



Personal
Group

PERSONAL GROUP HOLDINGS PLC

Interim Results
September 2024

| Introductions

Agenda

- Introduction to Personal Group
- Financial Review
- Strategy and Outlook
- Questions



Paula Constant
CEO



Sarah Mace
CFO



INTRODUCTION TO
PERSONAL GROUP

Paula Constant | Group Chief Executive

Who are we

We provide **affordable insurance and employee benefits** to **c. 1.25m employees**, helping employers attract and retain their workforce.

Unique insurance offering delivered via face-to-face sales model with **c.50% conversion**.

Double digit growth in highly recurring revenues, contributing **81%** of total H1 24 revenue

Highly cash generative - **£5.2m** of cash generated from operations H1 24

Progressive dividend policy, with **11%** increase to interim dividend

Strong balance sheet - **£20m+** net cash

| What we do

Insurance

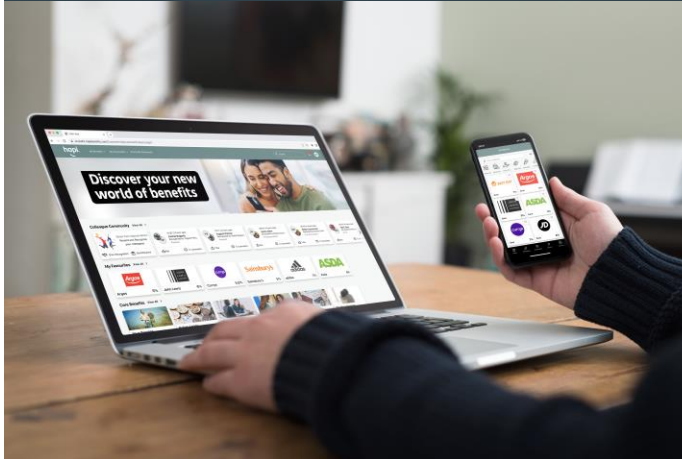
Affordable Insurance



Hospital Cash Plans
Recovery Plans
Death Benefit Plans

Benefits and Reward

SaaS Benefits platform



Customisable/White Labelled
Employee Benefits Platforms

Pay & Reward



Reward Consultancy
Digital Pay Benchmarking and
Job Evaluation Products

Why our customers love us

Unique Offering

- Only employee benefit provider delivering key insurance products to blue collar workers
- Leading tech with highly customisable, modular solution and top Reward & Recognition functionality
- Digital-lead pay and reward consulting, differentiated with independent data

