



Preliminary Results - Year Ended 31 December 2019

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Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

PERSONAL GROUP HOLDINGS PLC ("Personal Group", "Company" or "Group")

Preliminary Results for the Year Ended 31 December 2019

Another solid year with revenue and pre-tax profit growth

Personal Group Holdings Plc, a leading provider of employee services in the UK, is pleased to announce its Preliminary Results for the year to 31 December 2019 together with comments on the impact of the coronavirus pandemic (COVID-19) on the business.

2019 Highlights

Financial

- Group revenue of £70.9m (2018: £55.3m) increased by 28%
 - Includes £18.4m transactional spend and commission on Hapi (2018: £6.9m)
- Adjusted EBITDA of £11.0m (2018: £11.4m) down 4%
- Profit before tax of £10.5m (2018: £10.2m) increased 3%
- Basic EPS of 28.4p (2018: 27.2p) up 4%
- Balance sheet remains strong with cash and deposits of £17.0m and no debt
- Surplus capital resources of £13.8m over required resources of £4.9m
- Dividend per share paid in the period up 1.3% to 23.3p (2018: 23.0p)

Operational

- Group's refined strategy proving effective
- Accessed new insurance markets, enabling people on a contingent worker basis to benefit from our insurance products
- PG Let's Connect revenue up 26% to £18.8m with adjusted EBITDA up 43% to £1.7m without any headcount increase
- SaaS revenue of £21.5m is up 146% fuelled by an increase in transactional spend from £6.9m to £18.4m
 - Hapi users up 28% to 410,000 active employees with over 175 organisations using the platform
 - Successful acquisition of Innecto enables Personal Group to engage with a greater variety of employers
 - Sage Employee Benefits launched in September 2019 and Sage have launched a new marketing campaign in Q1 2020
- Marketing team overhauled and new website launched
- ISO 27001 accreditation for the Group

Cononavirus Pandemic (COVID-19)

- Safety and welfare of staff has been a priority, with almost all employees working from home in accordance with UK Government advice
- Business continuity plans put in place - the Group has near full capability to support customers and policyholders and maintain business operations
- Detailed operational plans in place across the business including furloughing c22% of employees and developing alternative sales and retention strategies
- Financial impact on 2020 and 2021 modelled and stressed, considering the potential impact on premiums and claims, solvency ratios, liquidity and non-insurance activities
- 2020 will be adversely impacted but confident business will remain profitable supported by strong balance sheet
- Q2 dividend to be reduced to 1.5p per share; this shortfall and the remaining 2020 dividends will be revisited later in the year once the situation is clearer

Deborah Frost, Chief Executive of Personal Group, commented:

"2019 saw a strong performance across the Group amidst a challenging market backdrop, with adjusted EBITDA of £11.0m - ahead of market expectations, reflecting the strength of the underlying business. Our refreshed strategy, announced in September 2019, is starting to show positive signs.

The impact of COVID-19 on the UK and world-wide economy is very far reaching. It is clearly too early to accurately assess the final impact of the outbreak on our customers and our business. However, we have a robust recurring revenue model across different parts of the Group, including insurance, our benefits platform Hapi, and Innecto Digital products. Long-established client relationships and repeat business forms the core of the Innecto and Let's Connect business models.

The effect of COVID-19 is likely to have short as well as long term implications for the Group - we anticipate our insurance claims ratios could increase this year but our messages about protecting the unprotected, being dependable and paying claims are well received by clients and build on the trust we already have with them, their employees and our policy-holders.

We also expect PG Let's Connect and Innecto revenues and profits to be impacted over the short-term by the global slowdown, as clients defer decisions about pay and benefits until later in the year.

To mitigate these effects, we have put in place alternative activities including switching our face to face team to telesales and focussing on policy-holder retention. Whilst we expect that the ongoing impacts of the virus could have a material impact on EBITDA for 2020, and into 2021, we remain confident that

the business will be profitable with a strong balance sheet and no debt. In addition, we have significant headroom and are taking actions to protect the business.

Turning our attention to the next 6-12 months, we are confident that our key messages around connecting and protecting workers, both employed and contingent, continue to resonate strongly."

