Personal Group Holdings Plc
Interim Results

For the six months ended 30 June 2023



Interim Results for the six months ended 30 June 2023

Personal Group Holdings Plc, a digitally enabled workforce benefits and services provider, announces its interim results for the six months ended 30 June 2023.

The Group has had a positive first half of the year driven by strong growth in Affordable Insurance contribution with new annualised insurance sales in the first six months rising by 34%. The focus of new CEO, Paula Constant, is to continue to leverage all the opportunities around insurance and recurring revenue streams and develop a strategy to accelerate profitable growth. Further, with the launch of the enhanced platform, Hapi 2.0, the rollout of this to both customers and partners over the coming months will cement and increase shareholder value.

Highlights

Financial

- Total revenue for the six months to 30 June 2023 increased 34% to £46.4m (H1 2022: £34.7m). Whilst driven primarily by voucher resales through the benefits platform of £24.6m (H1 2022: £13.8m), growth has also been seen across other key areas
- Adjusted EBITDA* increased 75% to £2.7m (H1 2022: £1.5m), in line with management expectations for H1, driven primarily by continued growth of the insurance book
- Profit before tax increased to £1.6m (H1 2022: £0.5m) in line with adjusted EBITDA growth
- Basic EPS increased to 4.5p (H1 2022: 1.7p)
- Strong balance sheet and liquidity with cash and deposits at period end of £22.6m (Dec 2022: £18.7m), and debt free
- Interim dividend increased by 10% to 5.85p (H1 2022: 5.3p), reflecting the Board's continued confidence in the Group's prospects

Operational

- Strong growth in Affordable Insurance, driven by an increase in new sales and high retention rates - new annualised insurance sales in the first six months rose by 34% to £5.8m (H1 2022: £4.3m)
- Continued growth in recurring revenue streams providing increased visibility for H2 2023 and 2024:
  - Annualised Premium Income (API) increased by 6% to £29.6m (31 Dec 22: £28.0m)
  - Annualised Recurring Revenue (ARR) from our Benefits platform grew 10%, ending the period with Hapi ARR of £2.2m and Sage Employee Benefits ARR of £3.3m respectively (31 Dec 2022: £2.0m and £3.0m respectively)
  - ARR from Innecto Digital products grew to £0.6m (31 Dec 22: £0.5m)
- 52 new client wins (HY22: 52) with the award of a place on the Crown Commercial Services framework serving as an endorsement of the Group's offering
- Paula Constant assumed the role of Group CEO on 1 August 2023

Current Trading and Outlook

- Strong new insurance sales continued at the start of H2 with retention rates remaining robust
- Next generation Hapi 2.0 successfully launched internally, enabling future rollout to customers and partners
- Trading remains in line to meet the market's full-year expectations
- The Board is confident in the long-term outlook for the business

** 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.*

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Notes to Editors

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

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

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

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

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

Having assumed the position of the Company's new CEO, post the half year end, on 1 August 2023, I am delighted to be presenting this set of interim results to shareholders.

The team achieved a positive first half of 2023, delivering year on year growth across key metrics. I am particularly pleased to have seen the insurance book continue to grow substantially - a result of strong new insurance sales, operational effectiveness and efficiency as well as continued high retention rates.

It is clear to me that the business is built on very solid foundations. The strength of our face-to-face insurance sales capability, we believe, is unmatched across the markets we serve. Our Benefits platform, Hapi, will deliver enhanced capabilities through the launch of Hapi 2.0. Furthermore, the strength of our relationship with Sage has brought a growing new revenue stream for the Group and opened up the wider SME market as a strategic priority.

Since being appointed CEO in August I have commenced a quantitative review of our operations in order to identify the greatest available opportunities to improve profitability and drive longer term growth in the business to increase shareholder value. In the initial phase of this review we have commenced a detailed customer segmentation analysis, prioritising our Insurance and Benefits offerings, in order to identify optimal segments, price points and specific offerings. Alongside this we are scrutinising our lead generation effectiveness and the distribution of our external marketing spend. We anticipate the introduction of more granular KPIs across our sales processes and pipeline and we are examining how to maximise the opportunity to visit lower penetrated existing customer sites in the field. We are focussed on launching Hapi 2.0 at scale and being able to onboard clients at pace. We have employed external technology auditors to carry out a rigorous technical review of Hapi 2.0 to stress test this ability before an external rollout of the platform. We continue to penetrate the existing, vast segment of Sage SME customers, with increased focus at a senior level both of Sage and Personal Group on the effectiveness of customer welcome calls whilst progressing discussions with future partners.

