



Personal
Group

Personal Group Holdings Plc Interim Statement

For the six months ended 30 June 2021



Interim Results for the six months ended 30 June 2021

Personal Group Holdings Plc, a digitally enabled workforce benefits and services provider, announces its interim results for the six months ended 30 June 2021.

It has been a positive first half across all divisions with the Company trading in-line with management expectations notwithstanding the impact of the COVID-19 related restrictions during the period.

Positive momentum has built incrementally across the six months as restrictions eased and this has accelerated further into the current trading period such that we look to the second half of the year with increased confidence.

Highlights

Financial

- Group revenue rose 12.2% to £34.2m (2020: £30.4m), driven primarily by increased pass-through transactional spend via the Hapi platform of £13.4m (2020: £8.5m);
- Adjusted EBITDA* declined 17.7% to £4.1m as anticipated (2020: £5.0m), reflecting the change in revenue mix driven by COVID-19 related restrictions on face-to-face insurance sales over the last 18 months;
- Profit before tax decreased 22.6% to £3.2m (2020: £4.2m);
- Basic EPS of 8.4p (2020: 11.0p), in line with COVID-related profit impact;
- Balance sheet remains strong with cash and deposits of £22.1m and no debt; and
- Interim dividend of 5.3p per share to be paid 5 November 2021.

Operational

- 40 new client wins secured, including home goods retailer Homebase, University of York and The Royal Mint;
- Accessible potential policyholder employee pool remains strong, underpinning future growth;
- New insurance policyholder conversion rates equalling or exceeding pre-COVID levels where face-to-face meetings have recommenced, whilst retention rates for existing policyholders remain strong;
- Claims ratio in insurance business remains stable at 22.5% (2020: 23.0%); and
- Pleasing levels of trial Sage Employee Benefits users (SME employees) converting to the paid offering.

Current trading and Outlook

- Positive first half performance alongside current trading gives increased confidence in full year trading;
- Group well placed to capitalise on opportunities that are emerging from an increased awareness and focus on employee health and wellbeing;
- Face-to-face sales meetings for insurance products booked until the end of FY21;
- New Benefit Management System technology 'HapiFlex' successfully launched with University of York;
- Healthy pipeline of new business opportunities building across all divisions; and
- As at 1 September 2021 Sage Employee Benefits was generating over £1.5m gross annualised recurring revenues, with c1,100 paying companies, up 50% vs 1 March 2021.

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation of intangible assets, goodwill impairment, share-based expense payment. This definition applies to all references to Adjusted EBITDA within these interim results. A reconciliation from PBT to this Adjusted EBITDA has been included in Note 3.

Deborah Frost,

Chief Executive of Personal Group, commented:

“ We have made good strategic progress across all divisions in the first half of the year.

We have achieved a number of key contract wins, made good progress with our Sage partnership and developed our offering significantly. Towards the end of the period, we were able to recommence face-to-face insurance sales, and have recorded great results so far, with our teams booked for the remainder of the year. This represents an important inflection point for our Group as we begin to rebuild our insurance book.

Alongside the progress made against our strategic initiatives, demand for our offering has never been stronger, as we have seen more and more people appreciating the risks of living without health and life insurance and wanting peace of mind in these uncertain times. Additionally, the impact of wage inflation and the competitive market for talent means employers need to consider what their holistic proposition offers to their workforces more carefully than they have previously.

As businesses from all sectors increasingly acknowledge their responsibility to support their employees and address their needs, we believe that our unique offering, combining insurance and other employee wellbeing support and benefits, will continue to resonate with the market and our clients' employees alike. Notwithstanding the ongoing impact of lower insurance sales last year, as in-person meetings were halted in line with pandemic restrictions, I am extremely encouraged by the progress we have made in the first half of 2021 and post-period end. I look to the future with confidence.”



Interim Results Statement

We are pleased to report on a period where we have seen strategic progress across all the Group's divisions.

Whilst our top line financials reflect the impact of COVID-19 restrictions over the last 18 months, and will continue to do so into FY22, the underlying business is progressing well. We are profitable and in a strong financial position with an excellent team and quality technology. We are now also seeing many of our growth initiatives beginning to flourish.