ENDS

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Notes to Editors

Personal Group Holdings Plc (AIM: PGH) is a technology enabled employee services business, working with employers to drive productivity through better employee engagement and a more motivated workforce. With over 35 years' experience, the Company provides employee benefits and services to a large number of employees across the UK.

Personal Group's offer comprises in-house services, including employee insurance products (hospital, convalescence plans and death benefit), the provision of home technology via salary sacrifice (iPads, computers, laptops, smart phones and smart TVs), the provision of e-payslips, and pay and reward consulting via Innecto, the leading independent UK consultancy acquired in 2019. Third party services include retail discounts, employee assistance programmes, wellbeing programmes and salary sacrifice cars and bikes.

The product offer is provided via the Company's proprietary technology platform, Hapi. The platform is intuitive, designed primarily for app deployment and also accessible via web and tablet, driving better engagement, communication and value recognition. Hapi is flexible and can quickly integrate additional services, such as existing employee services and partner platforms. Hapi is a digital SaaS product.

Through technology and select acquisitions, the Company has grown its addressable market to the majority of the working population in the UK; including 15.6m SME employees targeted via its partnership with Sage, the UK's largest software company.

Personal Group's innovative approach to using technology to deliver its programmes, in combination with its face-to-face method of communicating

with employees, delivers a compelling offer to blue-chip clients across the UK as a way of attracting, retaining and motivating employees. The acquisition of Innecto in February 2019 allows Personal Group to engage with clients earlier in their thinking around Pay and Reward, and to interact with a new base of blue-chip and fast growth clients typically at HR Director and CEO level.

Personal Group has a strong client base across a diverse range of sectors. Clients include: Arsenal F.C., Barchester Healthcare Ltd, DHL Supply Chain Limited, The Go-Ahead Group plc, Samworth Brothers Ltd, Independent Television News, Stagecoach Group plc and Wincanton plc.

For further information, please see www.personalgroup.com

Chairman's Introduction:

Personal Group has a rare consistency - we have again delivered a good profit from our operations and, once again, increased our dividend to shareholders. We continue to deliver benefits, both in financial terms and in peace of mind, to individual employees, many of whom make up the working backbone of the UK. This is reflected in our refreshed mission to connect the unconnected, protect the unprotected and equip employers to engage and reward their employees.

Underneath this consistency, things are changing within our market. Our clients are more thoughtful in how they engage with their workforce to improve their wellbeing. Many have more involved and sophisticated procurement approaches to tackle this. Consequently, our engagement with our existing and prospective clients is changing. We are becoming more targeted and consistent in our account management. We have a much more integrated style which takes advantage of a more able marketing function within the Group and the strengths of our combined business propositions and salesforce. All of which is led by a new dynamic Chief Executive, Deborah Frost who, having been a Non-Executive Director of the Group since September 2015, was appointed on 28 February 2019.

Overall, our business delivered revenue up £16m (28%) from last year and profit before tax slightly improved. However, we consider Adjusted EBITDA to be a more appropriate measure of our performance as it has a consistent composition and does not include one-off elements that might distract from the underlying performance.

Adjusted EBITDA for 2019 was lower than 2018. This reduction was less than 4%, reflecting that the growth in revenue came predominantly from those areas of the business where the margin is, by nature, lower and costs that, whilst below budget, were higher than 2018. Increased investment also helped improve the marketing and sales capabilities and introduced some necessary credentials in system security - recognised by our ISO 27001 accreditation.

Many people have contributed to the Personal Group throughout 2019, I and the Board thank all our colleagues for their continued enthusiasm and efforts. In addition, we do not take for granted the continued support of our shareholders large and small. Thank you all.

Fairness is an often-stated aspiration by companies, but making it happen is rarely discussed. Making aspects of financial security accessible to more people at a fair price is what Personal Group does, consistently. Our insurance products have been providing benefits for people in their time of need for over 35 years. Our hospital, convalescence and death benefit plans are designed to offer support and assurance and the discounts offered through our benefit platform help reduce the burden of cost on a daily basis. I'm confident our strong financial position and operational resilience will enable us to continue to fulfil these commitments during the current challenges caused by COVID-19.