My priorities in H2 are to conclude on this quantitative evaluation of commercial, operations and technology to identify and shape our strategic direction in terms of expanding our Insurance offering, monetising our Hapi 2.0 platform, with a core focus on the growth of partnerships, and streamlining the organisation around the areas in which there are the greatest opportunities to grow value for shareholders.

The Board and I would like to thank Deborah Frost, the Group's previous CEO, for her leadership of Personal Group in recent years. Her reinvigoration of the insurance offering and investment in the Sage partnership have, I believe, placed the business in an excellent position for further expansion.

CEO STATEMENT

Divisional H1 Segmental Analysis

Affordable Insurance

New annualised insurance sales in the first six months rose by 34% to £5.8m (H1 2022: £4.3m), a result of the growth in the size of the field sales team alongside improved productivity and we recorded new 'best' performances for 'day' and 'week' both collectively and by individual. This, together with strong retention levels, which remain above pre-pandemic averages, helped to drive up the Annualised Premium Income value to £29.6m (31 Dec 2022: £28.0m) and led to a 14% increase in insurance revenue for the period to £13.8m (H1 2022: £12.3m).

As anticipated, claims levels for the first half remained higher than historic norms on Hospital Cash plans, as activity to address NHS backlogs continued. These combined factors resulted in a 31% increase in adjusted EBITDA contribution to £5.1m (H1 2022: £3.9m).

Benefits platform

Revenue from digital platform subscriptions and commissions from third party benefit suppliers which sit on the benefits platform rose to £2.9m (H1 2022: £2.2m) with a resulting growth in EBITDA of 37% to £1.8m (H1 2022: £1.3m).

Continued growth was seen in recurring subscription income, across both Enterprise clients, taking Hapi, and Sage Employee Benefits, which ended the half year with ARR of £2.2m and £3.3m respectively (31 Dec 2022: £2.0m and £3.0m).

Income from voucher resales through the benefits platform rose to £24.6m (H1 2022: £13.8m). Whilst the EBITDA contribution from this remains minimal this significant growth in revenue reinforces the relevance of our product to our clients, enabling them to address cost of living issues with their employees, who collectively saved over £1.3m through use of the discount vouchers on the platform in the six months to June.

Alongside the growth of our existing customer base, we have been developing the second generation of the Hapi platform, with considerably enhanced capabilities. These include improved Reward and Recognition functionality, simpler navigation and search capability, modularisation for tiered and self-serve offers, and slicker onboarding processes.

Our investment in the next generation of the platform, Hapi 2.0, will provide us with opportunities to both enhance the quality of our provision and to put us in a position to actively seek out and continue discussions with additional external partners, to widen our reach, and build further ARR streams.

Pay and Reward

The contribution from Pay & Reward, comprising Innecto and Quintige Consulting Group, has remained steady with revenue of £1.1m (H1 2022: £0.9m) and EBITDA of £0.2m (H1 2022: £0.3m). This division has shown resilience despite the attention of their normal audience of HR Directors being diverted to the tactical focus of dealing with the cost-of-living crisis for their employees and significant growth in the pipeline towards the end of the period gives confidence for improved performance in H2.

Other Owned Benefits
(Let's Connect)

Contribution from Other Owned Benefits (Let's Connect) was in line with management's expectations post cessation of the long-term scheme with a major client in March 2023, as previously announced, delivering revenue of £3.6m (H1 2022: £5.4) and an EBITDA loss of (£0.3m) (H1 2022: 0.0m). Contribution from this business remains heavily second half weighted.

Interim Dividend

The Company is pleased to announce that an interim dividend for 2023 of 5.85p, representing a 10% increase on the previous year, will be paid on 16 November 2023 to members on the register as at 13 October 2023 (the record date). Shares will be marked ex-dividend on 12 October 2023. The Board has considered the level of dividend in the context of the full year results and the level reflects their continued confidence in the Group's business model and prospects.

Current Trading and Outlook

Trading into Q3 has remained robust. The Group is trading in line with management's expectations to date and this underpins the Board's confidence in meeting market expectations for the full year.

The market opportunity is, I believe, considerable and I look forward to updating shareholders on strategic progress in the coming months.