The marketplace in which we operate is expanding with workforce benefits and services a substantial growth area for the UK. Employees are expecting more from their employers, and with wage inflation, increases to National Insurance costs and a shortage of talent, employers are having to be more flexible and imaginative in their provision of benefits. Supporting health and wellbeing is increasingly understood to be a vital offering, with health issues that may once have been considered a distant future possibility brought to the forefront of young adults' minds, with a realisation that such events could happen 'any day'.

Our proposition has never been more relevant, and we are seeing this reflected in our increasing new business pipeline.

Sales and Operational Review

In our *Insurance benefits* business, whilst we remained unable to conduct face-to-face sales meeting with potential policyholders for the majority of the first half, retention rates for existing policyholders remained strong and pleasingly claims ratios (including COVID-19 related) were broadly in line with previous years. As in 2020, this reflected a slightly higher claims ratio for our death benefit plan offset by a lower claims ratio for our hospital plan, in comparison to pre-COVID levels. We anticipate seeing the balance on this start to swing back as the NHS starts to address its well-publicised waiting lists. Premium income declined to £12.5m, and the number of policies reduced to 236,000 as at 30 June 2021, as expected, primarily a result of the restrictions placed on face-to-face meetings. However, with the resumption of face-to-face, the *Insurance benefits* business has reached an inflection point and from July we have started to see growth in our policyholder numbers. We expect the re-building of our insurance book to continue into the second half and into 2022.

Our *SaaS employee engagement and benefits products* have been in demand during the period. Pass-through transactional spend through the Hapi platform on products such as e-vouchers and reloadable cards was particularly strong in H1, up 41.9% on the same period in 2020, reflecting increased usage of the platform by registered card users. Recurring revenue from platform subscriptions has remained stable. Sage Employee Benefits has also continued to generate revenues with growth particularly notable post-period end when the latest round of free trials converted to paid.

Innecto, our reward consultancy, delivered a strong H1 performance with retention rates of 92% on their digital products and several new clients signed in the period including Avanti West Coast, Newcastle University and Norfolk Care Association. This, together with an upward trend in consultancy income, supports our expectation that momentum will continue into the second half of the year.

Let's Connect, our *salary sacrifice consumer technology benefits* business, has also performed well, with revenue up significantly on the previous year helped by schemes deferred from 2020 and continued strong sales from Royal Mail Group's 'always on' scheme. The employee penetration rate of schemes at end of H1 was also ahead of H1 2020, although margin continues to be impacted by supply chain disruption, in particular the global computer chip shortage.

Financial summary

Our adjusted EBITDA performance in the period reflects the impact of our inability to conduct face-to-face sales of insurance products over the majority of the first half and most of the prior year, which has resulted in reduced premium income levels. This decline has been partly offset by continued insurance acquisition cost savings together with growth in adjusted EBITDA across the Group's other divisions.

We maintain a strong balance sheet with cash and deposits of £22.1m and no debt.

Dividend

In line with the Group's updated dividend payment profile announced on 5 November 2020, the Company announces that an interim dividend for 2021 of 5.3p will be paid on 5 November 2021 to members on the register as at 1 October 2021 (the record date). Shares will be marked ex-dividend on 30 September 2021. The last day for elections will be on 15 October 2020.

Performance against growth strategy

Our growth strategy is focused on widening our footprint across a broader range of industries as part of our vision to create a brighter future for the UK workforce.

We aim to ensure the insurance, employee benefits and wellbeing services we provide can be delivered in an appropriate, easy-to-access and cost effective medium.

To this end we are pursuing the greater use of technology across the business, including through our proprietary platform and app, Hapi. This means that the Group will increasingly benefit from a growing level of recurring revenue and high margins. We also intend to accelerate cross-selling across the Group.

Driving insurance sales through existing and new channels

We have seen success in further increasing our pipeline of employees to sell to in future, with new contract wins in the period, including home goods retailer Homebase, and significant extensions of our reach with existing clients such as Cranswick.

In addition, since we have been able to restart our face-to-face activity towards the end of H1 2021, we have seen face-to-face conversion rates equalling or exceeding pre-COVID levels and a change in the mix of demand for our products with death benefit sales up from 22% to 31% as a proportion of total sales. We believe this is due to the pandemic having brought health risks into focus which will, in turn, drive incremental growth.

