on accounting for insurance contracts. As a result, Personal Group has re-stated certain comparative amounts particularly in the presentation of its Income Statement. Personal Group's updated accounting policies for reinsurance contracts are set out below. Disclosures relating to the transition to IFRS 17 have been set out in Note 23.

Insurance contracts

IFRS 17 sets out the classification, measurement and presentation and disclosure requirements for insurance contracts. It requires insurance contracts to be measured using current estimates and assumptions that reflect the timing of cash flows and recognition of profits as insurance services are delivered. The standard provides two main measurement models which are the General Measurement Model (“GMM”) and the Premium Allocation Approach (“PAA”).

The PAA simplifies the measurement of insurance contracts for remaining coverage in comparison to the GMM. The PAA is very similar to Personal Group's previous accounting policies under IFRS 4 for calculating revenue, however there are some presentation changes.

The GMM is used for the measurement of the liability for incurred claims.

PAA eligibility

Under IFRS 17, Personal Group's insurance contracts issued are all eligible to be measured by applying the PAA, due to meeting the following criteria:

- > Insurance contracts with coverage period of one year or less are automatically eligible. This covers all hospital, convalescence, and death benefit insurance contracts.
- > Modelling of contracts with a coverage period greater than one year (employee default policies) produces a measurement for the group of reinsurance contracts that does not differ materially from that which would be produced applying the GMM.

Level of aggregation

Personal Group manages all insurance contracts as one portfolio within the insurance operating segment as they are subject to similar risks.

Onerous contracts

Under the PAA, it is assumed there are no contracts in the portfolio that are onerous at initial recognition, unless there are facts and circumstances that may indicate otherwise. Given the short-tailed nature of policies issued by Personal Group, management do not consider there to be any material circumstance under which policies in issue would be onerous.

Modification and derecognition

Personal Group derecognises insurance contracts when the rights and obligations relating to the contract are extinguished (meaning discharged, cancelled, or expired) or the contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring the contract.

Notes to the Financial Statements continued

2 Accounting policies continued

Contract boundaries

The measurement of insurance contracts includes all future cash flows expected to arise within the boundary of each contract. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which Personal Group can compel the policyholder to pay premiums or in which it has a substantive obligation to provide the policyholder with services.

Personal Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effects of changes in circumstances on the Group's substantive rights and obligations. The assessment of the contract boundary, which defines the future cash flows that are included in the measurement of the contract, requires judgement and consideration.

Personal Group primarily issues insurance contracts which provide coverage to policyholders in the event of hospitalisation, convalescence, or death. While the contracts are typically weekly or monthly in their term length, the contract boundary is assessed with consideration of the delayed timing around claims of this nature and the timing of expected future claims payments with reference to the covered loss event.

Measurement – Liability for remaining coverage

On initial recognition of insurance contract, the carrying amount of the liability for remaining coverage is measured as the premiums received on initial recognition, if any, minus any reinsurance acquisition expense cash flows allocated to the contracts and any amounts arising from the derecognition of the prepaid reinsurance acquisition expense cash flows asset. Personal Group has chosen to expense insurance acquisition expense cash flows as incurred on its contracts as they have coverage of less than one year.

Subsequently, at the end of each reporting period, the liability for remaining coverage is increased by any additional premiums received in the period and decreased for the amounts of expected premium cash flows recognised as reinsurance revenue for the services provided in the period.

Personal Group has elected not to adjust the liability for remaining coverage for the time value of money as its insurance contracts do not contain a significant financing component.

2.1 Basis of preparation

The functional and presentational currency of the Group is Sterling. These statements and the prior year comparatives have been presented to the nearest thousand, unless otherwise stated.

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Climate Risk

In preparing these financial statements the Directors have considered the impact of the physical and transition risks of climate change, but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2023. This is because the assets are reported at fair value under UK endorsed IFRS. Market prices will include the current expectations of the impact of climate change on these investments. Insurance liabilities are accrued based on past insurable events so will not be impacted by any future impact of climate change. However, we recognise that government and societal responses to climate change risks are still developing and the future impact cannot be predicted. Future valuations of assets may therefore differ as the market responds to these changing impacts or assesses the impact of current requirements differently and the frequency/magnitude of future insurable events linked to the effect of climate risks could change.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- > Agent vs principal (Note 2.22) – whether the sale of discounted vouchers should be treated as a principal or agency transaction.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2023 is included in the following notes:

- > Goodwill valuation (Note 13) – key assumptions underlying recoverable amounts.
- > Establishing the value of insurance contract liabilities (Note 24) – key assumptions regarding the provisions for claims.

Notes to the Financial Statements continued

2 Accounting policies continued

2.1 Basis of preparation continued

Going concern

The financial statements are prepared on a going concern basis. In considering going concern, the Directors have reviewed the Group's and Company's future cash requirements, earnings projections and capital projections over the next 12 months ending 18 March 2025. The Directors believe that projections have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance over the next 12 months ending 18 March 2025, including the impacts of climate risk discussed above.

Having prepared and considered these stress scenarios the Directors have concluded that the Group and Company will be able to operate without requiring any external funding and therefore believe it is appropriate to prepare the financial statements of the Group and Company on a going concern basis. This is supported by the Group's, and Company's, liquidity position at the year end.

2.2 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from these transactions, are eliminated on consolidation.

2.3 Goodwill and acquired intangibles

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill is recognised immediately after acquisition in the income statement.

Intangible assets meeting the relevant recognition criteria are initially measured at cost and amortised on a systematic basis over their useful lives.

2.4 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT, IPT and trade discounts.

Whilst IFRS 15 considerations have been noted for the most significant revenue streams to which it is applicable, the insurance revenue stream is out of scope for IFRS 15.

Insurance Revenue

Insurance income is recognised in the period in which the Group is legally bound through a contract to provide insurance cover, which is typically a week or a month in length and renews at the end of each cover period. Insurance revenue represents the expected premium cash flows net of any deductions that are paid to reinsurance providers, excluding any investment components.

Insurance revenue is shown before deduction of commission and excludes any sales-based taxes or duties.

Other insurance related

Commission receivable on the renewal of previously sold financial services are recognised by the Group as the renewal takes place with the underwriter.

Other Owned Benefits – IT Salary Sacrifice

Income from the provision of salary sacrifice technology products is recognised when the goods are dispatched.

IFRS 15 – IT salary sacrifice income (Other Owned Benefits)

Performance Obligations	Provision of IT goods to employer companies. Goods are acquired by the Group from various suppliers and held as inventory until sold to customers at an agreed price.
Transaction Price	Purchase price varies dependant on product purchased but is clearly indicated.
Allocation of Price	Prices are allocated by product, volumes and values.
Satisfaction of Obligations	Revenue is recognised on dispatch as Group has met its performance obligation as per the contracts in place.

Notes to the Financial Statements continued

2 Accounting policies continued

2.4 Revenue continued

Platform income

Platform income, including that derived from Hapi, is recognised on a straight-line basis over the length of the contract.

Where a proportion of this income and costs, credited or charged in the current year, relate to the provision of services provided in the following year, they are carried forward as deferred income or costs, calculated on a daily pro-rata basis.

IFRS 15 – Platform income (Benefits Platform)

Performance Obligations	Ongoing access to Hapi platform with each relevant month access is provided being considered a separate performance obligation.
Transaction Price	Prices are typically set on a per employee or fixed rate and are agreed with each client individually.
Allocation of Price	Price allocated evenly to each period/performance obligation.
Satisfaction of Obligations	Recognised straight-line over period of agreement of service as the performance obligation is deemed to be met each month as the contract progresses.

Voucher income derives from customers ordering retail vouchers through the Hapi platform. E-vouchers are fulfilled and made available instantly to the customer while, for reloadable cards, customers receive these several working days after placing the order. Income from the sale of reloadable cards and e-vouchers is recognised as orders are fulfilled by the Group. These transactions the Group acts as agency income. Refer to 2.22 for further details of agent vs principal assessment.

IFRS 15 – Voucher resale income

Performance Obligations	Provision of voucher to individuals/companies.
Transaction Price	Prices are based on each retailer's discount on purchase into the Group.
Allocation of Price	Whole price allocated to the sole performance obligation.
Satisfaction of Obligations	Recognised on dispatch of voucher as this is the point at which the Group has fulfilled its part of the agreed contract.

The Group receives income from its provision of HR consultancy services to corporate clients. Consultancy income is recognised in the profit and loss account at the relevant charge out rates of the consultants and based on the chargeable time spent on each client project.

IFRS 15 – Consultancy income (Pay and Reward)

Performance Obligations	Provision of consultancy services, typically based on an agreed number of consultant hours.
Transaction Price	Prices are based on each contractual client agreement, dependant on the level and duration of consultant hours spent.
Allocation of Price	Each chargeable hour will have an agreed price dependant on the level and experience of the consultant.
Satisfaction of Obligations	Each consultant hour charged is considered a separate performance obligation and recognition is recorded periodically (typically monthly) based on chargeable hours in that period.

Other income

Property rental income is recognised on a receivable basis when the right to receive consideration has been established.