Paula Constant
Group Chief Executive
29 September 2023

Consolidated Income Statement

	Note	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited *(Restated*)* £'000
Insurance revenue		13,848	12,301
Employee benefits and services		7,568	8,436
Voucher resale income		24,648	13,848
Other income		69	128
Investment income		295	29
Revenue		**46,428**	**34,742**
Insurance service expenses	4	(7,230)	(6,890)
Net expenses from reinsurance contracts held		(57)	(77)
Employee benefits and services expenses		(7,359)	(8,268)
Voucher resale expenses		(24,660)	(13,872)
Other expenses		(41)	(38)
Group administration expenses		(5,346)	(4,679)
Share based payment expenses		(110)	(152)
Charitable donations		(50)	(50)
Expenses		**(44,853)**	**(34,026)**
Operating profit		1,575	716
Finance costs		(22)	(13)
Unrealised profit / (loss) on equity investments		77	(244)
Profit before tax		**1,630**	**459**
Tax	5	(221)	73
Profit for the period after tax		**1,409**	**532**
Total comprehensive income for the period		1,409	532
Earnings per share		**Pence**	**Pence**
Basic		4.5	1.7
Diluted		4.5	1.7

The total comprehensive income for the period is attributable to equity holders of Personal Group Holdings Plc.

* With the transition to IFRS 17, certain comparative amounts have been re-stated as if the standard had always been in effect. See Note 11 for full details.

Consolidated Balance Sheet

	Note	At 30 June 2023 Unaudited £'000	At 31 Dec 2022 Audited £'000
ASSETS			
Non-current assets			
Goodwill	7	2,684	2,684
Intangible assets	8	2,858	2,384
Property, plant and equipment	9	5,064	4,639
		10,606	9,707
Current assets			
Financial assets	10	3,137	3,031
Trade and other receivables		7,434	15,863
Reinsurance contracts held		55	95
Inventories		467	726
Cash and cash equivalents		20,827	16,958
Current tax assets		312	229
		32,232	36,902
Total assets		**42,838**	**46,609**

Consolidated Balance Sheet

	Note	At 30 June 2023 Unaudited £'000	At 31 Dec 2022 Audited £'000
EQUITY			
Equity attributable to equity holders of Personal Group Holdings plc			
Share capital		1,562	1,562
Share premium		1,134	1,134
Capital redemption reserve		24	24
Other reserve		(48)	(55)
Share based payment reserve		477	367
Profit and loss reserve		27,694	27,946
Total equity		**30,843**	**30,978**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		781	681
Trade and other payables		522	130
		1,303	811
Current liabilities			
Trade and other payables		7,725	11,346
Insurance contract liabilities		2,967	3,474
		10,692	14,820
Total liabilities		**11,995**	**15,631**
Total equity and liabilities		**42,838**	**46,609**

Consolidated Statement of Changes in Equity for the six months ended 30 June 2023

	Share capital £'000	Share Premium £'000	Capital redemption reserve £'000	Other reserve £'000	Share Based Payment Reserve £'000	Profit & loss reserve £'000	Total equity £'000
Balance as at 1 January 2023	1,562	1,134	24	(55)	367	27,946	30,978
Dividends	-	-	-	-	-	(1,656)	(1,656)
Employee share-based compensation	-	-	-	-	110	-	110
Proceeds of SIP* share sales	-	-	-	-	-	12	12
Cost of SIP shares sold	-	-	-	17	-	(17)	-
Cost of SIP shares purchased	-	-	-	(10)	-	-	(10)
Transactions with owners		**-**	**-**	**7**	**110**	**(1,661)**	**(1,544)**
Profit for the period	-	-	-	-	-	1,409	1,409
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**1,409**	**1,409**
Balance as at 30 June 2023	**1,562**	**1,134**	**24**	**(48)**	**477**	**27,694**	**30,843**

* PG Share Ownership Plan (SIP)

Consolidated Statement of Changes in Equity for the six months ended 30 June 2022

	Share capital £'000	Share Premium £'000	Capital redemption reserve £'000	Other reserve £'000	Share Based Payment Reserve £'000	Profit & loss reserve £'000	Total equity £'000
Balance as at 1 January 2022	1,561	1,134	24	(32)	158	38,436	41,281
Dividends	-	-	-	-	-	(1,654)	(1,654)
Employee share-based compensation	-	-	-	-	152	-	152
Proceeds of SIP* share sales	-	-	-	-	-	11	11
Cost of SIP shares sold	-	-	-	9	-	(9)	-
Cost of SIP shares purchased	-	-	-	(18)	-	-	(18)
Purchase of New shares		-	-	(20)	-	-	(20)
Shares issued in year - LTIP exercise		-	-	-	(63)	63	1
Transactions with owners		**-**	**-**	**(29)**	**89**	**(1,589)**	**(1,528)**
Profit for the period	-	-	-	-	-	532	532
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**532**	**532**
Balance as at 30 June 2022	**1,562**	**1,134**	**24**	**(61)**	**247**	**37,379**	**40,285**

* PG Share Ownership Plan (SIP)