Our insurance sales team is now booked with face-to-face meetings until the end of FY21, and in some cases beyond. We have started to add new members to the team in the first half and anticipate hiring further in the second half to help satisfy the strong demand in the market. We continue to supplement our face-to-face meetings with virtual visits and telesales channels and also have digital insurance solution trials underway.

Scaling up the SME offer

Sage Employee Benefits ('SEB'), the Group's workforce engagement platform for SMEs created and sold in partnership with Sage, continued to gain traction in the period with top line contribution starting to increase as conversions became more significant at the end of H1. This has built further post-period end and as at 1 September 2021 SEB was generating over £1.5m gross annualised recurring revenues with c1,100 companies now paying, a c50% increase from six months earlier.

Given the success of this offering, the Sage client acquisition process is now in full operation with free trial client recruitment having re-started in March 2021. The Group anticipates revenue generated by the division will grow steadily across the second half.

Maximising return on Hapi through client and end-user monetisation

The Group's employee engagement app 'Hapi' is a core part of the product offering. It differs from competitors' products through the strength of the technology, in particular in relation to its mobile App, and the breadth of its capabilities.

We have been focused on improving the offering in the first half, building our new Benefit Management System, HapiFlex, an enhanced proposition which will allow us to compete in a broader range of industries as well as providing services and products to employees with more disposable income. This has now been successfully launched with the University of York and we believe the Benefit Management System will open doors in key public-sector frameworks as well as private sector companies. Going forward, we will continue to invest in this offering.

New client acquisition activity increased with new clients onboarded including ATS Euromaster, Royal Mint, B Braun, Screwfix, B&Q, Homebase and The Caravan Club. In addition, a new partnership with The Retail Trust has been signed, providing access to over half a million retail workers.

Activated employees across Hapi and SEB grew to 489,000 as at 30 June 2021 (31 Dec 2020: 488,000).

Current trading and Outlook

Trading post-period end has continued to build momentum and supports our confidence going forward.

Looking ahead, our focus will be on three key strategic priorities:

- Maximising the opportunity for our insurance products;
- Accelerating the digital transformation of our offering across all divisions; and
- Driving growth of our enhanced SaaS offer across all sectors.

Whilst the financial impact of 18 months of COVID-restrictions will continue to flow through in H2 2021 and into 2022 our pipeline of new business, not only in insurance but across all the Group's divisions, is growing and underpins our positive medium-term outlook.

With our strong balance sheet, we are well-placed to invest for growth, whilst capitalising on market demand and the increased focus by employers on their employees' health and financial wellbeing. We are looking forward to executing on our strategy across the second half and beyond, building our business and creating a brighter future for the UK workforce.

Martin Bennett,
Non-Executive Chairman

Deborah Frost,
Chief Executive

21 September 2021



Consolidated Income Statement

| | Note | 6 months ended 30 June 2021 Unaudited £'000 | 6 months ended 30 June 2020 Unaudited £'000 |
|--|------|--|--|
| Gross premiums written | | 12,752 | 15,132 |
| Outward reinsurance premiums | | (79) | (89) |
| Change in unearned premiums | | (186) | (168) |
| Change in reinsurers' share of unearned premiums | | (8) | (9) |
| Earned premiums net of reinsurance | | 12,479 | 14,866 |
| Other insurance related income | | 85 | 74 |
| IT salary sacrifice income | | 6,203 | 5,241 |
| SaaS income | | 15,326 | 10,147 |
| Other non-insurance income | | 50 | 49 |
| Investment income | | 13 | 57 |
| Revenue | | 34,156 | 30,434 |
| Claims incurred | | (2,810) | (3,341) |
| Insurance operating expenses | | (6,765) | (7,210) |
| Other insurance related expenses | | 115 | (62) |
| IT salary sacrifice expenses | | (6,291) | (5,535) |
| SaaS costs | | (14,766) | (9,782) |
| Share-based payment expenses | | (81) | (6) |
| Charitable donations | | (35) | (50) |
| Amortisation of intangible assets | | (266) | (216) |
| Expenses | | (30,899) | (26,202) |
| Operating profit | | 3,257 | 4,232 |
| Finance costs | | (17) | (44) |
| Profit before tax | | 3,240 | 4,188 |
| Tax | 4 | (602) | (756) |
| Profit for the period after tax | | 2,638 | 3,432 |
| Total comprehensive income for the period | | 2,638 | 3,432 |
| Earnings per share | | Pence | Pence |
| Basic | | 8.4 | 11.0 |
| Diluted | | 8.4 | 11.0 |