Chief Executive operational update

Core Insurance Business

Since my appointment we've spent time focussing on what is important in Personal Group. We provide insurance and employee benefits to hundreds of thousands of employees all over the UK, but what is our key purpose and unique offer in a crowded marketplace?

We have identified that the central purpose of the core insurance business is to 'protect the unprotected' and 'connect the unconnected'. Behind these two statements is a recognition that many of our policyholders are the working backbone of the UK. In their roles as bus drivers, food manufacture operatives, care home staff or retail employees, not all have employer-paid benefits if they are ill, need to attend hospital or, in the worst case, die. Our field sales team sit down 1-2-1 with over 73,000 employees a year to connect them to the benefits their employer offers them, via Hapi on a mobile phone app, and over 64,000 employees to talk about protecting themselves and their loved ones from the financial impact of an unexpected event. Personal Group's insurance business has been working with client organisations like these to ensure that workers can have access to simple, fair-value insurance products for over 35 years.

We believe in making it easy to claim, with our Milton Keynes Customer Relations team handling over 32,000 claims from policyholders in 2019. We've also been developing options for employers to offer our insurance products to their staff on temporary or zero-hours contracts and agency workers. In reflecting the reality of the UK workforce and including workers as well as employees on site visits, we can improve productivity of our field sales team and protect more people.

When I took over the business our insurance segment was starting to contract. Policyholder numbers have been reducing for a few years but increases to premiums had meant that policy income remained static. In 2019, for the first time, premium income shrank slightly. I have made reversing this trend a major focus, and whilst significant improvement in the financial performance will not be immediate, we are very pleased with the foundations that we are laying to widen our opportunities.

But we've also recognised that the long-term sustainability of the business lies in expanding our footprint so that we compete beyond our heartland clients. Some of these jobs may be replaced by robots and AI over the next 15 years, so we're developing propositions to cover a wider part of the economy such as the public sector and talent-led businesses. My job has been to help my management team breathe new energy into these developing areas and set challenging goals to grow the business beyond our insurance core.

SaaS

Our benefits platform Hapi provides a customisable platform where employers can combine all their current provision (pension, childcare vouchers etc) into our simple mobile and desktop product. They can then select from an array of other products and services: payslips, reward and recognition, salary sacrifice technology, cars and cycles as well as our offers and discounts to build the right benefit solution for their teams. Our technology, particularly the mobile app, is outstanding and is a great solution for clients whose teams aren't sitting behind a desk all day. We've had real breakthroughs this year in working with new partners (ThinkMoney) and new clients (Prince's Trust through Innecto). The SaaS revenue from Hapi has grown significantly in 2019, from £1.8m to £3.1m, and the success of the Hapi solution is shown by the massive growth in our top-line revenue on discounts and offers. Our goal is to reach 1 million Hapi users by 2025 and we're well on the way with our active users up by 28% in 2019 to 410,139. Over 175 organisations use the Hapi platform for their employee benefits, customising it to meet their own branding and employee requirements. It's not always called Hapi - clients call it different names from 'Smile', 'The Benefits Room', 'MyHub' to 'The Pantry'.

Our access to the vast but fragmented SME market is primarily through Sage's employee benefits product (Sage Employee Benefits) for Sage customers. Sage's focus on Making Tax Digital for their clients in 2019 meant our re-launched project suffered delays, but a new management team within Sage, and significant internal support, have driven progress in developing this growth opportunity. A new marketing campaign in Q1 2020 by Sage should drive awareness and Sage have agreed to underwrite our cost of the platform for 2020 as part of their commitment to the roll-out.

Innecto have completed their first 10 months in the Personal Group family. Innecto Digital, their digital pay management suite, has been completely re-coded and re-

launched on the Outsystems platform, bringing the same level of scalability, security and analytics as Hapi. Current clients are being migrated onto the new system in early 2020 and new opportunities are being lined up. They have continued to grow their consultancy business this year. Innecto's drive, growth mindset and client focus have brought new ideas into Personal Group too.