Chosen by major brands



Award winning



Targeting large and growing markets

with in-demand offerings

Insurance

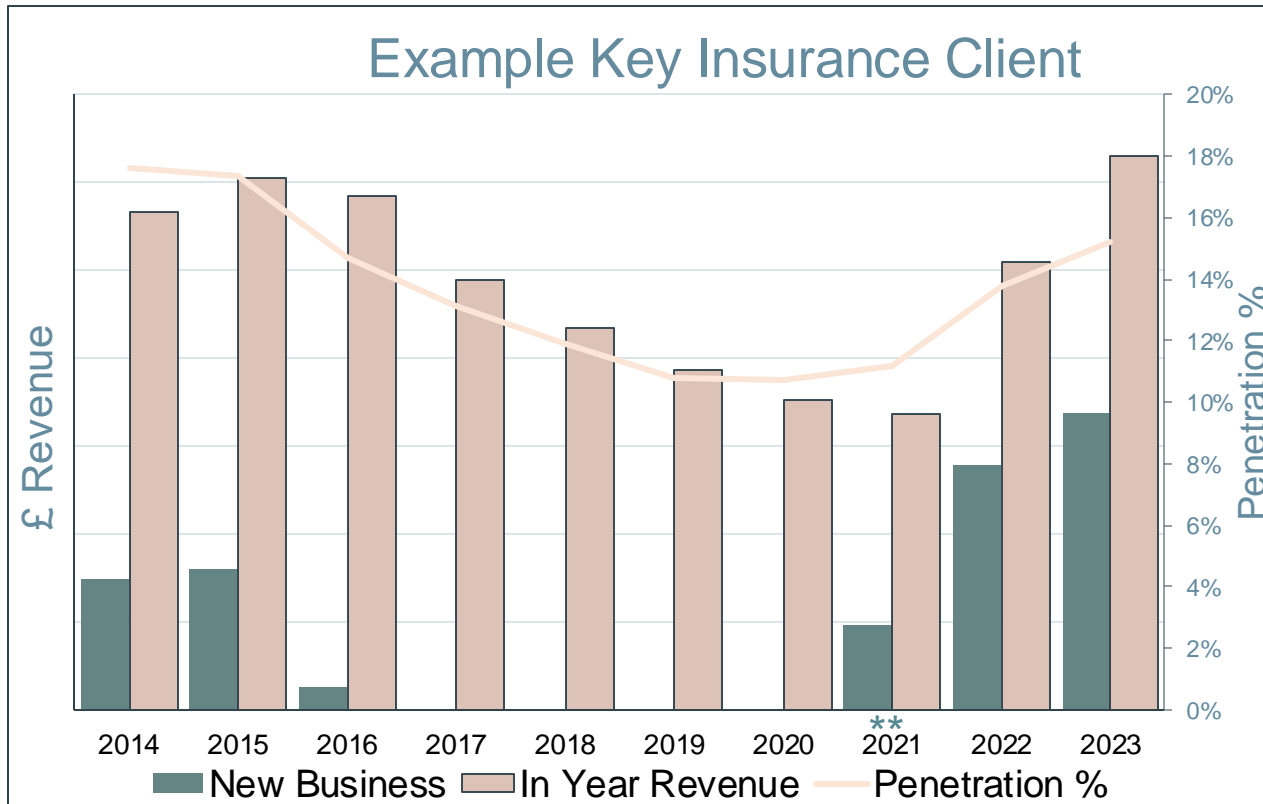
- **10m** UK Employees with no/ partial sick pay
- **70%** SMEs want to invest more in insurance
- **90%** enterprises prefer f2f engagement
- **12%** penetration of existing base – more opportunity

Benefits and Reward

- **£33bn** global market, growing at 4.5% CAGR to 2030
- **20-40%** of mid-Enterprise clients would switch platform
- **52%** of UK SMEs have no Benefits platform
- **74%** of UK SMEs believe they need to expand their Benefits