Costs incurred to fulfil a contract

Costs incurred to fulfil a contract under IFRS 15 are recognised as an asset under certain conditions laid out in IFRS 15.95. The capitalised contract costs are amortised on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer.

Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in the profit or loss. There are no contracts in the Group for which these conditions are met and, as such, no assets have been recognised.

Investment income

Interest income is recognised on an effective interest rate method.

2.5 Reinsurance

Outwards reinsurance premiums are accounted for in the same accounting period as the insurance revenue for the related direct or inwards business being reinsured.

Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. As required, impairment losses are recognised in the income statement and the carrying amount of assets are impaired so that they do not exceed the expected net cash inflow for the Group.

Notes to the Financial Statements continued

2 Accounting policies continued

2.6 Measurement – Liability for incurred claims

The liability for incurred claims represents the estimated ultimate cost of settling all insurance claims arising from events that have occurred up to the end of the reporting period, including the operating costs that are expected to be incurred in the course of settling such claims. The liability for claims is derived from the estimated fulfilment cash flows relating to expected claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available, without undue cost of effort, about the amount, timing and uncertainty of those future cash flows. They also include an explicit risk adjustment. Estimates of future cash flows for incurred claims are not discounted on initial recognition due to the immateriality of the impact of the time value of money as discussed in Note 23.

2.7 Property, plant and equipment and intangible assets

Property, plant and equipment and software intangibles are stated at cost, net of depreciation, amortisation and any provision for impairment. No depreciation or amortisation is charged during the period of construction.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends, and has the technical ability and sufficient resources to, complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes.

The expenditure capitalised includes the cost of materials, external consultancy costs and salary costs where a distinct product has been created. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

Amortisation and depreciation

Amortisation and depreciation are calculated to write down the cost or valuation less estimated residual value of all intangible assets, and tangible assets other than freehold land excluding investment properties by equal annual instalments over their estimated economic useful lives.

**Residual value is reviewed annually and amended if material.
The rates generally applicable are:**

Freehold properties	50 years
Motor vehicles	3 – 4 years
Computer equipment	2 – 4 years
Furniture, fixtures and fittings	5 – 10 years
Computer software and development	2 – 4 years
Internally generated intangibles	3 – 5 years
Intangible assets	3 – 5 years
Right of Use Assets	Term of Lease

2.8 Leases

Under IFRS 16, with the exception of short-term or low value leases, all operating and finance leases are accounted for in the balance sheet. On inception of the lease, the future payments, including any expected end of life costs, are discounted based on the implicit interest rate in the specific lease. A “Right of Use” asset is created at an equal value depreciated over the life of the lease which is determined by the contract with any break clauses being reviewed as to the expected use at the time of inception and at each following year end. Payments made to the lessor are debited to the balance sheet and the income statement is charged with monthly depreciation and interest which is included as finance costs in the accounts.

Low value leases or short life leases of less than one year are expensed directly into the income statement account on a straight line over the life of the lease.

Notes to the Financial Statements continued

2 Accounting policies continued

2.9 Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. See Note 13 for further details on the impairment testing of goodwill.

2.10 Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases.

However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

2.11 Financial assets

Financial assets include; equity investments, bank deposits (as defined below); loans and other receivables. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

A financial asset is measured at amortised cost if it is both: held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise to cash flows that are solely payments of principal and interest on the amount outstanding. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, and "interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument, including any terms which may affect the timing or amount of contractual cash flows.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Fixed interest rate bank deposits with a maturity date of three months or more from the date of acquisition are classified as financial assets. Equity investments are financial assets categorised as at fair value through profit and loss and are initially recognised at fair value on the date acquired and are subsequently re-measured at their fair value. Changes in the fair value of equity investments are recognised in profit or loss. In assessing impairment requirements on financial assets, the Group considers the rate of historic losses on similar assets in conjunction with expected future losses and credit losses as a result of potential defaults. This will, as mandated by IFRS 9, continue to be reassessed as and when further information becomes available or when conditions change.

A financial asset is de-recognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred, and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Notes to the Financial Statements continued

2 Accounting policies continued

2.11 Financial assets continued

Impairment of financial assets

The Group assesses on a forward-looking basis, the expected credit losses (ECL) associated with its debt instrument assets carried at amortised costs. The Group calculates the lifetime ECL as a practical expedient for short-term receivables. A loss allowance is recognised for such losses at each reporting date. The Group measures ECL on each balance sheet date according to a three stage ECL impairment model:

Stage 1 – from initial recognition of the financial asset to the date on which the asset has experienced a significant increase in credit risk (SICR) relative to its initial recognition, a loss allowance is equal to the credit loss expected to result from default occurring over 12 months following the reporting date.

Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset. Where an SICR is no longer observed, the instrument will move back to Stage 1.

Stage 3 – when the financial asset is considered to be credit impaired, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset. Interest and revenue is calculated based on the gross carrying amount of the asset, net of the loss allowance.

The measurement of the ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.12 Financial liabilities

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

There are no financial liabilities categorised as at fair value through profit or loss.

A financial liability is de-recognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

As stated in Note 2.11 fixed interest rate bank deposits with the maturity date of three months or more from the date of acquisition are classified as financial assets.

2.14 Investments in subsidiary undertakings

Company investments in subsidiary undertakings and joint ventures held in the Company Balance Sheet are shown at cost less impairment provisions.

Impairment testing is completed on an annual basis or as and when an indicator for impairment under IAS 36 arises.

2.15 Equity

Equity comprises the following:

- > “Share capital” represents the nominal value of equity shares.
- > “Share premium account” represents the amount paid on issue for equity shares in excess of their nominal value.
- > “Capital redemption reserve” represents the nominal value of its own equity shares purchased, and then cancelled, by the Group.
- > “Share based payments reserve” represents the equity value of the accumulated share based payments expenses in long-term incentive plans.
- > “Other reserve” represents the investment in own Company shares by the Employee Benefit Trust.
- > “Profit and loss reserve” represents retained profits.

Notes to the Financial Statements continued

2 Accounting policies continued

2.16 Employee benefits

Defined contribution group and self-invested personal pension schemes.

The pension costs charged against profits are the contributions payable to the schemes in respect of the accounting period.

2.17 Share-based payment

Equity-settled share-based payment

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument as at the date it is granted to the employee.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "profit and loss reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

2.18 Employee benefit trust

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group accounts. Any assets held by the EBT cease to be recognised on the Group balance sheet when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group income statement.

At present the Company operates a plan whereby all employees are entitled to make monthly payments to the trust via payroll deductions. The current allocation period is six months and shares are allocated to employees at the end of each allocation period. The shares are allocated at the lower of the mid-market price at the beginning and end of the allocation period. The trust Company has not waived its right to dividends on unallocated shares. Any profit or loss on allocation of shares to individuals is taken directly to the "other reserve" within equity.

2.19 Shares held in an employee benefit trust

Transactions of the Company sponsored EBT are treated as being those of the Company and are therefore, reflected in these financial statements.

2.20 Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.21 Provisions

A provision is recognised in the balance sheet when the Group has a present legal, or constructive, obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.22 Agent vs Principal

The sale of discounted vouchers, be it physical or electronic, represents a significant proportion of Group revenue presented as voucher resale income. The Group has a mixture of relationships with retailers and third-party suppliers, depending on the offering. Some offerings require purchasing inventory in advance while others require the maintaining of cash floats with suppliers and others require the settlement of supplier invoices as they are received.

Depending on the contractual relationship and the nature of the transactions with the relevant suppliers, the Group has made a judgement on whether the offerings constitute agency or principal transactions. This judgement is significant in nature as it has a material impact on the revenue and cost of sales of the Group.

See Note 30 for detail on the prior year restatement relating to voucher resale income.

Notes to the Financial Statements continued

3 Risk management objectives and policies

The Board recognises that the effective management of risks and opportunities is fundamental to achieving the Group's strategic objectives. As a result, it is important there is a strong risk management culture throughout the Group, and that we identify, assess and appropriately optimise the key risks to the Group achieving this strategy.

To achieve its objectives as well as sustainable profitability, the Group may pursue the opportunities that gave rise to risk. Therefore, we have adopted an Enterprise Risk Management Framework as part of our decision making and business management process. As a result of this rigorous approach, the Group can maintain financial security, produce good outcomes and the fair treatment of customers, and meet the needs of other parties such as shareholders, employees, suppliers and regulators.

We review the risk management strategy regularly, particularly after any significant change to the change environment and, each year, after the approval of the Group's strategy and business plans. The most significant financial risks to which the Group and Company are exposed under normal circumstances are described in this section.

Credit risk

The Group's and Company's exposure to credit risk includes the carrying value of certain financial assets at the balance sheet date, summarised as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Reinsurance contracts held	(2)	42	-	-
Other receivables	13,857	11,349	-	-
Accrued interest	2	14	-	-
Cash and cash equivalents	17,497	16,958	50	237
Equity investments	1,470	1,290	-	-
Bank deposits	2,565	1,741	-	-
Total credit risk	35,389	31,394	50	237

A large proportion of the Group's revenue is generated from the sale of insurance policies to individual customers, with most of the premiums collected, and paid over to the Group, by the individuals' employer via payroll deduction. The vast majority of employers pay over payroll deductions made, within one month, on a regular basis, thereby minimising the credit risk exposure to the Group.