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

Consolidated Balance Sheet

| | Note | At 30 June 2021 Unaudited £'000 | At 31 Dec 2020 Audited £'000 |
|-------------------------------|------|---------------------------------------|------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 6 | 12,696 | 12,696 |
| Intangible assets | 7 | 1,110 | 1,254 |
| Property, plant and equipment | 8 | 5,242 | 5,456 |
| | | 19,048 | 19,406 |
| Current assets | | | |
| Financial assets | 9 | 2,587 | 2,587 |
| Trade and other receivables | | 13,705 | 18,346 |
| Reinsurance assets | | 61 | 78 |
| Inventories | | 797 | 861 |
| Cash and cash equivalents | | 19,505 | 17,589 |
| Current tax assets | | - | 55 |
| | | 36,655 | 39,516 |
| Total assets | | 55,703 | 58,922 |

Consolidated Balance Sheet

| | Note | At 30 June 2021 Unaudited £'000 | At 31 Dec 2020 Audited £'000 |
|---|------|---------------------------------------|------------------------------------|
| EQUITY | | | |
| Equity attributable to equity holders of Personal Group Holdings plc | | | |
| Share capital | | 1,561 | 1,561 |
| Share premium | | 1,134 | 1,134 |
| Capital redemption reserve | | 24 | 24 |
| Other reserve | | (32) | (21) |
| Share based payment reserve | 10 | 76 | - |
| Profit and loss reserve | | 39,133 | 38,076 |
| Total equity | | 41,896 | 40,774 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 349 | 399 |
| Trade and other payables | | 254 | 352 |
| | | 603 | 751 |
| Current liabilities | | | |
| Trade and other payables | | 10,320 | 14,274 |
| Insurance contract liabilities | | 2,728 | 3,123 |
| Current tax liabilities | | 156 | - |
| | | 13,204 | 17,397 |
| Total liabilities | | 13,807 | 18,148 |
| Total equity and liabilities | | 55,703 | 58,922 |

Consolidated Statement of Changes in Equity for the six months ended 30 June 2021

| | 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 2021 | 1,561 | 1,134 | 24 | (21) | - | 38,076 | 40,774 |
| Dividends | - | - | - | - | - | (1,592) | (1,592) |
| Employee share-based compensation | - | - | - | - | 76 | 5 | 81 |
| Proceeds of SIP* share sales | - | - | - | - | - | 19 | 19 |
| Cost of SIP shares sold | - | - | - | 13 | - | (13) | - |
| Cost of SIP shares purchased | - | - | - | (24) | - | - | (24) |
| Transactions with owners | - | - | - | (11) | 76 | (1,581) | (1,516) |
| Profit for the period | - | - | - | - | - | 2,638 | 2,638 |
| Total comprehensive income for the period | - | - | - | - | - | 2,638 | 2,638 |
| Balance as at 30 June 2021 | 1,561 | 1,134 | 24 | (32) | 76 | 39,133 | 41,896 |

* PG Share Ownership Plan (SIP)

Consolidated Statement of Changes in Equity for the six months ended 30 June 2020

| | Share capital £'000 | Share Premium £'000 | Capital redemption reserve £'000 | Other reserve £'000 | Profit & loss reserve £'000 | Total equity £'000 |
|--|------------------------|------------------------|-------------------------------------|------------------------|--------------------------------|-----------------------|
| Balance as at 1 January 2020 | 1,561 | 1,134 | 24 | (230) | 35,526 | 38,015 |
| Dividends | - | - | - | - | (2,307) | (2,307) |
| Employee share-based compensation | - | - | - | - | 6 | 6 |
| Proceeds of SIP* share sales | - | - | - | - | 3 | 3 |
| Cost of SIP shares sold | - | - | - | 14 | (14) | - |
| Cost of SIP shares purchased | - | - | - | (4) | - | (4) |
| Transactions with owners | - | - | - | 10 | (2,312) | (2,302) |
| Profit for the period | - | - | - | - | 3,432 | 3,432 |
| Total comprehensive income for the period | - | - | - | - | 3,432 | 3,432 |
| Balance as at 30 June 2020 | 1,561 | 1,134 | 24 | (220) | 36,646 | 39,145 |