Insurance growth opportunity creating long-term revenue streams

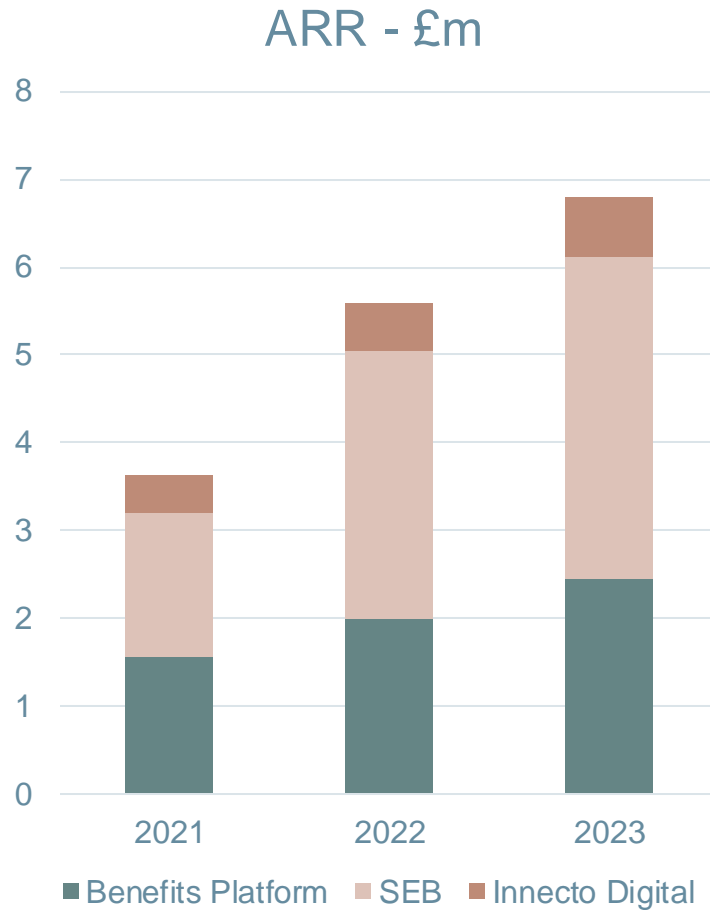


** Client able to re-engage with new contract; sales to employees recommenced

- Revenue steadily builds over time when writing new policies
- Long-term revenue continues even when client leaves
- This client re-engaged in 2021. In-year revenue accelerates
- Average employee penetration of existing base = c.12%:
a clear opportunity to increase through operational grip
 - Penetration: number of insurance payers / total addressable employees working on sites we can visit
- Our focus is on increased field force efficiency, presentation time-to-competence, rigorous recruitment
- Success to date (2023-H1 2024):
 - 10% increase in presentations
 - 7% increase in enrolments
 - Compliance continues to improve
 - Claims processing improved

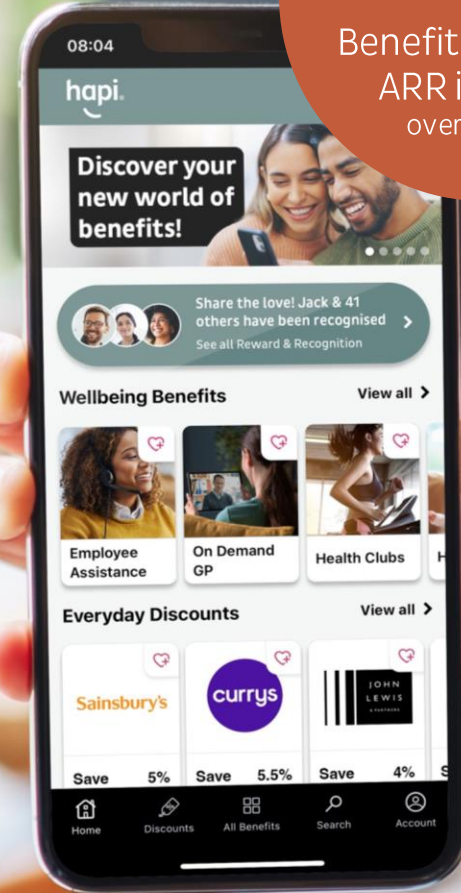
Benefits SaaS driving ARR growth

- c.200 SaaS clients direct
- 4,000 SMEs through Sage
- Launch of Hapi 2.0 delivering:
 - Improved user experience
 - Personalisation functionality
 - Market-leading Reward & Recognition
- Additional partnerships to mirror Sage success



15%

Benefits Platform
ARR increase
over 12 mths



Strong performance, with double digit revenue growth

Clear strategy to capture significant opportunity

Insurance

- Benefiting from increased size, focus and efficiency
- New annualised sales up **21%** year-on-year
- Sales team grown by **c.12%**
- Year-on-year retention rates above **80%**
- Leading service performance

Benefits and Reward

- Successful ongoing migration to new Hapi **2.0** platform
- ARR growth of **c.15%** compared with H1 2023
- **25%** growth in EBITDA compared with H1 2023
- Won key tech awards
- Secured significant Pay & Reward contract with major airline

Organisational Simplification

- Disposal of Let's Connect
- Continued simplification of our teams and structure
- Senior leadership team reorganisation, providing clear responsibilities to drive growth



Personal
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FINANCIAL REVIEW

Sarah Mace | Chief Financial Officer

Financial highlights

Strong H1 performance

- Double digit revenue growth across all areas of the business
- C.80% of total revenue now recurring, with combined API/ARR now > £40m

Interim dividend

- Interim dividend of 6.5p announced – up 11% (2023: 5.85p)