Due to the seasonal nature of the PG Let's Connect business, the year-end receivables balance is heavily weighted towards salary sacrifice goods. These receivables are due from the employers of the individuals who place the order. The vast majority of these employers pay the receivable balance within two months of receiving the consolidated invoice for their scheme. Included within trade debtors are £6.9m (2022: £8.2m) relating to PG Let's Connect sales.

The use of payroll deductions by a "host company employer" would not be permitted where the Board believed there may be a significant credit risk. Receivables past their due date are summarised within Note 18. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are all regulated in the UK by the PRA.

At 31 December 2023 the counterparties were as follows: The Co-operative Bank plc, HSBC Bank Plc, Lloyds Bank Plc, Close Brothers Ltd and Aberdeen Standard Investments. Long-term rate credit ratings for these counterparties range from AA to B (ratings sourced from Fitch, and Standard & Poor's) (2022: AA to B rating range).

Notes to the Financial Statements continued

3 Risk management objectives and policies continued

Credit risk continued

The Group is also exposed to the recoverability of receivables from reinsurers. At 31 December 2023, the Group utilised two reinsurances counterparties, namely, Swiss Re Europe S.A., United Kingdom Branch and AXA XL Insurance Life Syndicate 3002. Credit ratings for this reinsurer range from A+ to AA.

All subsidiary undertakings are 100% owned by the Company or subsidiaries thereof. There is at least one Director of Personal Group Holdings on each of the larger subsidiary companies' Boards and all operations are controlled from within the registered office in Milton Keynes. The Company Directors have a good understanding of the operational performance of each of the subsidiary undertakings. The Company Directors are satisfied that the subsidiary undertakings have sufficient future income streams to enable the liabilities to be repaid in full in the foreseeable future.

Information relating to the fair value measurement of financial assets can be found in Note 16.

Interest rate risk

The Group is not exposed to any financial liabilities with an interest element aside from the interest element intrinsic in leases.

At 31 December 2023, bank deposits and cash and cash equivalents were £20,100,000 (2022: £18,700,000). If UK interest rates increased by 2%, net finance income would increase by approximately £402,000 with a corresponding increase to equity.

Market risk

The Group is exposed to market risk, in the form of equity price risk, in respect of its equity investments in managed funds which are invested in worldwide equities and so are valued via directly observable inputs (level 1 inputs). The assets are measured at fair value through profit and loss. An increase of 10% in the Group's equity investments would result in an unrealised gain in the income statement of £147,000.

Liquidity risk

Cash balances are managed internally and amounts are placed on short-term deposits (currently not exceeding six months) to ensure that sufficient funds are available at all times to pay all liabilities as and when they fall due.

As at 31 December 2023, the Group's and Company's liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Within 6 months £'000	6-12 months £'000	1-5 years £'000	Non-cash items* £'000	Total £'000
Group					
At 31 December 2023					
Trade and other payables	14,382	174	43	1,068	15,667
Insurance contract liabilities	(20)	-	-	755	735
Total liquidity risk	14,362	174	43	1,823	16,402
At 31 December 2022					
Trade and other payables	10,369	186	-	868	11,423
Insurance contract liabilities	(71)	-	-	1,153	1,082
Total liquidity risk	10,298	186	-	2,021	12,505

	Within 6 months £'000	6-12 months £'000	1-5 years £'000	Non-cash items* £'000	Total £'000
Company					
At 31 December 2023					
Amounts owed to Group undertakings	-	-	-	-	-
Total liquidity risk	-	-	-	-	-
At 31 December 2022					
Amounts owed to subsidiary undertakings	431	-	-	-	431
Total liquidity risk	431	-	-	-	431

* Non-cash items relate to insurance liabilities for remaining coverage or unearned revenue across the different business segments.

Currency risk

The Group is not exposed to any currency risk as all business is conducted in GBP and all bank accounts were held in GBP in both 2023 and 2022.

Notes to the Financial Statements continued

3 Risk management objectives and policies continued

Insurance claim and related risks

During the year, Personal Assurance Plc (PA) underwrote two categories of business and Personal Assurance (Guernsey) Ltd (PAGL) a further two categories, which are described in detail below:

Hospital cash plans and other personal accident and sickness policies

These have been PA's core products since 1984 and, at 31 December 2023, represent 99.2% (2022: 99.1%) of PA's gross premiums written. The vast majority of these policies are sold to individuals at their place of work as part of an employee benefits package introduced by PGH on behalf of the employer. The gross loss ratio (excluding claims handling costs) on these policies at 31 December 2023 was 26.9% (2022: 26.4%). While the loss ratio has increased year on year, historic losses have been consistent over the period of time that these policies have been underwritten and therefore the Board has taken the decision to continue to accept the underwriting risk in full and not to use reinsurance as a way of managing insurance claim risk. This will continue to be reviewed to ensure that this remains appropriate going forward. At present the maximum payable on any one single claim is £91,375 (2022: £91,375) and would only be payable after a period of hospital confinement of two years. The total number of these individual policies in force at 31 December 2023 was 177,073 (2022: 174,887) and the total annualised premium value of these policies was £23,399,000 (2022: £20,720,000). The average amount paid per claim in 2023 was £187 (2022: £184).

Voluntary Group Income Protection policies (VGIP)

In July 2012 PA commenced the underwriting of VGIP policies. In order to manage this insurance risk, the Board took out a quota share reinsurance policy to exclusively cover this part of the business. Under this reinsurance policy 90% of the value of each claim is recoverable from the reinsurer.

At 31 December 2023 these policies represent 0.8% (2022: 0.9%) of PA's gross premiums written. The total annualised premium value of these policies was £163,000 (2022: £208,000). The gross loss ratio (excluding claims handling costs) on these policies at 31 December 2023 was 17.5% (2022: 41.1%). The total number of these individual policies in force at 31 December 2023 was 430 (2022: 509) and the average amount paid per claim in 2023 was £2,583 (2022: £8,908).

Death benefit policies

Death benefit policies have been underwritten by PAGL since March 2015. These policies are sold primarily to individuals at their place of work in the same way as the hospital cash plans.

At 31 December 2023 these policies represent 91% (2022: 90%) of PAGL's gross premiums written. The total annualised premium value of these policies was £7,949,000 (2022: £7,068,000). The gross loss ratio (excluding claims handling costs) on these policies at 31 December 2023 was 18.6% (2022: 23.6%). A stop loss reinsurance policy is in place to cover claims over £3,000,000 at any given location. The total number of these individual policies in force at 31 December 2023 was 67,756 (2022: 54,497) and the average amount paid per death in 2023 was £9,779 (2022: £9,365).

Employee default policies

In February 2020 PAGL commenced the underwriting of employee default policies in relation to salary sacrifice sales made by Let's Connect. These policies provided cover to Let's Connect's largest customer in the event that employees left owing salary sacrifice deductions to their employer and these monies were unable to be recovered by alternative means.

At 31 December 2023 these policies represent 9% (2022: 10%) of PAGL's gross premiums written. The gross loss ratio (excluding claims handling costs) on these policies at 31 December 2023 was 38.4% (2022: 3%) and the average amount paid per individual default in 2023 was £483 (2022: £538).

Group loss ratio

For the year ended 31 December 2023 the gross claims ratio of the Group was 27.0% (2022: 27.7%), by taking claims incurred as a proportion of insurance revenue. A 2% increase in the claims ratio would increase claims incurred by approximately £574,000.

There are no material individual claims and open claims over 12 months old are also immaterial. As a result, the Group has elected to not disclose claims development tables.

4 Capital management and requirements

The Group's capital management objective is to maintain sufficient capital to safeguard the Group's ability to continue as a going concern and to protect the interests of all of its customers, investors, regulator and trading partners while also efficiently deploying capital and managing risk to sustain ongoing business development. The Group manages its capital resources in line with the Group's capital management Policy, which is reviewed on an annual basis. The Group's capital position is kept under constant review and is reported monthly to the Board.

Since 1 January 2016, Personal Assurance Plc (PA) has been subject to the requirements of the Solvency II (SII) Directive and must hold sufficient capital to cover its Solvency Capital Requirement (SCR). In addition, PA maintains a buffer in excess of this capital requirement, specified in line with the capital risk appetite agreed by the Board. The SCR is calculated in accordance with the Standard Formula specified in the SII legislation.

At least annually, the Group undertakes the Own Risk and Solvency Assessment (ORSA). This process enables the Group to assess how well the Standard Formula SCR reflects the Group's actual risk profile, and comprises all the activities by which PA establishes the level of capital required to meet its solvency needs over the planning period given the Company's strategy and risk appetite. The conclusions from these activities are summarised in the ORSA Report which is reviewed by the Risk Committee, approved by the Board and submitted to the Prudential Regulation Authority (PRA) at least annually.