PG Let's Connect

Finally, PG Let's Connect have had a splendid year - both delivering on their commitment to their adjusted EBITDA number (+43% on 2018), with no increase in headcount, at the same time as developing new products to meet the requirements of the NHS. We're very excited about the opportunities we bring to NHS Trusts by simplifying their benefits offer, putting everything in one place, and into staff hands via the mobile app. The platform includes access to salary sacrifice Home Technology through Let's Connect, and cars and cycle to work schemes. We have also wrapped in access to their pension scheme, the excellent NHS employee support line, and their own discounts and offers. The NHS employs over 1 million workers in the UK. We are in final contract discussions with two Trusts and are working with others.

Team

Our Marketing team has been overhauled, with new faces and fresh ideas. We have recently launched a new website which places our 'protect the unprotected' offer front and centre and includes real policyholder and client case studies. I'm happy that it reflects who we are and what we do.

Financials

Group revenue for the year increased by 28% to £70.9m (2018: £55.3m). The Group saw strong revenue growth from SaaS and PG Let's Connect whilst the insurance business was hindered by a slowdown of new client business wins resulting in fewer new policies written.

Group revenue growth in SaaS was driven by increased user spend on Hapi and the fact that the provision of products such as reloadable cards, e-vouchers and cinema tickets are now serviced largely in-house. An increase in paid-for Hapi subscriptions and the addition of consultancy income following the acquisition of Innecto have also helped to drive this growth.

PG Let's Connect significantly improved its year-on-year performance. The Company expects this growth to continue following a positive reaction to the new proposition created for the NHS.

Adjusted EBITDA for the year has dropped to £11.0m (2018: 11.4m), despite increased revenue. The improved trading performances from PG Let's Connect of £0.5m and SaaS of £0.4m which, by nature, are lower margin businesses, were offset by the insurance business being £1.5m down on last year. Insurance continues to contribute the majority of Adjusted EBITDA* and the reduced contribution reflects the reducing policy numbers.

The Group continued to retain a prudent focus on costs, which were below budget for the year but up on the prior year. The increase in costs includes the planned investment in sales and marketing to drive additional sales opportunities to reverse the current decline in the insurance business and additional legal costs incurred in pursuing the damages from a long standing judgement, awarded to the Group in October 2014, which is expected to come to a successful conclusion early in 2021.

Profit before tax was £10.5m during the year (2018: £10.2m). This increase was predominantly due to the £1.3m (2018: £0.6m) release of the tax provision and the increase in trading performance in PG Let's Connect and SaaS, offset by reduced contribution from the insurance business. The tax charge for the year was £1.6m (2018: £1.8m), resulting in profit after tax for the year of £8.8m (2018: £8.4m). Basic EPS was 28.4p (2018: 27.2p).

The Company paid a total dividend of 23.3p per share over the year (2018: 23.0p), representing a 1.3% increase over the prior year. The Group's core insurance business retains its strong profitability, despite facing new business challenges, and continues to underpin the dividend and support investment across the wider business. Whilst profits remain relatively flat, the Company has sufficient distributable reserves to support a progressive dividend policy as the Group works towards implementing its strategy. The first quarterly dividend for 2020, of 5.9p per

share, reflects this policy and represents a 1.3% increase over the corresponding period in 2019. The dividend was paid to shareholders on 27 March 2020.

The Group's balance sheet remains strong, with cash and deposits at the year-end of £17.0m (2018: £17.7m) and no debt.

The slight reduction in cash balances in the year was due to a combination of Group trading, the decision to sell two properties held by the Company, realising £0.5m, the purchase of Innecto for a cash consideration of £3.2m and the receipt of £1.1m for newly created shares purchased at fair market value by two directors of Innecto, including Deborah Frost.

The Group's main underwriting subsidiary, Personal Assurance Plc (PA), continues to maintain a conservative solvency ratio of 259% (unaudited), with a surplus over its Solvency Capital Requirement of £6.6m. The Company has consistently maintained a prudent position in relation to its Solvency II requirement.

