# Interim Results

for the six months ended 30 June 2021

PensionBee Group plc ("PensionBee" or the "Company"), a leading online pension provider, today announces interim results for the six month period ended 30 June 2021 (1H 2021).

The Company is pleased to announce that it has delivered strong financial and operational performance during the first half of the year, with high levels of growth achieved across all of its key metrics, in line with the trading update released on 22 July 2021.

## Performance Overview

- Revenue increased by 109% to £5.4m (1H 2020: £2.6m)
- Annual Run-Rate Revenue increased by 114% to £12.3m (1H 2020: £5.7m)
- Loss before tax was £(12.8)m (1H 2020: £(5.2)m)
- Adjusted EBITDA decreased by 89% to £(7.6)m (1H 2020: £(4.0)m)
- Adjusted EBITDA Margin was (141)% (1H 2020: (155)%)
- Basic Earnings per Share was (6.54)p
- Assets under Administration ("AUA") increased by 117% year on year to £2.0bn (1H 2020: £915m), substantially driven by total Net Inflows
- Invested Customers ("IC") increased by 81% to 92,000 (1H 2020: 51,000)
- Active Customers increased by 78% to 155,000 (1H20: 87,000)
- Customer Retention Rate and AUA Retention Rate both stable at >95% (HY20: >95%)
- 4.7★ Excellent Trustpilot rating maintained
- Strong cash position of £55m (December 2020: £6.7m)

## Romi Savova, Chief Executive Officer of PensionBee, commented:

**"We are very pleased to have achieved continued strong financial and operational performance in line with our expectations during the first half of the year, together with having made our successful debut on the High Growth Segment of the London Stock Exchange in April. Our Initial Public Offering ("IPO") raised £55m from institutional investors and customers to facilitate continued investment in innovation and our rapid growth trajectory, supporting the path to profitability.**

**Our strategy of always putting the customer first continues to resonate with both new and existing customers as demonstrated by our strong growth in the Invested Customer base, AUA and Revenue, together with the maintenance of our industry-leading customer retention rates.**

**We continue to implement our strategy to expand our reach across the UK, driving further growth. The first half of the year saw us scale-up our marketing spend, as we rolled out a new national brand campaign and launched a new data platform to support efficient deployment of marketing spend, keeping Cost per Invested Customer in line with desired thresholds. We also continued to invest in product innovation, in our technology platform and in our people.**

**Our scalable and resilient business model, combined with our strong financial position, means that we are well placed to capitalise on the significant market growth opportunity. We expect to maintain our strong momentum, deliver high double-digit Revenue growth for the current financial year 2021 and to reach monthly EBITDA breakeven by the end of 2023, in line with the guidance we set out at the time of our IPO."**

## Financial Highlights*

| | For the 6-month Period Ending | | |
|---|---|---|---|
| | **Jun-2021** | **Jun-2020** | **YoY** |
| **Revenue (£m)** | **5.4** | **2.6** | **109%** |
| **Annual Run Rate Revenue (£m)**** | **12.3** | **5.7** | **114%** |
| Loss before Tax | (12.8) | (5.2) | 145% |
| Adjusted EBITDA (£m)** | (7.6) | (4.0) | -89% |
| Adjusted EBITDA Margin (% of Revenue)** | (141)% | (155)% | +14ppt |
| Basic and Diluted Earnings per Share*** | (6.54)p | (2.99)p | -119% |

## Non-Financial Highlights*

| | As at Period End | | |
|---|---|---|---|
| | **Jun-2021** | **Jun-2020** | **YoY** |
| **AUA (£m)** | **1,987** | **915** | **117%** |
| AUA Retention Rate (% of AUA) | >95% | >95% | stable |
| Registered Customers (thousands) | 538 | 297 | 81% |
| Active Customers (thousands) | 155 | 87 | 78% |
| Invested Customers (thousands) | 92 | 51 | 81% |
| Customer Retention Rate (% of IC) | >95% | >95% | stable |
| Cost per Invested Customer (£) | 240 | 209 | within threshold |
| Same Year RC: IC Conversion (% of RC) | 17% | 17% | stable |
| Contractual Revenue Margin (% of AUA) | 0.69% | 0.68% | +1bp |

* See Definitions section.

** PensionBee's KPIs include alternative performance measures (APMs), which are indicated with a double asterisk. APMs are not defined by International Financial Reporting Standards (IFRS) and should be considered together with the Group's IFRS measurements of performance. PensionBee believes APMs assist in providing greater insight into the underlying performance of PensionBee and enhance comparability of information between reporting periods.

*** 1H 2020 EPS was adjusted for the impact of the IPO to give a comparable EPS of (2.99)p.

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# Forward-Looking Statements

Statements that are not historical facts, including statements about PensionBee's or management's beliefs and expectations, are forward-looking statements. The interim results contain forward-looking statements, which by their nature involve substantial risks and uncertainties as they relate to events and depend on circumstances which will occur in the future and actual results and developments may differ materially from those expressly stated or otherwise implied by these statements.

These forward-looking statements are statements regarding PensionBee's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies and the industry and markets within which it operates.