PA's unaudited Eligible Own Funds, determined in accordance with the SII valuation rules, were £10.8m (2022: £11.5m) which was in excess of the estimated SCR of £4.0m (2022: £3.5m). This represented an estimated solvency coverage ratio of 272% (2022: 333%). The movement year on year remains well within the Board's risk appetite of holding greater than 150% of the requirement.

Other than disclosed above there have been no changes to what is managed as capital or the Group's capital management objectives, policies or procedures during the year.

At 31 December 2023, the requirements of the Group's regulated companies were as follows:

Company	Capital resources requirement unaudited £'000	Capital resources unaudited £'000	Surplus over capital resources requirement unaudited £'000	Relevant regulatory body
Personal Assurance Plc	3,952	10,750	6,798	FCA, PRA
Personal Assurance Services Limited	58	1,917	1,859	FCA
Personal Group Benefits Limited	52	655	603	FCA
Berkeley Morgan Limited	25	451	426	FCA
Personal Assurance (Guernsey) Limited	732	3,545	2,813	GFSC

Personal Assurance Plc and Personal Assurance (Guernsey) Limited maintain the majority of their assets in cash and short-term fixed interest rate deposits. The capital resources and corresponding capital resource requirement for each PRA regulated entity is calculated in accordance with PRA regulations. The capital resources and corresponding capital resource requirement for each FCA regulated entity is calculated in accordance with FCA regulations. The Group's capital comprises all components of equity. The Group's regulated entities have complied with all externally imposed capital requirements during the year.

5 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 PG Let's Connect 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 a technology salary sacrifice business trading as PG Let's Connect, purchased by the Group in 2014.

3) Benefits Platform

Revenue in 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. This segment includes agency revenue generated from the resale of vouchers (Note 2.22).

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 subscriptions.

5) Other

The other operating segment consists exclusively of revenue generated by Berkeley Morgan Group (BMG) and its subsidiary undertakings along with any investment and rental income obtained by the Group.

	2023 £'000	Restated 2022 £'000
Revenue by segment		
Affordable Insurance	28,708	25,406
Other Owned Benefits	11,081	16,800
Benefits Platform	9,445	7,833
Benefits Platform – Group Elimination	(2,760)	(2,627)
Pay & Reward	2,246	2,008
Other income		
Other	139	237
Investment income	807	145
Total Revenue	49,666	49,802
Adjusted EBITDA* contribution by segment		
Affordable Insurance	11,226	9,032
Other Owned Benefits	369	664
Benefits Platform	3,837	2,887
Pay & Reward	493	495
Other	1,033	139
Group admin and central costs**	(8,732)	(7,107)
Charitable donations	(100)	(100)
Adjusted EBITDA*	8,126	6,010
Interest	(79)	(20)
Depreciation**	(1,135)	(1,052)
Amortisation**	(770)	(786)
Goodwill impairment	-	(10,575)
Corporate acquisition costs	-	(46)
Restructuring costs**	(639)	-
Share based payments expenses	(169)	(291)
Profit before tax	5,334	(6,760)

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, goodwill impairment, restructuring costs, share-based payment expenses, corporate acquisition costs, and release of tax provision.

** These costs constitute Group administration expenses on the face of the Consolidated Income Statement.

Notes to the Financial Statements continued

5 Segment analysis continued

Segmental assets and liabilities

	2023		Restated 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Insurance	24,227	8,191	22,635	5,974
Other Owned Benefits	7,585	2,509	9,608	4,794
Benefits Platform	7,995	6,471	2,410	1,325
Pay & Reward	1,100	21	1,190	17
Other	8,280	-	8,321	1,076
Total segment assets and liabilities	49,187	17,192	44,164	13,186

Other assets comprise mostly of goodwill, intangible assets and equity investments.

5a Further segmental analysis

The following note provides additional analysis on Group segmental income and expenditure.

Employee benefits and services income

	2023 £'000	Restated 2022 £'000
Other Owned Benefits	11,081	16,800
Benefits Platform	9,445	7,833
Benefits Platform Group elimination*	(2,760)	(2,627)
Pay & Reward	2,246	2,008
Total employee benefits and service income	20,012	24,014

Insurance operating expenses

	2023 £'000	2022 £'000
Operating expenses	17,353	16,301
Group elimination*	(2,760)	(2,627)
Total insurance operating expenses	14,593	13,674

* In order to properly assess the segments individually, this Group elimination apportions at arm's length value to platform sales offered at a discount in return for insurance selling opportunities at corporate clients. This value is then added to Benefits Platform income and Insurance service expenses before being eliminated out.

Employee benefits and services expenses

	2023			Restated 2022		
	Cost of sales £'000	Operating expenses £'000	Total expenses £'000	Cost of sales £'000	Operating expenses £'000	Total expenses £'000
Other Owned Benefits	9,441	1,274	10,715	14,502	1,639	16,141
Benefits Platform	2,225	3,384	5,609	1,777	3,171	4,948
Pay & Reward	35	1,718	1,753	29	1,484	1,513
Total employee benefits and services expenses	11,701	6,376	18,077	16,308	6,294	22,602

Gross transactional value

Gross transactional value from the sale of goods and vouchers is recognised at the net value when significant risks and rewards of ownership of the goods and vouchers have been passed to the buyer, usually on the dispatch of the goods and vouchers. The Group is considered to be an agent for voucher sales with a total transaction value of £54,805,000 (2022: £40,830,000).

6 Investment income and finance costs

	2023 £'000	2022 £'000
Interest income from cash on deposit	807	145
Total investment income	807	145

7 Insurance service expenses

Net expenses from reinsurance contracts held

	2023 £'000	2022 £'000
Outward reinsurance premium	(105)	(149)
Reinsurer's share of claims paid	(30)	65
Net expenses from reinsurance contracts held	(135)	(84)

7 Insurance service expenses continued

	2023 £'000	2022 £'000
Claims paid	6,799	6,353
Claims handling expenses paid	763	570
Claims Incurred	7,562	6,923
Changes to liabilities for claims	117	132
Net change in claims provision	117	132
Incurring acquisition costs	5,488	5,078
Administration expenses	1,426	1,541
Total Insurance operating expenses	6,914	6,619
Total insurance service expenses	14,593	13,674

8 Directors' and employees' remuneration**a) Staff costs (excluding Non-Executive Directors' fees) during the year were as follows:**

	2023 £'000	2022 £'000
Wages and salaries	12,693	11,289
Share-based payments expense	169	291
Social security costs	1,609	1,450
Other pension costs	636	561
Total staff costs	15,107	13,591

The average number of employees employed through the year was as follows:

	2023 Number	2022 Number
Administration	180	161
Sales and marketing	89	101
Total number of employees	269	262

b) Directors' remuneration:

	2023 £'000	2022 £'000
Emoluments	1,111	916
Gain on exercise of options	-	79
Termination payment	185	-
Pension contributions to Group and self-invested personal pension schemes	33	29
Total Director's remuneration	1,329	1,024

During the year, three Directors (2022: three Directors) participated in Group and self-invested personal pension schemes.

The amounts set out above include remuneration in respect of the highest paid Director as follows. All emoluments relate to payments made by subsidiary undertakings.

	2023 £'000	2022 £'000
Emoluments	348	332
Gain on exercise of options	-	79
Termination payment	185	-
Pension contributions to Group and self-invested personal pension schemes	10	10
Total	543	421

Notes to the Financial Statements continued

8 Directors' and employees' remuneration continued

b) Directors' remuneration: continued

Details of individual Director's remuneration are given in the Remuneration Report on pages 44 to 47. The Company does not incur employee remuneration.

Key management of the Group are the Directors of Personal Group Holdings Plc together with the members of the Senior Leadership Team. Key management personnel remuneration includes the following expenses:

	2023 £'000	2022 £'000
Short-term employee benefits:		
Salaries including bonuses	1,630	1,443
Social security costs	225	199
Gain on exercise of options	-	79
	1,855	1,721
Post-employment benefits:		
Defined contribution pension plans	60	62
Total remuneration	1,915	1,783

9 Profit before tax

	2023 £'000	2022 £'000
Profit before tax is stated after:		
Auditor's remuneration (inclusive of non-recoverable VAT):		
Audit services:		
Audit of Company financial statements – Current Year	180	158
Audit of subsidiary undertakings	135	139
Non-audit services:	-	-
Depreciation of property, plant and equipment	1,135	1,052
Amortisation	770	786
Rental income receivable	-	94

10 Tax

The relationship between the expected tax expense based on the effective tax rate of Personal Group Holdings Plc at 23.5% (2022: 19.0%) and the tax expense recognised in the income statement can be reconciled as follows:

	2023 £'000	2022 £'000
Profit before tax	5,334	(6,760)
Tax rate	23.5%	19%
Expected tax expense	1,253	(1,284)
Adjustment for non-deductible expenses	22	122
Adjustment for non-deductible expenses – Goodwill impairment	-	2,009
Adjustment for tax exempt revenues	(458)	(254)
Other adjustments		
Effect of tax rate changes on deferred tax	-	-
Tax credit in respect of prior years	193	(100)
Adjustment for previously non-deductible expenses	-	-
Actual tax expense	1,010	493
Continuing operations	1,010	493
Current tax expense	708	471
In respect of prior years	193	(100)
Deferred tax		
Origination and reversal of temporary differences	109	122
Effect of tax rate changes	-	-
Total tax	1,010	493

Notes to the Financial Statements continued

11 Earnings per share

	2023			2022		
	Earnings £'000	Weighted average number of shares	Pence per share	Earnings £'000	Weighted average number of shares	Pence per share
Basic	4,324	31,226,632	13.8	(7,253)	31,214,765	(23.2)
Dilutive effect of shares in Employee Share Ownership Plan	0.0	750,552	(0.3)	0.0	755,224	0.0
Diluted	4,324	31,977,184	13.5	(7,253)	31,969,989	(23.2)

The weighted average number of shares shown above excludes unallocated own Company shares held by Personal Group Trustees Ltd. For comparative purposes, excluding the goodwill impairment, the earnings per share for 2022 were 10.9p (Diluted 10.9p).