Outlook

Despite the substantial global impact of the COVID-19 virus, which necessitates a significant degree of prudence for 2020, we remain positive in terms of the longer-term outlook for the business. We have implemented our contingency plans and almost all of our employees are currently working from home, in accordance with UK Government advice. We have considered the developing COVID-19 situation in detail and have modelled numerous scenarios. Whilst we expect that the ongoing impacts of the virus could have a material impact on EBITDA for 2020, and into 2021, we remain confident that the business will remain profitable with a strong balance sheet and no debt. In addition, we have significant headroom and are taking actions to protect the business.

These include furloughing a number of employees, setting up outbound sales activity with our field sales teams whilst continuing to process claims and serve our customers. The changes we have implemented this year will undoubtedly take time to bear fruit, and they will be joined by new developments in 2020, but at the end of my first year, I recognise the strength, resilience and determination of not just my senior team but the wider Personal Group family to create and drive the business forward into new and existing markets.

Whilst the current challenges being faced in the light of COVID-19 may temporarily change our focus in the short term, they may also present longer-term opportunities to reinforce our central purpose of connecting the unconnected and protecting the unprotected further.

Consolidated Income Statement

	2019	2018
	£'000	£'000
Continuing Operations		
Gross premiums written	30,369	31,445
Outward reinsurance premiums	(204)	(231)
Change in unearned premiums	59	28
Change in reinsurers' share of unearned premiums	(10)	(10)
	<hr/>	<hr/>
Earned premiums net of reinsurance	30,214	31,232
Other insurance related income	191	218
IT salary sacrifice income	18,794	14,970
SaaS income	21,459	8,729
Other non-insurance income	100	115
Investment income	131	83
	<hr/>	<hr/>
Revenue	70,889	55,347

Claims incurred	(6,670)	(7,175)
Insurance operating expenses	(15,964)	(15,073)
Other insurance related expenses	(210)	(261)
IT salary sacrifice expenses	(17,157)	(13,851)
SaaS costs	(20,930)	(8,561)
Share-based payment expenses	(19)	(117)
Charitable donations	(100)	(100)
Amortisation of intangible assets	(489)	(661)
Expenses	(61,539)	(45,799)
Operating profit	9,350	9,548
Finance costs	(131)	(148)
Release of provisions	1,259	646
Share of profit/(loss) of equity-accounted investee net of tax	9	164
Profit before tax	10,487	10,210
Tax	(1,649)	(1,819)
Profit for the year	8,838	8,391

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

Earnings per share	Pence	Pence
Basic	28.4	27.2
Diluted	28.4	27.2

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

Consolidated Balance Sheet at 31 December 2019

	2019	2018
	£'000	£'000
ASSETS		
Non-current assets		
Goodwill	12,696	10,575
Intangible assets	1,301	500
Property, plant and equipment	5,984	6,040
Investment property	-	130
	19,981	17,245
Current assets		
Financial assets	2,565	2,530
Trade and other receivables	18,549	16,532
Equity-accounted investee	-	50
Reinsurance assets	121	187
Inventories - Finished Goods	746	643
Cash and cash equivalents	14,476	15,148
	36,457	35,090
Total assets	56,438	52,335

Consolidated Balance Sheet at 31 December 2019

	2019 £'000	2018 £'000
EQUITY		
Equity attributable to equity holders of Personal Group Holdings Plc		
Share capital	1,561	1,544
Share premium	1,134	-
Capital redemption reserve	24	24
Other reserve	(230)	(210)
Profit and loss reserve	35,526	33,937
Total equity	38,015	35,295
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	302	102
Trade and other payables	290	356
Current liabilities		
Provisions	-	1,259
Trade and other payables	15,043	12,233
Insurance contract liabilities	2,104	2,376
Current tax liabilities	684	714
	17,831	16,582
Total liabilities	18,423	17,040
Total equity and liabilities	56,438	52,335