* PG Share Ownership Plan (SIP)

Consolidated Statement of Cash Flows

| | 6 months ended 30 June 2021 Unaudited £'000 | 6 months ended 30 June 2020 Unaudited £'000 |
|--|--|--|
| Net cash from operating activities (see opposite) | 3,930 | 4,564 |
| Investing activities | | |
| Additions to property, plant and equipment | (69) | (197) |
| Additions to intangible assets | (122) | (205) |
| Proceeds from disposal of property, plant and equipment | - | 336 |
| Purchase of financial assets | (1) | (503) |
| Interest received | 13 | 42 |
| Net cash from investing activities | (179) | (527) |
| Financing activities | | |
| Purchase of own shares by the SIP | (16) | (2) |
| Proceeds from disposal of own shares by the SIP | 8 | 11 |
| Interest Paid | (2) | (1) |
| Payment of lease liabilities | (233) | (275) |
| Dividends paid | (1,592) | (2,307) |
| Net cash used in financing activities | (1,835) | (2,574) |
| Net change in cash and cash equivalents | 1,916 | 1,463 |
| Cash and cash equivalents, beginning of period | 17,589 | 14,476 |
| Cash and cash equivalents, end of period | 19,505 | 15,939 |

Consolidated Statement of Cash Flows

| | 6 months ended 30 June 2021 Unaudited £'000 | 6 months ended 30 June 2020 Unaudited £'000 |
|--|--|--|
| Operating activities | | |
| Profit after tax | 2,638 | 3,432 |
| Adjustment for: | | |
| Depreciation | 480 | 509 |
| Amortisation of intangible assets | 266 | 216 |
| (Profit)/Loss on disposal of property, plant and equipment | - | (130) |
| Interest received | (13) | (42) |
| Interest charge | 17 | 44 |
| Share-based payment expenses | 81 | 6 |
| Taxation expense recognised in income statement | 602 | 756 |
| Changes in working capital: | | |
| Trade and other receivables | 4,658 | 8,288 |
| Trade and other payables | (4,420) | (6,969) |
| Inventories | 64 | (149) |
| Taxes paid | (443) | (1,397) |
| Net cash from operating activities | 3,930 | 4,564 |

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 2020.

The financial information for the year ended 31 December 2020 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 2020 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 21 September 2021.

2. Accounting policies

These June 2021 interim consolidated financial statements of Personal Group Holdings Plc are for the six months ended 30 June 2021. These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

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 2020.

These financial statements have been prepared in accordance with IFRS standards and IFRIC interpretations as adopted by the EU, issued and effective as at 30 June 2021.

The principal accounting policies remain unchanged from the year ended 31 December 2020. No new standards have become applicable for accounting periods commencing on or after 1 January 2021.

3. Segment analysis

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

1) Core 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) IT Salary Sacrifice

IT salary sacrifice refers to the trade of PG Let's Connect, a salary-sacrifice technology company purchased in 2014.

3) SaaS

Revenue in this segment relates to the annual subscription income and other related income arising from the licensing of Hapi, the Group's employee benefits platform. This includes sales to both the large corporate and SME sectors. Also included in this segment, from 1 March 2020, is consultancy and license income derived from selling Innecto digital platform subscriptions.

4) 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.