12 Dividends

	2023 Pence per share	2022 Pence per share	2023 £'000	2022 £'000
Equity dividends				
Q2	5.300	5.300	1,655	1,655
Q4	5.850	5.300	1,829	1,657
	11.150	10.600	3,484	3,312
Less: amounts paid on own shares			(2)	(2)
Total dividends	11.150	10.600	3,482	3,310

The dividends listed above were paid in the calendar year. Dividends of 10.6p per share were paid relating to the 2022 financial period in Q4 2022 and Q1 2023 and an interim payment of 5.85p has been paid relating to the 2023 financial period in Q4 2023.

13 Goodwill

The carrying amount of goodwill which has been allocated to those cash-generating units can be analysed as follows:

	Let's Connect £'000s	Pay & Reward £'000s	Total £'000s
Cost			
At 1 January 2023	10,575	2,684	13,259
Additions in the year	-	-	563
At 31 December 2023	10,575	2,684	13,259
Amortisation and impairment			
At 1 January 2023	10,575	-	10,575
Impairment charge for year	-	-	-
At 31 December 2023	10,575	-	10,575
Net book value at 31 December 2023	-	2,684	2,684

	Let's Connect £'000s	Innecto £'000s	QCG £'000s	Total £'000s
Cost				
At 1 January 2022	10,575	2,121	-	12,696
Additions in the year	-	-	563	563
Disposal	-	-	-	-
At 31 December 2022	10,575	2,121	563	13,259
Impairment charged				
At 1 January 2022	-	-	-	-
Impairment charge for year	10,575	-	-	10,575
At 31 December 2022	-	-	-	-
Net book value at 31 December 2022	-	2,121	563	2,684

The net carrying values at 31 December 2023 have been reviewed for impairment.

Notes to the Financial Statements continued

13 Goodwill continued

Pay & Reward

Innecto was acquired by PGH in 2019, and goodwill of £2.1 million was recognised as a result of this acquisition. QCG Limited was acquired in 2022 and resulted in goodwill of £0.6 million. Both businesses are now treated as one cash generating unit (CGU), this is due to the commonality of their business models and cashflows, as well organisational changes put in place at the end of 2023 which merged the team into one combined consultancy unit. The teams now work in unison under one management structure to deliver pay and reward consultancy to clients. The Pay & Reward CGU is also its own operating segment (see Note 5).

For the purpose of the value in use model, the CGU value is comprised of the total goodwill allocated, the carrying value of the intangible assets recognised on acquisition and the assets of the CGU such that the carrying amount of the CGU has been determined on a basis consistent with the way the recoverable amount of the CGU is determined.

An expected cash flow approach was used applying multiple scenarios and affixed probabilities that were deemed to be appropriate under management's best understanding of the business.

Key assumptions

Five years of future cash flows were included in the discounted cash flow model including a long-term growth rate of 2.8% (35-year average of UK consumer price index). These cash flows were then discounted using a risk mitigating post-tax discount rate of 22.4% (2022: 22.4%) based on the CGU's weighted average cost of capital, using the capital asset pricing model with a risk premium in line with the risks associated with the uncertainties around the forecasted growth.

Sensitivity

While management are confident that the Pay & Reward segment will generate forecasted income, it is recognised that there is an inherent uncertainty within the forecasted cash flows used in the impairment model.

Below is a table showing the sensitivity of the key assumptions and the impact of various changes (in base percentage point terms) on the headroom. The Base column refers to the headroom on the impairment review model completed by management.

Sensitivity Analysis – Impact on headroom	- % £'000s	Base £'000s	+ % £'000s
Discount Rate (+/- 5%)	1,732	371	-
Terminal Growth Rate (+/- 0.5%)	308	371	437

Notes to the Financial Statements continued

14 Intangible assets

For the year ended 31 December 2023

	Let's Connect customer value £'000	Pay & Reward customer book and trade name £'000	Innecto technology £'000	Computer software and website development £'000	Internally generated computer software £'000	WIP £'000	Total £'000
Cost							
At 1 January 2023	1,648	1,063	298	2,678	506	1,003	7,196
Transfers	-	-	-	-	-	-	-
Additions in the year	-	-	-	95	-	1,945	2,040
Disposals	-	-	-	-	-	-	-
At 31 December 2023	1,648	1,063	298	2,773	506	2,948	9,236
Amortisation and impairment							
At 1 January 2023	1,648	590	230	1,838	506	-	4,812
Amortisation charge for year	-	213	60	497	-	-	770
Disposals	-	-	-	-	-	-	-
At 31 December 2023	1,648	803	290	2,335	506	-	5,582
Net book amount at 31 December 2023	-	260	8	438	-	2,948	3,654
Net book amount at 31 December 2022	-	473	68	840	-	1,003	2,384

The Pay & Reward customer values and trademark include acquired intangibles relating to Innecto and QCG. This, and the Innecto technology, is being amortised through the consolidated income statement over a five-year period. The net carrying values on 31 December 2023 have been assessed for impairment and no impairment was deemed necessary. The assets were assessed in conjunction with the goodwill value in Note 13. The total value of amortisation relating to acquired intangibles was £273k (2022: £239k).

Notes to the Financial Statements continued

14 Intangible assets continued

For the year ended 31 December 2022

	Let's Connect customer value £'000	Pay & Reward customer value and trade name £'000	Innecto technology £'000	Computer software and website development £'000	Internally generated computer software £'000	WIP £'000	Total £'000
Cost							
At 1 January 2022	1,648	726	298	2,287	506	198	5,663
Acquisitions	-	337	-	-	-	-	337
Additions	-	-	-	201	-	995	1,196
Transfers	-	-	-	190	-	(190)	-
Disposals	-	-	-	-	-	-	-
At 31 December 2022	1,648	1,063	298	2,678	506	1,003	7,196
Amortisation							
At 1 January 2022	1,648	411	170	1,293	504	-	4,026
Provided in the year	-	179	60	545	2	-	786
Eliminated on disposal	-	-	-	-	-	-	-
At 31 December 2022	1,648	590	230	1,838	506	-	4,812
Net book amount at 31 December 2022	-	473	68	840	-	1,003	2,384
Net book amount at 31 December 2021	-	315	128	994	2	198	1,637

Notes to the Financial Statements continued

15 Property, plant and equipment

For the year ended 31 December 2023

	Freehold land and properties £'000	Motor vehicles £'000	Computer equipment £'000	Furniture fixtures & fittings £'000	Lease improvements £'000	Right of use assets £'000	Total £'000
Cost							
At 1 January 2023	5,037	157	1,443	2,318	38	1,139	10,132
Acquisitions	-	-	-	-	-	-	-
Additions	-	-	127	30	-	1,446	1,603
Disposals	-	(104)	-	(54)	-	(324)	(482)
At 31 December 2023	5,037	53	1,570	2,294	38	2,261	11,253
Depreciation							
At 1 January 2023	1,916	134	1,058	1,474	38	873	5,493
Acquisition	-	-	-	-	-	-	-
Provided in the year	86	11	242	213	-	583	1,135
Eliminated on disposals	-	(104)	-	(54)	-	(237)	(395)
At 31 December 2023	2,002	41	1,300	1,633	38	1,219	6,233
Net book amount at 31 December 2023	3,035	12	270	661	-	1,042	5,020
Net book amount at 31 December 2022	3,121	23	385	844	-	266	4,639

In line with IFRS 16, right of use (ROU) assets relate to motor vehicles and building leases, a breakdown for which can be found in Note 29.