Strong financial position

- Highly cash generative
- Cash and deposits of £23.1m and no debt (Dec 2023: £20.1m)

30% increase in EBITDA, driven by growth across all areas

	Jun 24 £m	Jun 23 (restated) £m	Change
Insurance Revenue	15.4	13.8	+11%
Benefits & Reward Revenue	5.0	4.2	+18%
Other Revenue	0.6	0.4	+79%
Total Revenue – Continuing**	21.0	18.4	+14%
Adj EBITDA* - continuing**	3.9	3.0	+31%
Profit before tax - Continuing	2.3	2.0	+14%
Basic EPS – continuing**	6.0p	5.3p	-

*Adj EBITDA is defined as earnings before interest, tax, depreciation, amortisation of intangible assets, goodwill impairment, share-based expense payments, corporate acquisition costs and restructuring costs.

**Continuing excludes the results of Let's Connect, which was disposed of on 9 July 2024

Segmental analysis

We report our results under 2 core segments*:

Segment	Description	Income streams
Insurance	Provision of simple insurance products underwritten by group subsidiaries	Premium income
Benefits & Reward		
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 & reward subsidiaries, Innecto and QCG	Consultancy, surveys, digital platform subscriptions

* EBITDA contribution for these segments reflects the direct costs of operation only; group overheads (sales & marketing costs, account management, finance, HR and other head office costs) are shown separately.

| Segmental analysis – continuing operations

Increasing weighting of recurring revenue

Revenue	Jun 24 £m	Jun 23 £m	Change %	ARR/API Jun 24	ARR/API Jun 23	Change %	Adj EBITDA Contribution	Jun 24 £m	Jun 23 £m	Change %
Insurance	15.4	13.8	+11%	£33.8m	£29.6m	+14%	Insurance	5.3	5.1	+3%
Benefits & Reward	5.0	4.2	+18%	£7.0m	£6.1m	+15%	Benefits & Reward	2.5	2.0	+25%
Other	0.6	0.4	+79%				Other	0.6	0.3	+108%
Total Revenue – Continuing	21.0	18.4	+14%	£40.8m	£35.7m	+14%	Group Admin & Central Costs	(4.5)	(4.5)	+1%
							Total Adj EBITDA – continuing	3.9	3.0	+31%

Insurance

Continued growth of the insurance book

	Jun 24 £m	Jun 23 £m	Change %
Revenue	15.4	13.8	+11%
U/W profit	10.4	10.1	+3%
Adj EBITDA contribution	5.3	5.1	+3%

- **Record new insurance sales of £6.9m** annual premium with majority from F2F activity (2023 H1: £5.7m)
- **Retention of existing policyholders remained strong** – year-on-year retention rate of 81.7% (2023 H1: 82.5%)
- **Annualised Premium Income of £33.8m @ June 24** (£29.6m @ June 23) on rolling weekly/monthly contracts
- **Claims ratio of 32.6%** (2023 H1: 27.1%); mainly driven by Hospital Plan as NHS address waiting lists (Death Benefit continues trend lower)
- **EBITDA – customer acquisition costs held** as a result of operational efficiencies, despite a 12% increase in the number of field days delivered of 4,519 (2023 H1: 4,020)