Consolidated Statement of Changes in Equity for the year ended 31 December 2019

Equity attributable to equity holders of Personal Group Holdings Plc

Share capital	Share Premium	Capital redemption Reserve	Other reserve	Profit and loss reserve	Total equity
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	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2019	1,544	-	24	(210)	33,937	35,295
Dividends	-	-	-	-	(7,244)	(7,244)
Employee share-based compensation	-	-	-	-	19	19
Proceeds of SIP* share sales	-	-	-	-	20	20
Cost of SIP shares sold	-	-	-	44	(44)	-
Cost of SIP shares purchased	-	-	-	(64)	-	(64)
Shares issued in the year	17	1,134	-	-	-	1,151
Transactions with owners	17	1,134	-	(20)	(7,249)	(6,118)
Profit for the year	-	-	-	-	8,838	8,838
Total comprehensive income for the year	-	-	-	-	8,838	8,838
Balance as at 31 December 2019	1,561	1,134	24	(230)	35,526	38,015

*PG Share Ownership Plan (SIP)

Consolidated Statement of Changes in Equity for the year ended 31 December 2018

Equity attributable to equity holders of Personal Group Holdings Plc

	Share capital	Capital redemption reserve	Available for sale financial assets	Other reserve	Profit and loss reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2018 as previously reported	1,540	24	85	(310)	32,417	33,756
Adjustment on initial adoption IFRS 9	-	-	(85)	-	85	-
Restated balance as at 1 January 2018	1,540	24	-	(310)	32,502	33,756
Dividends	-	-	-	-	(7,087)	(7,087)
Employee share-based compensation	-	-	-	-	94	94
Proceeds of SIP* share sales	-	-	-	-	132	132
Cost of SIP shares sold	-	-	-	179	(179)	-
Cost of SIP shares purchased	-	-	-	(79)	-	(79)
Deferred tax reserve movement	-	-	-	-	88	88
Nominal value of LTIP** shares issued	4	-	-	-	(4)	-
Transactions with owners	4	-	-	100	(6,956)	(6,940)
Profit for the year	-	-	-	-	8,391	8,391
Total comprehensive income for the year	-	-	-	-	8,391	8,391

Balance as at 31 December 2018	1,544	24	-	(210)	33,937	35,295
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*PG Share Ownership Plan (SIP)

**Long Term Incentive Plan (LTIP)

Consolidated Cash Flow Statement

	2019	2018
	£'000	£'000
Net cash from operating activities (see next page)	8,668	8,325
Investing activities		
Additions to property, plant and equipment	(734)	(1,024)
Additions to intangible assets	(266)	(178)
Proceeds from disposal of property, plant and equipment	398	9
Proceeds from disposal of investment property	188	-
Purchase of financial assets	(34)	(105)
Proceeds from disposal of financial assets	-	2,056
Interest received	131	82
Dividends received from equity accounted investee	59	750
Dividends received	-	8
Acquisition of subsidiary, net of cash acquired	(2,714)	-
Net cash used in investing activities	(2,972)	1,598
Financing activities		
Proceeds from the issue of shares	1,151	-
Interest paid	(2)	(28)
Purchase of own shares by the SIP	(64)	(79)
Proceeds from disposal of own shares by the SIP	20	132
Payment of lease liabilities	(229)	(354)
Dividends paid	(7,244)	(7,087)
Net cash used in financing activities	(6,368)	(7,416)
Net change in cash and cash equivalents	(672)	2,507
Cash and cash equivalents, beginning of year	<u>15,148</u>	<u>12,641</u>
Cash and cash equivalents, end of year	<u>14,476</u>	<u>15,148</u>

Consolidated Cash Flow Statement

	2019	2018
	£'000	£'000
Operating activities		
Profit after tax	8,838	8,391
Adjustments for		
Depreciation	970	797
Amortisation of intangible assets	489	661
(Profit) / loss on disposal of property, plant and equipment	(127)	59
Profit on disposal of investment property	(60)	-
Realised net investment loss	-	10
Interest received	(131)	(82)
Dividends received	-	(8)
Interest charge	131	148
Share of profit of equity-accounted investee, net of tax	(9)	(164)
Share-based payment expenses	19	94
Taxation expense recognised in income statement	1,649	1,819
Changes in working capital		
Trade and other receivables	(1,520)	(1,920)
Trade and other payables	1,406	865
Provisions	(1,259)	(646)
Inventories	(103)	(83)
Taxes paid	(1,625)	(1,616)
Net cash from operating activities	8,668	8,325

Notes to the Financial Statements

1 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.