15 Property, plant and equipment continued

For the year ended 31 December 2022

	Freehold land and properties £'000	Motor vehicles £'000	Computer equipment £'000	Furniture fixtures & fittings £'000	Lease improvements £'000	Right of use assets £'000	Total £'000
Cost							
At 1 January 2022	5,037	157	1,112	2,310	38	1,204	9,858
Acquisitions	-	-	7	-	-	-	7
Additions	-	-	324	8	-	371	703
Disposals	-	-	-	-	-	(436)	(436)
At 31 December 2022	5,037	157	1,443	2,318	38	1,139	10,132
Depreciation							
At 1 January 2022	1,828	125	786	1,265	37	784	4,825
Acquisition	-	-	2	-	-	-	2
Provided in the year	88	9	270	209	1	475	1,052
Eliminated on disposal	-	-	-	-	-	(386)	(386)
At 31 December 2022	1,916	134	1,058	1,474	38	873	5,493
Net book amount at 31 December 2022	3,121	23	385	844	-	266	4,639
Net book amount at 31 December 2021	3,209	32	326	1,045	1	420	5,033

16 Financial investments

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank deposits	2,565	1,741	-	-
Equity investments	1,470	1,290	-	-
Total financial investments	4,035	3,031	-	-

IFRS 13 Fair Value Measurement establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

All current equity investments are valued using Level 1 inputs.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input).

Bank deposits, held at amortised cost, are due within six months and the amortised cost is a reasonable approximation of the fair value. These would be included within Level 2 of the fair value hierarchy.

17 Inventories

	2023 £'000	Restated 2022 £'000
Finished Goods – Salary Sacrifice	272	699
Total Inventories	272	699

18 Trade and other receivables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans and receivables:				
Other receivables due within one year	13,857	11,348	-	-
Amounts due from subsidiary undertakings	-	-	611	41
Accrued interest	2	14	-	-
Other prepayments and accrued income	2,156	2,109	192	281
Total trade and other receivables	16,015	13,471	803	322

All of the Group's receivables due within one year have been reviewed for indicators of impairment. IFRS 9 compliant credit loss provisions have been made where applicable and the values shown above are net of those provisions.

Other receivables include non-insurance trade receivables, and receivables relating to float payments on the e-voucher platform. There have been no significant changes in any contract asset balances during the reporting period.

Notes to the Financial Statements continued

18 Trade and other receivables continued

A weighted average ageing of the expected loss provision is shown below:

	2023			2022		
	Trade/ Insurance Debtor £'000	Weighted Average Provision	Credit Loss Provision £'000	Trade/ Insurance Debtor £'000	Weighted Average Provision	Credit Loss Provision £'000
Not Invoiced	3,700	0.3%	9	2,565	0.3%	6
Current	8,687	0.1%	6	7,896	0.1%	10
30 Days	1,000	1.0%	10	619	0.8%	5
60 Days	275	1.9%	5	168	1.6%	3
90 Days	212	5.7%	12	45	4.1%	2
150 Days	73	66.1%	48	106	23.7%	25
Total	13,947	0.6%	90	11,399	0.4%	51

Credit Loss Provision

	2023 £'000	2022 £'000
Stage 1	–	–
Stage 2	90	51
Stage 3	–	–
Total	90	51

Set out below is the movement in the allowance for expected credit losses of trade receivables and contracted assets:

	2023 £'000	2022 £'000
At 1 January	51	84
Provision for expected credit losses	90	51
Provision release	(51)	(84)
At 31 December	90	51

In the past, the Group has not incurred significant bad debt write offs and consequently whilst the above may be overdue, the risk of credit default is considered to be low.

The Group has no charges or other security over any of these assets.

19 Cash and cash equivalents

	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash at bank and in hand	15,571	11,746	50	237
Short-term deposits	1,926	5,212	–	–
Total cash and cash equivalents	17,497	16,958	50	237

20 Share capital

	2023 £'000	2022 £'000
Authorised 200,000,000 ordinary shares of 5p each	10,000	10,000
Allotted, called up and fully paid 31,248,822 (2022: 31,248,822) ordinary shares of 5p each	1,562	1,562
Share Premium	1,134	1,134

Each ordinary share is entitled to one vote in any circumstance.

The total number of own shares held by the Employee Benefit Trust at 31 December 2023 was 85,396 (2022: 88,822). Of this amount, there are 69,955 (2022: 70,807) SIP shares that have been unconditionally allocated to employees.

As at 31 December 2023, the Group maintained two share-based payment schemes for employee compensation.

a) Company Share Ownership Plan (CSOP) and unapproved options

For the options granted to vest, there are no performance criteria obligations to be fulfilled other than continuous employment during the three-year period. Exceptions are made for early termination of employment by attaining normal retirement age, ill health or redundancy.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Notes to the Financial Statements continued

20 Share capital continued

a) Company Share Ownership Plan (CSOP) and unapproved options continued

Share option and weighted average exercise price are as follows for the reporting periods presented:

	2023		2022	
	Number	Weighted average exercise price Pence	Number	Weighted average exercise price Pence
Outstanding at 1 January	209,251	387.6	226,743	384.1
Options granted in year	124,993	216.0	-	-
Options exercised in year	-	-	-	-
Options cancelled or lapsed	(67,483)	311.2	(17,492)	343.0
Outstanding at 31 December	266,761	326.5	209,251	387.6

The weighted average exercise price of 128,060 (2022: 121,007) share options exercisable at 31 December 2023 was pence per share 398.34 (2022: 446.35).

There were 124,993 options granted under the CSOP scheme in 2023.

The weighted average remaining contracted life of outstanding options at 31 December 2023 was four years and four months (2022: five years and four months). The underlying expected volatility was determined by reference to historical data. No special features imminent to the options granted were incorporated into the measurement of fair value.

In total, £23,000 of employee compensation by way of share-based payment expense has been included in the consolidated income statement for 2023 (2022: £20,000). The corresponding credit is taken to equity. No liabilities were recognised due to share-based transactions.

b) Long-Term Incentive Plan (LTIP)

The Remuneration Committee approved a new LTIP scheme on 6 April 2021. Under the scheme share options of Personal Group Holdings Plc are granted to senior executives with an Exercise Price of 5p (nominal value of the shares). The share options have various market and non-market performance conditions which are required to be achieved for the options to vest. The options also contain service conditions that require option holders to remain in employment of the Group.

Total shareholder return (market condition)

Up to 50% of the awards vest under this condition. Subject to Compound Annual Growth Rate (CAGR) of the Total Shareholder Return (TSR) over the Performance Period.

EBITDA targets (non-market condition)

Up to 35% of the awards vest under the condition of EBITDA measures over the Performance Period.

Environmental, social and governance targets (ESG) (non-market condition)

Up to 15% of the awards vest under this condition. The awards shall vest upon the Remuneration Committee determining that all ESG targets have been met.

The fair value of the share options is estimated at the grant date using a Monte-Carlo binomial option pricing model for the market conditions, and a Black-Scholes pricing model for non-market conditions. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

There are no cash settlements alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the LTIP as an equity-settled plan.

Three tranches of awards have been made to date since April 2021.

In total, £146,000 of employee share-based compensation has been included in the consolidated income statement to 31 December 2023 (2022: £291,000). The corresponding credit is taken to equity. No liabilities were recognised from share-based transactions.

21 Deferred Taxation

	2023		2022	
	Deferred Tax Assets £'000	Deferred Tax Liabilities £'000	Deferred Tax Assets £'000	Deferred Tax Liabilities £'000
Non-current assets and liabilities				
Property, plant and equipment	16	826	19	664
Intangible Assets	-	57	-	102
Share Options	77	-	66	-
	93	883	85	766
Offset	(93)	(93)	(85)	(85)
Total deferred tax	-	790	-	681
			2023 £'000	2022 £'000
At 1 January			(681)	(478)
Business Acquisition			-	(81)
Movement in provisions (debited)/credited to income statement			(109)	(122)
Movement in provisions due to tax rate changes			-	-
At 31 December			(790)	(681)

A deferred tax asset has not been recognised in respect of the carried forward tax losses as there is uncertainty as to whether they will be utilised given the trade is no longer a significant component of the Group.

22 Trade and other payables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current				
Financial liabilities measured at amortised cost:				
Amounts owed to subsidiary undertakings	-	-	311	431
Other creditors	10,466	8,053	37	80
Accruals	2,717	1,964	-	-
Right of use creditor	559	148	231	211
Deferred income	1,358	1,128	-	-
Total trade and other payables	15,100	11,293	579	722
			Group	Company
			2023 £'000	2022 £'000
Non-Current				
Right of use creditor over 1 year	567	130	-	-
Total	567	130	-	-

These liabilities are not secured against any assets of the Group.

Other creditors include trade creditors and creditors relating to e-vouchers from the platform.

23 Transition to IFRS 17

IFRS 17, Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. In addition to the updated accounting policies discussed in Note 2, some of the key differences between IFRS 17 and the accounting policies previously adopted by Personal Group under IFRS 4 are outlined below.

Notes to the Financial Statements continued

23 Transition to IFRS 17 continued

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of Personal Group's insurance contracts issued. Under IFRS 17, Personal Group's insurance contracts are all eligible to be measured by applying the Premium Allocation Approach ("PAA").