These forward-looking statements relate to the date of these interim results and PensionBee does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of the interim results.

# CEO's Report

We delivered strong continued financial and operational performance for the first half of the year, reflected in the growth rates of our Invested Customer base, Assets under Administration and Revenue.

Our customer-centric offering (combining technological innovation, exceptional customer service and transparent and straightforward fees) continued to resonate with the UK population. We benefited from the ability to grow into the vast UK Defined Contribution pension market, in line with our ambition to help more people across the UK look forward to a happy retirement.

## Overview

We achieved strong year-on-year growth in the first half of 2021.

Assets under Administration (AUA) increased by 117% to £1,987m (1H 2020: £915m) and our Annual Run Rate Revenue increased by 114% to £12.3m (H1 2020: £5.7m), led by an increase in Invested Customers of 81% to 92,000 (1H 2020: 51,000). Active Customers grew to 155,000 and Registered Customers grew to 538,000 underscoring the strength of the future customer pipeline.

Loss before tax was £(12.8)m (1H 2020: £(5.2)m) reflecting the increased investment in marketing, the technology platform and our people to drive rapid growth. Adjusted EBITDA reached £(7.6)m (1H 2020: £(4.0)m) and Adjusted EBITDA Margin was (141)% (1H 2020: (155)%), highlighting the scalability of the business model expected over time.

We demonstrated the continued strength of PensionBee's customer value proposition by maintaining a Customer Retention Rate in excess of 95% (1H 2020: > 95%), by achieving a 4.7★ Excellent Trustpilot rating (1H 2020: 4.6★) and by winning multiple industry awards.

The Company raised £55m of capital in its successful IPO on the High Growth Segment of the London Stock Exchange in April of this year, enabling further innovation and growth and supporting a path to profitability by the end of 2023. PensionBee expects to transition to the Premium Segment of the London Stock Exchange's Main Market in 2022.

## Strategic Update

Our mission is to make pensions simple so that everyone can look forward to a happy retirement. We continue to successfully execute our five-point strategy designed around this mission, as communicated at the time of the IPO. This strategy has continued to underpin our rapid growth:

**Efficient investment in customer acquisition and brand awareness**

During the first half of the year, we continued to scale-up our marketing spend and as was the case in 2020, the majority of our marketing spend was deployed across our top three channels: TV, Out Of Home and Paid Search.

We were delighted to roll out a new brand campaign nationally, across Out of Home, Radio, TV and Online channels. The "feels so good" campaign featured across the UK. We advertised on over 4,500 billboards across the country and created close to 450 million impressions.

Our ongoing use of data allows us to optimise our digital channels and to attract more and more customers efficiently. We benefited from the launch of our new data platform (as mentioned below), which supported continued deployment of marketing spend on digital channels to grow rapidly, whilst keeping Cost per Invested Customer in line with our desired thresholds.

We were also pleased to become the official pension partner for Brentford Football Club ('Brentford Bees'), shortly before their historic admission into the Premier League.

**Leadership in product innovation**

During the first half of the year, we continued to invest in product innovation, with a particular focus on improving our efficiency.

Our new transfer tracker enables more effective and detailed tracking of transfers, allowing our customers to see exactly which stage their pension transfer is at, enhancing the customer experience and reducing the need for inbound queries. Similarly, our new push notifications will enable customers to take direct actions in the app without the need to interact with our team. In addition, we deepened our integrations with several pension providers, extending our proprietary relationships and the efficiency of our mutual communication.

**Continued investment in and development of an industry leading technology platform**

We continued to invest in our technology over the first half of the year. We place great importance on our data capabilities and as noted above, have invested in a new data platform that is now in operation. This is based on best-of-breed open source and proprietary data warehouse and data pipeline components, allowing us to monitor and visualise all of our data in real time, providing insight into return on marketing investment to help optimise the decision making process.

The first use case for the data platform was the real time tracking of our customer journey with the objective of optimising our Cost per Invested Customer while continuing to deploy marketing capital rapidly. We increasingly forsee a transition from Cost per Invested Customer to cost per AUA in our future KPI tracking.

**Continued focus on excellent customer service**

We pride ourselves on our excellent customer service and want to create the best pension experience possible for our customers. We pay close attention to our Trustpilot rating which has remained at 4.7★ Excellent, with more than 5,000 reviews from our customers. We also continue to maintain strong response times across all channels, including live chat, phone and email.

Ensuring excellent levels of customer satisfaction, reflected in the maintenance of industry-leading customer retention levels, is central to our ambition of retaining and serving our customers throughout their lifetime. We demonstrated the continued strength of our customer value proposition by maintaining a Customer Retention Rate in excess of 95%. The high levels of recurring revenues generated as a result of this high customer retention, combined with the scalability of our technology platform, underpin the generation of operating leverage over time.

PensionBee's customer-focused offering received further industry recognition during the period, named as a 'Best Buy' in five categories at the Boring Money 2021 Awards, which commended the quality of our customer service and communications, our commitment to sustainability, website and ease of use.