Consolidated Statement of Cash Flows

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000
Net cash from operating activities (see opposite)	**6,442**	**3,023**
Investing activities		
Additions to property, plant and equipment	(99)	(222)
Additions to intangible assets	(872)	(473)
Purchase of financial assets	(29)	(1,509)
Sale of financial assets	-	871
Interest received	295	29
Net cash from investing activities	**(705)**	**(1,304)**
Financing activities		
Proceeds from issue of shares	-	1
Purchase of own shares by the SIP	(6)	(31)
Proceeds from disposal of own shares by the SIP	12	6
Interest paid	-	(4)
Payment of lease liabilities	(218)	(226)
Dividends paid	(1,656)	(1,654)
Net cash used in financing activities	**(1,868)**	**(1,908)**
Net change in cash and cash equivalents	**3,869**	**(189)**
Cash and cash equivalents, beginning of period	**16,958**	**20,291**
Cash and cash equivalents, end of period	**20,827**	**20,102**

Consolidated Statement of Cash Flows

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000
Operating activities		
Profit after tax	1,409	532
Adjustment for:		
Depreciation	506	493
Amortisation of intangible assets	398	364
Loss on disposal of property, plant and equipment	14	24
Interest received	(295)	(29)
Realised and unrealised investment losses	(77)	244
Interest charge	22	13
Share-based payment expenses	117	152
Taxation expense recognised in income statement	221	(73)
Changes in working capital:		
Trade and other receivables	8,469	5,675
Trade and other payables	(4,385)	(4,129)
Inventories	259	(161)
Taxes paid	(209)	(82)
Net cash from operating activities	**6,442**	**3,023**

Notes to the Consolidated Financial Statements

1. General information

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

The condensed consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022.

The financial information for the year ended 31 December 2022 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory financial statements for the year ended 31 December 2022 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

These interim financial statements are unaudited and have not been reviewed by the auditors under International Standard on Review Engagements (UK and Ireland) 2410.

These consolidated interim financial statements have been approved for issue by the board of directors on 29 September 2023.

2. Accounting policies

These June 2023 interim consolidated financial statements of Personal Group Holdings Plc are for the six months ended 30 June 2023. These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed for use in the UK.

They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

These financial statements have been prepared in accordance with IFRS standards and IFRIC interpretations as adopted by the UK, issued and effective as at 30 June 2023.

Changes in accounting policies and new standards

Personal Group has initially applied IFRS 17 including any consequential amendments to other standards, from 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 30 June 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 12.

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 and 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 be 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.

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 not 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.

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 12.

3. Segment analysis

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

1) Affordable Insurance

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

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

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

2) Other Owned Benefits

This segment constitutes any goods or services in the benefits platform supply chain which are owned by the Group. At present this is made up of 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.

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

The revenue and net result generated by each of the Group's operating segments are summarised as follows:

	6 months ended 30 June 2023 Unaudited £'000	**6 months ended 30 June 2022 Unaudited £'000**
Revenue by Segment		
Affordable Insurance	13,848	12,301
Other Owned Benefits	3,563	5,387
Benefits Platform	4,356	3,574
Platform – Group Elimination	(1,425)	(1,425)
Pay & Reward	1,074	900
Other Income:		
Voucher resale	24,648	13,848
Other	69	128
Investment income	295	29
Group Revenue	**46,428**	**34,742**
Adjusted EBITDA contribution by segment		
Affordable Insurance	5,143	3,970
Other Owned Benefits	(287)	(32)
Benefits Platform	1,750	1,298
Pay & Reward	172	282
Other	387	(149)
Group admin and central costs	(4,449)	(3,798)
Charitable donations	(50)	(50)
Adjusted EBITDA	**2,666**	**1,521**
Depreciation	(506)	(493)
Amortisation	(398)	(364)
Interest	(22)	(13)
Share based payments expenses	(110)	(152)
Corporate acquisition costs	-	(40)
Profit before tax	**1,630**	**459**

All income was derived from customers that are based in the UK.

4. Insurance service expenses

	6 months ended 30 June 2023 £'000	6 months ended 30 June 2022 £'000
Claims incurred	3,750	3,663
Insurance operating expenses	3,480	3,227
	7,230	**6,890**

5. Taxation

The tax expense recognised is based on the weighted average annual tax rate expected for the full financial year multiplied by management's best estimate of the taxable profit of the interim reporting period.

The Group's consolidated effective tax rate in respect of continuing operations for the six-month period ended 30 June 2023 was 13.6% (six-month period ended 30 June 2022: 15.9% credit). The tax charge recognised in the period continues to benefit from the application of the super-deduction capital allowances tax relief, eligible until 31 March 2023.