The measurement principles of the PAA are very similar to accounting policies previously applied under IFRS 4 but are different in the following key areas:

- > Under IFRS 4 gross premiums written were recognised at the top of the consolidated income statement with an adjustment for the change in unearned premium liability and outward reinsurance premiums. IFRS 17 defines insurance revenue as the expected premium cash flows, excluding any investment components. As such, the new Income Statements consolidates those previous balances into one insurance income figure for the period.
- > If contracts are assessed as being onerous, a loss component is recognised. Previously these may have formed an unexpired risk reserve provision determine through the liability adequacy test. No onerous contracts have been identified and, as a result, there has been no transition adjustment for this.
- > Under IFRS 4, contract specific acquisition cash flows were deferred and amortised. Under IFRS 17, the recognition of insurance acquisition expense cash flows includes an allocation of acquisition-related operating expenses incurred in the period. The deferral and amortisation of these expenses, under both IFRS 4 and IFRS 17, is spread over the life of insurance contracts. As the vast majority of Personal Group's insurance contracts are weekly or monthly in length, there is no deferral and amortisation of acquisition costs performed.
- > In the measurement of the insurance contract liability, under IFRS 4, losses and loss adjustment expenses were required to be undiscounted without an explicit need for an adjustment for non-financial risk. Under IFRS 17, the liability for incurred claims is typically determined on a discounted expected value basis and includes an explicit risk adjustment for non-financial risk. Personal Group has assessed the impact of discounting of expected future insurance losses and, due to the majority of losses being paid in the first 12 months following a loss event, this impact was insignificant. In addition to this, Personal Group has always included a risk adjustment into its chain-ladder method for calculating its insurance contract liability. As a result, there has been no change in calculation method on transition to IFRS 17.

Changes to presentation and disclosure

Under IFRS 4, separate assets and liabilities were recognised for premium receivables, deferred acquisition costs, unearned premiums, and loss and loss adjustment reserves. These assets and liabilities were shown aggregated for all insurance contracts. While IFRS 17 groups the insurance assets and liabilities by portfolio, as defined by Personal Group's level of aggregation accounting policy (see Note 2), all insurance contracts are treated as one aggregate class so there has been no impact of the change on transition.

The Group Income Statement has also changed in its presentation. Previously, Personal Group reported items such as gross premiums written, movement in unearned provisions and the reinsurer's share of these. Under IFRS 17, the standard defines and requires distinct presentation of insurance revenue and insurance service expenses.

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach. Under the full retrospective approach, as at 1 January 2022 Personal Group identified, recognised, and measured each group of reinsurance contracts as if IFRS 17 had always applied.

Were they to have arisen, Personal Group would have derecognised any existing balances that would not exist had IFRS 17 always applied and recognised any resulting net difference in equity. There were adjustments to the calculations on the balance sheet recognised on the transition to IFRS 17.

24 Insurance contract liabilities

This section shows how the net carrying amounts of insurance contracts issued by the Group have changed during the year, as a result of changes in cash flows and amounts recognised in profit or loss. Insurance liabilities included within the Group's statement of financial position are made up of multiple components. No loss component is recorded for insurance contracts held. Personal Group has elected not to adjust the liability for remaining coverage for the time value of money as its insurance contracts do not contain a significant financing component.

The liability for incurred claims represents the gross estimated liability arising from claim episodes in the current and preceding financial years which have not given rise to claims paid. It is estimated based on current information, and the ultimate liability may vary as a result of subsequent information and events. Adjustments to the amount of claims provision for prior years are included in the Income Statement in the financial year in which the change is made.

The valuation of the liability for incurred claims in the Group's subsidiary, Personal Assurance Plc is estimated by using a Chain Ladder method, and the main assumption underlying this technique is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs.

Notes to the Financial Statements continued

24 Insurance contract liabilities continued

The valuation in the Group's subsidiary, Personal Assurance Group Guernsey Limited is also estimated based on the Company's past claims experience to predict future claims and claims costs.

It is estimated that the majority of all claims will be paid within 12 months and therefore claims development information is not disclosed.

In setting the provision for claims outstanding, a best estimate is determined on an undiscounted basis and then a 10% margin of prudence (risk adjustment) is added such that there is confidence that future claims will be met from the provisions. The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 80th percentile. That is, the Group has assessed its indifference to uncertainty as being equivalent to the 80th percentile confidence level less the mean of an estimated probability distribution of the future cash flows.

The Group is exposed to insurance credit risk to the extent that premiums yet to be paid may default or not pay in full. The maximum level of this exposure is limited to the amount of unpaid premiums which, at the end of 2023 was £2.5m (2022; £2.4m).

Maturity analysis as dictated by IFRS 17 has not been performed here as the Group expects all insurance contracts to mature within 12 months of the reporting date.

	Liabilities for remaining coverage		Liabilities for incurred claims		Total £'000
	Excluding Loss Component £'000	Loss Component £'000	Estimates of the value of future cash flows £'000	Risk Adjustment £'000	
Insurance contract liabilities at 1 January 2023	(1,239)	-	2,203	118	1,082
Insurance revenue	(28,708)	-	-	-	(28,708)
Incurring claims	-	-	6,799	-	6,799
Insurance operating and claims handling expenses	-	-	7,677	-	7,677
Changes to liabilities for incurred claims	-	-	80	37	117
Total insurance service expenses	-	-	14,556	37	14,593
Insurance service result	(28,708)	-	14,556	37	(14,115)
Premiums received	28,238	-	-	-	28,238
Claims and other expenses paid	-	-	(6,799)	-	(6,799)
Insurance operating expense cash flows	-	-	(7,671)	-	(7,671)
Total cash flows	28,238	-	(14,470)	-	13,768
Insurance contract liabilities at 31 December 2023	(1,709)	-	2,289	155	735

24 Insurance contract liabilities continued

	Liabilities for remaining coverage		Liabilities for incurred claims		Total £'000
	Excluding Loss Component £'000	Loss Component £'000	Estimates of the value of future cash flows £'000	Risk Adjustment £'000	
Insurance contract liabilities at 1 January 2022	(766)	-	2,011	177	1,422
Insurance revenue	(25,406)	-	-	-	(25,406)
Incurring claims	-	-	6,353	-	6,353
Insurance operating and claims handling expenses	-	-	7,189	-	7,189
Changes to liabilities for incurred claims	-	-	191	(59)	132
Total insurance service expenses	-	-	13,733	(59)	13,674
Insurance service result	(25,406)	-	13,733	(59)	(11,732)
Premiums received	24,933	-	-	-	24,933
Claims and other expenses paid	-	-	(6,353)	-	(6,353)
Insurance operating expense cash flows	-	-	(7,188)	-	(7,188)
Total cash flows	24,933	-	(13,541)	-	11,392
Insurance contract liabilities at 31 December 2022	(1,239)	-	2,203	118	1,082

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on profit before tax and equity for reasonably possible movements in key assumptions held constant. To demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

	Change in Assumption	Impact on profit before tax	Impact on equity
Expected loss	+5%	(108)	(81)
Risk adjustment	+5%	(78)	(58)
Inflation rate	+1%	(3)	(2)

25 Company investment in subsidiary undertakings and joint venture

	Shares in subsidiary undertakings	
	2023 £'000	2022 £'000
Cost		
At 1 January	38,372	38,101
Share-based expenses	146	271
At 31 December	38,518	38,372
Amounts written off		
At 1 January	12,898	12,898
Impairment provision in year	-	-
At 31 December	12,898	12,898
Net book amount at 31 December	25,620	25,474

At 31 December 2023 the Company held 100% of the allotted share capital of the following trading companies, all of which were incorporated in England and Wales, with the exception of Personal Assurance (Guernsey) Limited which is incorporated in Guernsey, and have been consolidated in the Group financial statements. The registered address of all Group entities is John Ormond House, 899 Silbury Boulevard, Central Milton Keynes, MK9 3XL, with the exception of Personal Assurance (Guernsey) Limited whose registered address is Level 5, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ.

Subsidiary undertaking	Nature of business
Personal Group Limited	Intermediate holding Company
Personal Assurance Plc*	General insurance
Personal Assurance Services Limited**	Administration services
Personal Group Benefits Limited**	Employee benefits sales and marketing
Personal Group Trustees Limited*	Trustee for employee share options
Personal Management Solutions Limited*	Employee benefits sales and marketing
Berkeley Morgan Group Limited**	Berkeley Morgan Group Holding Company
Berkeley Morgan Limited*	Independent financial advisers
Personal Assurance (Guernsey) Limited*	Death insurance underwriting services
Let's Connect IT Solutions Limited*	Employee benefits salary sacrifice technology products
Innecto People Consulting Limited*	HR consultancy and technology providers
Quintige Consulting Group Limited**	HR consultancy
Multiplelisting Limited	Dormant
Mutual Benefit Limited	Dormant
Partake Services Limited	Dormant
Personal Assurance Financial Services Plc	Dormant
Berkeley Morgan Healthcare Limited*	Dormant
B M Agency Services Limited*	Dormant
Berkeley Morgan Property Limited*	Dormant
Summit Financial Solutions Limited*	Dormant
Summit Financial Holdings Plc*	Dormant
Berkeley Morgan Trustees Limited*	Dormant
Personal Group Mobile Limited*	Dormant
Universal Provident Limited*	Dormant

* Indirectly owned by Personal Group Holdings Plc via Personal Group Limited

+ Indirectly owned by Personal Group Holdings Plc via Personal Group Limited and Berkeley Morgan Group Limited

Exempt from audit under parental guarantee

Notes to the Financial Statements continued

25 Company investment in subsidiary undertakings and joint venture continued

The following subsidiaries of the Group are exempt from the requirements of the Companies Act 2006 (“the Act”) relating to the audit of individual accounts by virtue of s479A. The parent undertaking, Personal Group Holdings Plc, gives a guarantee to these subsidiaries under section 479C in respect of the year ending 31 December 2023.