Benefits and reward

Continued growth in recurring subscription income

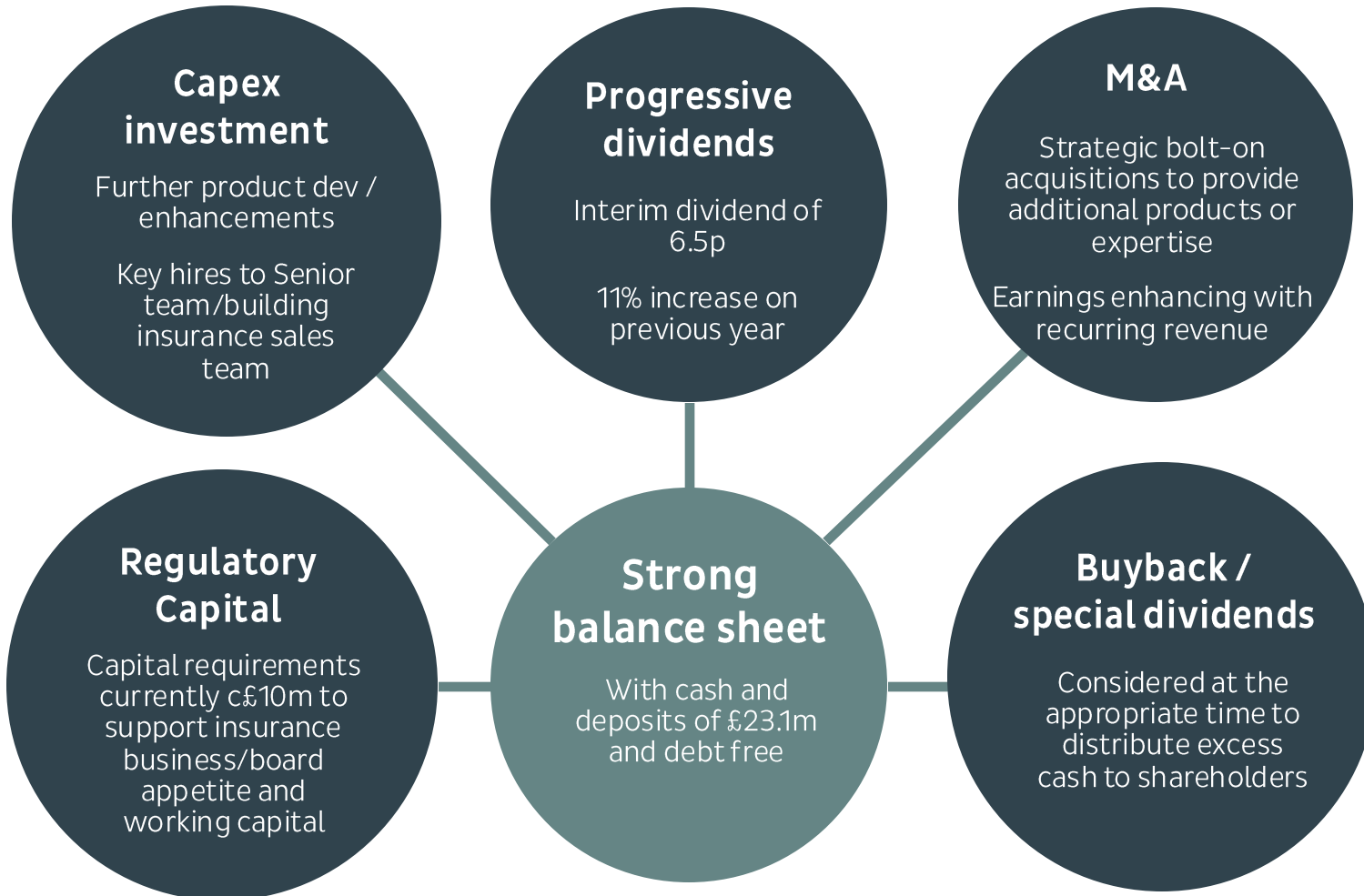
Benefits Platform	Jun 24 £m	Jun 23 £m	Change %
External Revenue	3.8	3.1	+21%
Group income [^]	1.4	1.4	
Revenue	5.2	4.5	
Adj EBITDA contribution	2.2	1.8	+17%

[^] Internal recharge from Benefits Platform to Insurance where clients given Hapi at a discount or for free.