6. Earnings per share and dividends

The weighted average numbers of outstanding shares used for basic and diluted earnings per share are as follows:

	6 months ended 30 June 2023	EPS Pence	6 months ended 30 June 2022	EPS Pence
Basic	31,230,807	4.5	31,210,686	1.7
Diluted	31,230,807	4.5	31,218,953	1.7

During the first six months of 2023 Personal Group Holdings Plc paid dividends of £1,654,000 to its equity shareholders (2022: £1,592,000). This represents a payment of 5.30p per share (2022: 5.10p).

	6 months ended 30 June 2023 £'000	6 months ended 30 June 2022 £'000
Dividends paid or provided for during the period	1,656	1,654

7. Goodwill

	PG Let's Connect £'000	Innecto £'000	QCG £'000	Total £'000
Cost				
At 1 January 2023	10,575	2,121	563	13,259
Additions in the year	-	-	-	-
At 30 June 2023	10,575	2,121	563	13,259
Amortisation and impairment				
At 1 January 2023	10,575	-	-	10,575
Impairment charge for year	-	-	-	-
At 30 June 2023	10,575	-	-	10,575
Net book value at 30 June 2023	**-**	**2,121**	**563**	**2,684**
Net book value at 31 December 2022	-	2,121	563	2,684

8. Intangible assets

	Customer Value £'000	Computer software and development £'000	Innecto Technology £'000	Internally Generated Computer Software £'000	Work in Progress £'000	Total £'000
Cost						
At 1 January 2023	2,711	2,678	298	506	1,003	7,196
Transfers	-	-	-	-	-	-
Additions	-	52	-	-	820	872
Disposals	-	-	-	-	-	-
At 30 June 2023	2,711	2,730	298	506	1,823	8,068
Amortisation						
At 1 January 2023	2,238	1,838	230	506	-	4,812
Amortisation charge for the year	106	262	30	-	-	398
Disposals in the period	-	-	-	-	-	-
At 30 June 2023	2,234	2,100	260	506	-	5,210
Net book amount at 30 June 2023	**367**	**630**	**38**	**-**	**1,823**	**2,858**
Net book amount at 31 December 2022	473	840	68	-	1,003	2,384

9. Property, plant and equipment

	Freehold land and properties £'000	Motor vehicles £'000	Computer equipment £'000	Furniture fixtures & fittings £'000	Leasehold 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
Additions	-	-	69	30	-	845	944
Disposals	-	(104)	-	-	-	(210)	(314)
At 30 June 2023	5,037	53	1,512	2,348	38	1,774	10,762
Depreciation							
At 1 January 2023	1,916	134	1,058	1,474	38	873	5,493
Provided in the period	43	5	127	105	-	226	506
Disposals	-	(104)	-	-	-	(197)	(301)
At 30 June 2023	1,959	35	1,185	1,579	38	902	5,698
Net book amount at 30 June 2023	**3,078**	**18**	**327**	**769**	**-**	**872**	**5,064**
Net book amount at 31 December 2022	3,121	23	385	844	-	266	4,639

10. Financial Investments

	At 30 June 2023 Unaudited £'000	At 31 December 2022 Audited £'000
Bank deposits	1,771	1,742
Equity investments	1,366	1,289
	3,137	**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
- 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 6 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.

Equity Investments are held at fair value and are considered Level 1 financial assets.

11. Long Term Incentive Plan (LTIP)

LTIP 2021

During the period, the Remuneration Committee approved a third tranche of share awards under the existing LTIP approved on 6 April 2021. Further details of the award can be found in the RNS announcement from 21 June 2023.

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. The market and non-market performance conditions are set out below.

Total Shareholder Return (*Market condition*)

42.5% 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*)

42.5% of the awards vest under this condition. Subject to cumulative EBITDA over the Performance Period.

Environmental, social and governance targets ("ESG") Targets (*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 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.

In total, £118,000 of employee share-based compensation has been included in the consolidated income statement to 30 June 2023 (2022: £142,000). The corresponding credit is taken to equity. No liabilities were recognised from share-based transactions. The remaining £10,000 (2022: £10,000) of share-based compensation expense relates to the Company Share Option Plan (CSOP).

12. 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.

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 net of any deductions that are paid to reinsurance providers, 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 determined 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.

Transition to IFRS 17

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.

13. Post balance sheet events

There have been no post balance sheet events.

14. Financial calendar for the year ending 31 December 2023

The Company announces the following dates in its financial calendar for the year ending 31 December 2022:

• Preliminary results for the year ending 31 December 2023	–	March 2024
• Publication of Report and Accounts for 2023	–	March 2024
• AGM	–	April/May 2024

Personal Group

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