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

| Operating segments | Operating segments | | | | |
|---|-------------------------|------------------------------|---------------|----------------|----------------|
| | Core Insurance £'000 | IT Salary Sacrifice £'000 | SaaS £'000 | Other £'000 | Total £'000 |
| 6 months to June 2021 | | | | | |
| Earned premiums net of reinsurance | 12,479 | - | - | - | 12,479 |
| Other insurance related income | - | - | - | 85 | 85 |
| Non-insurance related income – IT Salary Sacrifice | - | 6,203 | - | - | 6,203 |
| Non-insurance related income – Platform | - | - | 1,905 | - | 1,905 |
| Non-insurance related income – Transactional and commission | - | - | 13,421 | - | 13,421 |
| Non-insurance related income – Other | - | - | - | 50 | 50 |
| Investment income | - | - | - | 13 | 13 |
| Total revenue | 12,479 | 6,203 | 15,326 | 148 | 34,156 |
| Net result for period before tax | 2,773 | (122) | 443 | 146 | 3,240 |
| Innecto – amortisation of intangibles | - | - | 103 | - | 103 |
| Interest | 12 | 2 | 3 | - | 17 |
| Share-based payment expenses | - | - | - | 81 | 81 |
| Depreciation | 266 | 49 | 160 | 5 | 480 |
| Amortisation (other) | 125 | 32 | 6 | - | 163 |
| Adjusted EBITDA | 3,176 | (39) | 715 | 232 | 4,084 |
| Segment assets | 28,964 | 7,092 | 5,214 | 14,433 | 55,703 |
| Segment liabilities | 7,078 | 2,113 | 4,651 | 5 | 13,807 |
| Depreciation and amortisation | 390 | 81 | 269 | 5 | 746 |

All 2021 income was derived from customers that are based in the UK.

| Operating segments | Operating segments | | | | |
|---|-------------------------|------------------------------|---------------|----------------|----------------|
| | Core Insurance £'000 | IT Salary Sacrifice £'000 | SaaS £'000 | Other £'000 | Total £'000 |
| 6 months to June 2020 | | | | | |
| Earned premiums net of reinsurance | 14,863 | - | 3 | - | 14,866 |
| Other insurance related income | - | - | - | 74 | 74 |
| Non-insurance related income – IT Salary Sacrifice | - | 5,241 | - | - | 5,241 |
| Non-insurance related income – Platform | - | - | 1,646 | - | 1,646 |
| Non-insurance related income – Transactional and commission | - | - | 8,501 | - | 8,501 |
| Non-insurance related income – Other | - | - | - | 49 | 49 |
| Investment income | - | - | - | 57 | 57 |
| Total revenue | 14,863 | 5,241 | 10,150 | 180 | 30,434 |
| Net result for period before tax | 4,083 | (333) | 247 | 191 | 4,188 |
| Innecto – amortisation of intangibles | - | - | 103 | - | 103 |
| Interest | 30 | 8 | 6 | - | 44 |
| Share-based payment expenses | - | - | - | 6 | 6 |
| Depreciation | 280 | 55 | 169 | 5 | 509 |
| Amortisation (other) | 70 | 30 | 13 | - | 113 |
| Adjusted EBITDA | 4,463 | (240) | 538 | 202 | 4,963 |
| Segment assets | 27,367 | 6,173 | 1,648 | 14,562 | 49,780 |
| Segment liabilities | 6,867 | 2,577 | 1,185 | 6 | 10,635 |
| Depreciation and amortisation | 350 | 85 | 285 | 5 | 725 |

4. 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 2021 was 18% (six-month period ended 30 June 2020: 18.1%).

5. 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 2021 | EPS Pence | 6 months ended 30 June 2020 | EPS Pence |
|---------|--------------------------------|-----------|--------------------------------|-----------|
| Basic | 31,213,128 | 8.4 | 31,171,543 | 11.0 |
| Diluted | 31,214,981 | 8.4 | 31,171,543 | 11.0 |

During the first six months of 2021 Personal Group Holdings Plc paid dividends of £1,592,000 to its equity shareholders (2020: £2,307,000). This represents a payment of 5.10p per share (2020: 7.40p).

| | 6 months ended 30 June 2021 £'000 | 6 months ended 30 June 2020 £'000 |
|--|---|---|
| Dividends paid or provided for during the period | 1,592 | 2,307 |

6. Goodwill

| | PG Let's Connect £'000 | Innecto £'000 | Total £'000 |
|---------------------------------------|---------------------------|------------------|----------------|
| Cost | | | |
| At 1 January 2021 | 10,575 | 2,121 | 12,696 |
| Additions in the year | - | - | - |
| At 30 June 2021 | 10,575 | 2,121 | 12,696 |
| Amortisation and impairment | | | |
| At 1 January 2021 | - | - | - |
| Impairment charge for year | - | - | - |
| At 30 June 2021 | - | - | - |
| Net book value at 30 June 2021 | 10,575 | 2,121 | 12,696 |
| Net book value at 31 December 2020 | 10,575 | 2,121 | 12,696 |