Pay & Reward	Jun 24 £m	Jun 23 £m	Change %
Revenue	1.2	1.1	+11%
Adj EBITDA contribution	0.3	0.2	+102%

- **Combined ARR of £6.3m @ June 24 (£5.5m June 23)** from Hapi platform and Sage Employee benefits
- **External revenue** from digital subscriptions and commission from 3rd-party suppliers **up 21% at £3.8m**
- £1.3m of savings delivered to employees through voucher discounts via a total spend of £25m; reinforces ability for clients to help their employees with cost-of-living pressures
- Innecto and QCG now functioning as one operating Group
- **ARR from Innecto Digital products of £0.7m @ June 24 (£0.6m June 23)**
- Significant 3-year contract with British Airways signed in Q1 2024

Capital allocation



Let's Connect disposal

- In July 2024, disposed of Let's Connect, the Company's non-core technology salary sacrifice division
- Increased focus on the core business following the disposal – simplifying the Company's structure
- Reduces seasonality and focuses on recurring revenues
- Further strengthening of balance sheet with proceeds from sale (£2.0m); profit on disposal of c.£1.2m



STRATEGY & OUTLOOK

Paula Constant | Group Chief Executive

Key growth opportunities

Organic		M&A
Insurance	Benefits	Strict Criteria
<p>Employee paid insurances:</p> <ul style="list-style-type: none">• Improve penetration• Broaden portfolio• Simplify digital offering for SME• Partner to white-label <p>Employer paid insurance:</p> <ul style="list-style-type: none">• Expand group cash plan• Develop easy to adopt bolt-ons• Explore selling via brokers• Actively upsell employee-paid	<ul style="list-style-type: none">• Expand segments & products in SME• Increase number of partners to target SME market• Monetise eCommerce partnerships and gamification• Develop digital Consulting proposition; integrate with Hapi• Incorporate AI into the platform	<ul style="list-style-type: none">• Earnings accretive• Recurring revenue• Vertical integration of benefits• Adjacent business areas• Health and wellbeing insurance

| Where we want to get to

Insurance

- Access to 300K new employees
- Premium income > £70m
- 10% of EBITDA from new insurance products and channels

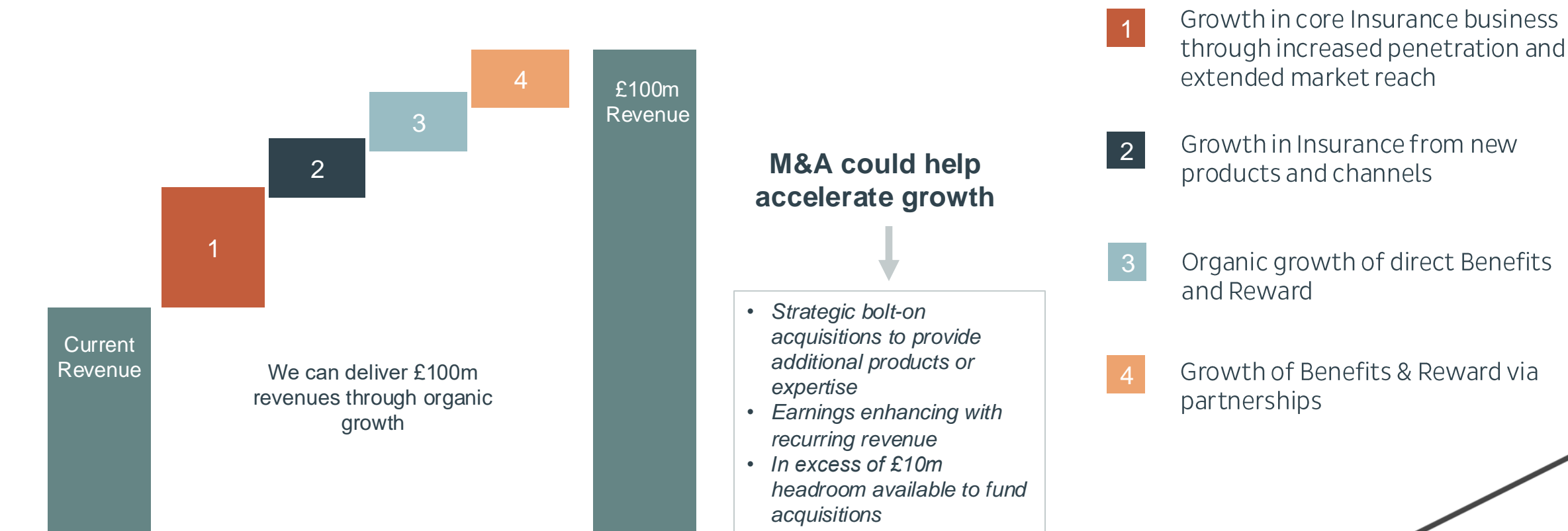
Benefits

- 2x + client base
- 10 additional partnerships
- 8000 leads per annum across partners