- > Personal Assurance Services Limited – 3194988.
- > Personal Group Benefits Limited – 3195037.
- > Berkeley Morgan Group Limited – 3456258.
- > Quintige Consulting Group Limited – 3773926.

26 Capital commitments

The Group has no capital commitments at 31 December 2023 and 31 December 2022.

27 Contingent liabilities

There were no contingent liabilities at 31 December 2023 and 31 December 2022.

28 Pensions

Group and self-invested personal pension schemes

The Group operates a defined contribution Group personal pension scheme for the benefit of certain Directors and employees. The scheme is administered by Aegon UK plc and the funds are held independent of the Group. In addition, the Group makes contributions to certain Directors' self-invested personal pension schemes.

These schemes are administered by independent third-party administrators and the funds are held independent of the Group.

29 Leasing commitments and rental income receivable

Amounts recognised in the balance sheet

Following the adoption of IFRS 16 the balance sheet at 31 December 2023 includes assets and liabilities relating to Right of Use (ROU) assets as detailed below:

2023 – Right of use assets & lease liabilities

	Net Book Value of Assets £000	Lease Liability £000
Motor vehicles	948	1,012
Buildings	94	114
Total	1,042	1,126

2022 – Right of use assets & lease liabilities

	Net Book Value of Assets £000	Lease Liability £000
Motor vehicles	114	111
Buildings	152	167
Total	266	278

The initial valuation of the asset is equal to the discounted lease liability on the inception of the lease and this is depreciated over the shorter of either the life of the asset or the lease term.

Amounts recognised in the consolidated statement of profit or loss

	Depreciation Charge £000	Interest Expense £000
Motor vehicles	524	76
Buildings	59	2
Total	583	78

Notes to the Financial Statements continued

29 Leasing commitments and rental income receivable
continued

Total operating lease payments due until the end of the lease, or the first break clause, total £1,203,000 (2022: £295,000). An analysis of these payments due is as follows:

	2023 £'000	2022 £'000
Total lease payments falling due:		
Within one year	593	167
Within one to two years	482	66
Within two to five years	128	62
Total	1,203	295

Total operating rent receivable payments due until the end of the lease or the first break clause, total £nil (2022: £nil). An analysis of these receivable payments due is as follows:

	2023 £'000	2022 £'000
Future minimum lease payments:		
Within one year	-	-
Within one to two years	-	-
Within two to five years	-	-
Total	-	-

Below is a reconciliation of changes in liabilities arising from financing activities:

	1 January 2023 £'000	Cash Flows £'000	New leases £'000	Other £'000	31 December 2023 £'000
Current lease liabilities	190	(530)	940	(41)	559
Non-current lease liabilities	130	-	-	437	567
Total liabilities from financing activities	320	(530)	940	396	1,126

The "Other" column includes the effect of reclassification of non-current leases to current due to the passage of time, the effect of the disposal of lease assets with their related creditors and the effect of the unwinding of the discounted ROU creditors over time.

Notes to the Financial Statements continued

30 Prior Year Restatement

As a result of the implementation of IFRS 17, it is necessary to restate the 2022 results as though these policies have always been in effect. Furthermore, 2022 has been restated to reflect a change in accounting for voucher resale income to appropriately reflect the agency nature of the underlying contracts. Below is a reconciliation from the 2022 income statement as presented in the prior year signed financial statements to the income statement presented as a comparative in these financial statements.

	Previous 2022 £'000	IFRS 17 Reclass £'000	Voucher Income Reclass £'000	Restated 2022 £'000
Gross premiums written	25,660	(25,660)	-	-
Outward reinsurance premiums	(138)	138	-	-
Change in unearned premiums	(254)	254	-	-
Change in reinsurers' share of unearned premiums	(11)	11	-	-
Earned premiums net of reinsurance	25,257	(25,257)	-	-
Insurance Revenue	-	25,406	-	25,406
Employee benefits and services income	23,627	-	387	24,014
Voucher resale income	37,389	-	(37,389)	-
Other income	237	-	-	237
Investment income	145	-	-	145
Group revenue	86,655	149	(37,002)	49,802
Claims incurred	(6,990)	6,990	-	-
Insurance operating expenses	(6,619)	6,619	-	-
Insurance Service Expenses	-	(13,674)	-	(13,674)
Net expenses from reinsurance contracts held	-	(84)	-	(84)
Employee benefits and services expenses	(22,236)	-	(366)	(22,602)
Voucher resale expenses	(37,368)	-	37,368	-
Other expenses	(33)	-	-	(33)
Group administration expenses	(8,973)	-	-	(8,973)
Share based payments expenses	(291)	-	-	(291)
Unrealised losses on equity investments	(210)	-	-	(210)
Charitable donations	(100)	-	-	(100)
Group expenses	(82,820)	(149)	37,002	(45,967)
Operating profit	3,835	-	-	3,835
Finance costs	(20)	-	-	(20)
Goodwill impairment	(10,575)	-	-	(10,575)
Loss before tax	(6,760)	-	-	(6,760)
Taxation	(493)	-	-	(493)
Loss for the year	(7,253)	-	-	(7,253)

Notes to the Financial Statements continued

30 Prior Year Restatement continued

Below is an extract of the 2022 balance sheet highlighting the impact of the restatement.

	Previous 2022 £'000	IFRS 17 Reclass £'000	Voucher Reclass £'000	Restated 2022 £'000
Trade & other receivables	15,863	(2,392)	27	13,498
Reinsurance contracts held	95	(53)	-	42
Inventories	726	-	(27)	699
Total assets	46,609	(2,445)	-	44,164
Insurance contract liabilities	3,474	(2,392)	-	1,082
Trade and other payables	11,476	(53)	-	11,423
Total liabilities	15,631	(2,445)	-	13,186
Total equity and liabilities	46,609	(2,445)	-	44,164

IFRS 17

The transition to IFRS 17 has resulted in a small change in presentation on the balance sheet, particularly around unpaid premiums. These were previously presented as insurance receivables but, per IFRS 17, these now offset the liability for remaining coverage within insurance contract liabilities. See Note 23 for further details.

Voucher Income reclassification

Over the course of the year, management has undertaken a review of a number of the underlying arrangements that it has with its suppliers, considering in particular (in accordance with IFRS 15) the steps taken to fulfil the purchasing of the vouchers (which are increasingly electronic in nature), the process by which the vouchers are transferred from supplier to customer and whether PMS has control of those vouchers prior to the transfer of those vouchers from the supplier to the customer.

The key indicators of control such as inventory risk, control over pricing and responsibility over the acceptability of the goods being fulfilled, have been considered during this review and, while the Group does have limited control over pricing, the risks associated with the other indicators reside with suppliers. As a result, management considers the substance of these relationships as that of an agency, with only the resulting transaction fee and/or margin recognised in the income statement for the period. Management also concluded that PMS was acting as an agent in the prior year and have therefore restated the comparatives to appropriately reflect the agency nature of the underlying contracts. As a consequence, 2022 income has been netted to represent agency income and this figure has been included within

employee benefits and services income. Expenses related to this agency service (largely card transaction costs) have been allocated to employee service expenses accordingly.

31 Related party transactions

Personal Group Holdings Plc holds a bank account which it uses for payments to Company specific creditors. During 2023 and 2022 the Company paid its own dividends and expenses.

A list of intercompany balances that are outstanding at the balance sheet date with subsidiary undertakings is as follows:

	2023		2022	
	Receivable £'000	Payable £'000	Receivable £'000	Payable £'000
Personal Assurance Plc	145	-	-	-
Personal Assurance Services Limited	-	31	11	-
Personal Group Benefits Limited	-	31	-	1
Personal Assurance Financial Services Plc	-	137	-	137
Multiplelisting Limited	-	100	-	100
Personal Management Solutions Limited	27	-	7	-
Mutual Benefit Limited	-	12	-	12
Partake Services Limited	3	-	3	-
Personal Group Limited	381	-	-	178
Berkeley Morgan Group Limited	13	-	4	-
Innecto People Group Consulting Limited	42	-	16	-
Total	611	311	41	428

All balances are repayable on demand. None of the balances are secured. All balances relate to intercompany funding balances.

Transactions with Directors

During the year, no transactions were undertaken with Directors, or companies in which Directors were key decision makers.

32 Post balance sheet events

There have been no post balance sheet events.

Company Information

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3194991

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 P Constant – Chief Executive (appointed 01/08/2023)
 D Frost – Chief Executive (resigned 01/08/2023)
 S Mace – Chief Financial Officer
 M Darby-Walker – Senior Non-Executive Director
 B Head – Non-Executive Director
 C Astin – Non-Executive Director
 A Lothian – Non-Executive Director

Secretary:

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