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 benefit platform. This includes sales to both the large corporate and SME sectors. Also included in this segment, from 1 March 2019, 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.

	Core Insurance	IT Salary Sacrifice	SaaS	Other	Group
	£'000	£'000	£'000	£'000	£'000
Operating segments					
2019					
Revenue					
Earned premiums net of reinsurance	30,205	-	9	-	30,214
Other income - Insurance Related	3	-	-	188	191
Other income - IT Salary Sacrifice	-	18,794	-	-	18,794
Other income - Platform	-	-	3,104	-	3,104
Other income - Transactional and commission	-	-	18,355	-	18,355
Other income	-	-	-	100	100
Investment income	-	-	-	131	131
Total revenue	30,208	18,794	21,468	419	70,889
Net result for year before tax	7,322	2,764	219	182	10,487
PG Let's Connect - Tax provision	-	(1,259)	-	-	(1,259)

Amortisation - Acquisition intangibles	-	53	171	-	224
Acquisition costs	-	-	-	145	145
Interest	91	23	17	-	131
Share based payments	-	-	-	19	19
Depreciation	791	112	58	9	970
Amortisation (other)	79	55	131	-	265
Adjusted EBITDA*	8,283	1,748	596	355	10,982
	=====	=====	=====	=====	=====
Segment assets	25,195	12,023	4,669	14,551	56,438
Segment liabilities	7,948	7,045	3,430	-	18,423
Depreciation and amortisation	870	220	360	9	1,459

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

	Core Insurance	IT Salary Sacrifice	SaaS	Other	Group
	£'000	£'000	£'000	£'000	£'000
Operating segments					
2018					
Revenue					
Earned premiums net of reinsurance	31,219	-	13	-	31,232
Other income - Insurance Related	(9)	-	-	227	218
Other income - IT Salary Sacrifice	-	14,970	-	-	14,970
Other income - Platform	-	-	1,800	-	1,800
Other income - Transactional and commission	-	-	6,929	-	6,929

Other income	-	-	-	114	114
Investment property	-	-	-	1	1
Investment income	-	-	-	83	83
Total revenue	31,210	14,970	8,742	425	55,347
Net result for year before tax	8,869	1,350	29	(38)	10,210
PG Let's Connect - Tax provision	-	(646)	-	-	(646)
PG Let's Connect - Amortisation of intangibles	-	330	-	-	330
Acquisition costs	-	-	-	150	150
Interest	110	28	10	-	148
Share based payments	-	-	-	117	117
Depreciation	665	108	15	9	797
Amortisation (other)	133	56	142	-	331
Adjusted EBITDA*	9,777	1,226	196	238	11,437
Segment assets	25,403	12,567	2,612	11,753	52,335
Segment liabilities	6,947	8,035	1,883	175	17,040
Depreciation and amortisation	798	494	157	9	1,458

2. Taxation comprises United Kingdom corporation tax of £1,600,000 (2018: £1,650,000) and a deferred tax charge of £49,000 (2018: £169,000)

3. The basic and diluted earnings per share are based on profit for the financial year of £8,838,000 (2018: £8,391,000) and on 31,118,589 basic (2018: 30,798,840) and 31,122,136 diluted (2018: 30,806,261) ordinary shares, the weighted average number of shares in issue during the year.

4. The total dividend paid in the year was £7,244,000 (2018: £7,087,000)

This preliminary statement has been extracted from the 2019 audited financial statements that will be posted to shareholders in due course. The statutory accounts for each of the two years to 31 December 2018 and 31 December 2017 received audit reports, which were unqualified and did not contain statements under section 498 (2) or

(3) of the Companies Act 2006. The 2018 accounts have been filed with the Registrar of Companies but the 2018 accounts are not yet filed.

Alternative Performance Measures

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

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

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