Our 2030 Aspirations

- Revenues >£100m
- EBITDA to £30m
- SaaS ARR (Hapi and Reward digital) > £20m

Clear pathway to achieving our 2030 aspirations



Strong foundation to deliver aspirations

Double digit growth across all areas in H1 2024

recurring revenues > 80%
retention rates above 80%

Highly cash generative net cash of £23m

underpinning 11% increase in interim dividend

Large, growing and unpenetrated market

in both insurance and benefits

Clear strategy for growth

across both organic and inorganic options to accelerate growth

2030 aspirations of:

Revenue > £100m
EBITDA to £30m
SaaS ARR > £20m

In line with market expectations for the full year



QUESTIONS

APPENDICES

Board Overview



Martin Bennett
Non-Executive
Chairman



Maria Darby-Walker
Senior Non-
Executive Director*



Paula Constant
Group Chief
Executive



Bob Head
Non-Executive
Director**



Sarah Mace
Chief Financial
Officer



Andy Lothian
Non-Executive
Director



Ciaran Astin
Non-Executive Director

* Chair of Remuneration Committee

** Chair of Risk and Audit Committees

Summary balance sheet

	Jun 24 (£m)	Dec 23 (£m)	Change (£m)
Goodwill	2.7	2.7	-
Intangible assets	4.2	3.6	0.6
Property, plant and equipment	4.8	4.9	(0.1)
Non-current assets	11.7	11.2	0.5
Assets in disposal group held for sale	1.7	7.6	(5.9)
Financial assets	3.3	4.0	(0.7)
Cash and cash equivalents	20.7	17.4	3.3
Trade & other receivables	8.0	8.9	(0.9)
Current tax asset	0.4	0.0	0.4
Total Assets	45.8	49.2	(3.4)
Liabilities in disposal group held for sale	0.5	2.5	(2.0)
Trade & other payables	12.7	13.9	(1.2)
Deferred tax	0.9	0.8	0.1
Total Liabilities	14.1	17.2	(3.1)
Total Equity	31.7	32.0	(0.3)

Adj EBITDA* reconciliation

	Jun 24 £m	Jun 23 £m
Profit before tax - Continuing	2.3	2.0
Interest costs	0.1	0.0
Depreciation	0.6	0.5
Amortisation – acquisition	0.1	0.1
Amortisation – other	0.5	0.3
Share-based payments	0.1	0.1
Restructuring costs	0.2	-
Adj EBITDA* - Continuing	3.9	3.0

* Adj EBITDA is defined as earnings before interest, tax, depreciation, amortisation of intangible assets, goodwill impairment, share-based expense payments, corporate acquisition costs and restructuring costs

Earned premium and claims

	June 24				June 23			
	HP/RP £m	DB £m	Other* £m	Total £m	HP/RP £m	DB £m	Other* £m	Total £m
Insurance Revenue	11.3	3.9	0.2	15.4	10.0	3.4	0.4	13.8
Claims	(3.6)	(0.9)	(0.5)	(5.0)	(2.7)	(0.6)	(0.4)	(3.7)
	7.7	3.0	(0.3)	10.4	7.3	2.8	(0.0)	10.1
Loss ratio	31.9%	23.8%		32.6%	27.3%	16.9%		27.1%

* Other includes Voluntary Group Income Protection, Employee GAP insurance and claims handling costs

Significant shareholders

Christopher Johnston	36.4%
Premier Miton Investors	13.5%
Close Asset Management	11.6%
Chelverton Asset Management	5.5%
Other directors, staff and SIP Trust	0.6%

Source: Share register analysis as at 30 June 2024