7. Intangible assets

| | Customer Value £'000 | Customer software & development £'000 | Innecto Technology £'000 | Internally Generated Computer Software £'000 | Total £'000 |
|--|----------------------------|--|--------------------------------|--|----------------|
| Cost | | | | | |
| At 1 January 2021 | 2,374 | 1,520 | 298 | 506 | 4,698 |
| Transfers | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | 122 | - | - | 122 |
| At 30 June 2021 | 2,374 | 1,642 | 298 | 506 | 4,820 |
| Amortisation | | | | | |
| At 1 January 2021 | 1,914 | 922 | 110 | 498 | 3,444 |
| Amortisation charge for the year | 73 | 151 | 30 | 12 | 266 |
| Provided in the period | - | - | - | - | - |
| Disposals in the period | - | - | - | - | - |
| At 30 June 2021 | 1,987 | 1,073 | 140 | 510 | 3,710 |
| Net book amount at 30 June 2021 | 387 | 569 | 158 | 4 | 1,110 |
| Net book amount at 31 December 2020 | 460 | 598 | 188 | 8 | 1,254 |

8. Property, plant and equipment

| | Freehold land & properties £'000 | Motor vehicles £'000 | Computer equipment £'000 | Furniture fixtures & fittings £'000 | Leasehold improve- ments £'000 | Right of use Assets £'000 | Total £'000 |
|--|---|----------------------------|--------------------------------|--|---|------------------------------------|----------------|
| Cost | | | | | | | |
| At 1 January 2021 | 5,037 | 157 | 1,085 | 2,303 | 38 | 1,459 | 10,079 |
| Additions | - | - | 51 | 18 | - | 197 | 266 |
| Disposals | - | - | (180) | (20) | - | (438) | (638) |
| At 30 June 2021 | 5,037 | 157 | 956 | 2,301 | 38 | 1,218 | 9,707 |
| Depreciation | | | | | | | |
| At 1 January 2021 | 1,742 | 102 | 774 | 1,064 | 34 | 907 | 4,623 |
| Provided in the period | 43 | 14 | 93 | 112 | 2 | 216 | 480 |
| Disposals | - | - | (180) | (20) | - | (438) | (638) |
| At 30 June 2021 | 1,785 | 116 | 687 | 1,156 | 36 | 685 | 4,465 |
| Net book amount at 30 June 2021 | 3,252 | 41 | 269 | 1,145 | 2 | 533 | 5,242 |
| Net book amount at 31 December 2020 | 3,295 | 55 | 311 | 1,239 | 4 | 552 | 5,456 |

9. Financial Investments

| | At 30 June 2021 Unaudited £'000 | At 31 December 2020 Audited £'000 |
|---------------|---------------------------------------|---|
| Bank deposits | 2,587 | 3,067 |
| | 2,587 | 3,067 |

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 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.

10. Long Term Incentive Plan (LTIP)

LTIP2021

The Remuneration Committee approved a new LTIP 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. The market and non-market performance conditions are set out below:

Total Shareholder Return (Market condition)

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)

35% 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.

On 23 July 2020 the Remuneration Committee approved the grant of a one-off share award of £75,000 to the Chief Executive in recognition of the fact that no LTIP had been made available to her since joining the Group. This award was issued under the new LTIP mechanism introduced on 6 April 2021 and will be subject to forfeiture up to March 2022 but does not have performance conditions attached.

In total, £76,000 of employee share-based compensation has been included in the consolidated income statement to 30 June 2021 (2020: £nil). The corresponding credit is taken to equity. No liabilities were recognised from share-based transactions. The remaining £5,000 of share-based compensation expense relates to the Company Share Option Plan (CSOP).

11. Financial calendar for the year ending 31 December 2021

The Company announces the following dates in its financial calendar for the year ending 31 December 2021:

- Preliminary results for the year ending 31 December 2021 - March 2022
- Publication of Report and Accounts for 2021 - March 2022
- AGM - April/May 2022





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