**Continued focus on investment solutions designed for customers**

We continued our ongoing engagement with our asset management partners to determine the optimal product range for our customers.

Earlier this year we confirmed that we had received £724k from State Street Global Advisors ('SSGA') in relation to an error made by FTSE Russell in the composition of one of their indices that affected numerous SSGA funds, including one fund offered to PensionBee. As we had previously paid £664k to affected customers on an entirely ex-gratia basis, we were able to use the £724k to further invest in our team and product capabilities, in order to deliver on our growth strategy.

# Regulatory Developments

We are known in the industry as a supporter of consumer rights and we continue to actively campaign for greater levels of transparency, easier switching and fairer charging across all pension products.

During the first half of the year, we continued to actively engage with both the Government and the Financial Conduct Authority ("FCA") on proposed changes to the legislative and regulatory framework that we operate within.

We remain supportive of the initiatives of the FCA, the Department for Work and Pensions and the Pensions Regulator, leading to improvements in the pension landscape for consumers. We believe the overall changes are supportive of PensionBee's business model, its mission and its vision.

## Dividend

In line with its stated dividend policy, the Company does not intend to pay any dividends as it continues to invest in growth and execute on its strategy. Whilst the Company has not paid dividends since incorporation, it intends to revisit its dividend policy in future years and may revise its dividend policy from time to time.

## Outlook

Following our successful IPO in April of this year, we have a strong cash position that will enable us to continue to invest in our rapid future growth and to capitalise on the vast and growing UK Defined Contributions pension market opportunity that we operate within. We expect to accelerate progress, acquiring more customers and enabling them to become 'Pension Confident'.

For the remainder of 2021, we expect to deliver high double-digit Revenue growth in line with the guidance provided at the time of IPO. We will continue our investment in marketing and product innovation, rolling out new features to optimise customer experience, and will continue to invest in our people and our technology platform as we prepare for 2022. Our Adjusted EBITDA Margin is expected to be in line with market expectations for the year and we remain committed to achieving monthly breakeven by the end of 2023.

We will continue to engage in good corporate behaviour that supports healthy long-term returns for our customers' pensions and promotes their health, as well as the health of our environment. We will also stand up for the rights of consumers, enabling them to have better, more transparent pension products - resulting in a happy retirement for all.

**Romi Savova**
Chief Executive Officer
20 September 2021

# Financial Review

We continued executing on our growth strategy and by the first half of 2021 as compared to the previous period, Revenue increased by 109% to £5.4m (1H 2020: £2.6m), Invested Customers grew by 81% YoY to 92,000 (1H 2020: 51,000), AUA increased by 117% to £1,987m (1H 2020: £915m) and Annual Run Rate Revenue rose by 114% to £12.3m (1H 2020: £5.7m). This success was primarily driven by new customer acquisition and asset growth from existing customers[1].

## Summary Financial Highlights*

| | For the 6-month Period Ending | | |
|---|---|---|---|
| | **Jun-2021** | **Jun-2020** | **YoY** |
| **Annual Run Rate Revenue (£m)**** | **12.3** | **5.7** | **114%** |
| **Revenue (£m)** | **5.4** | **2.6** | **109%** |
| Money Manager Costs (£m) | (0.9) | (0.4) | 142% |
| Technology Platform Costs & Other Operating Expenses (£m)[2, 3] | (6.0) | (3.4) | 78% |
| **Adjusted EBITDA before Marketing (£m)**** | **(1.5)** | **(1.2)** | **-29%** |
| Adjusted EBITDA Margin before Marketing (% of Revenue)** | (28)% | (45)% | |
| Marketing Costs (£m) | (6.1) | (2.9) | 114% |
| **Adjusted EBITDA (£m)**** | **(7.6)** | **(4.0)** | **-89%** |
| Adjusted EBITDA Margin (% of Revenue)** | (141)% | (155)% | |

* See Definitions section.

** PensionBee's KPIs include alternative performance measures (APMs), which are indicated with a double asterisk. APMs are not defined by International Financial Reporting Standards (IFRS) and should be considered together with the Group's IFRS measurements of performance. PensionBee believes APMs assist in providing greater insight into the underlying performance of PensionBee and enhance comparability of information between reporting periods.

1 Existing customers defined as customers acquired from 2016 to 2020.

2 Other Operating Expenses comprise Administrative Costs and auditor's remuneration.

3 Technology Platform & Other Costs comprise Employee Benefits Expense (excluding Share-based Payment), technology and operations costs and Other Operating Expenses.

# Business Performance

## Customers

| | As at Period End | | |
|---|---|---|---|
| | Jun-2021 | Jun-2020 | YoY |
| Registered Customers (thousands) | 538 | 297 | 81% |
| Active Customers (thousands) | 155 | 87 | 78% |
| **Invested Customers (thousands)** | **92** | **51** | **81%** |
| Same Year RC: IC Conversion (% of RC) | 17% | 17% | stable |
| **Customer Retention Rate (% of IC)** | **>95%** | **>95%** | **stable** |

In April of this year, we raised £55m of primary capital in our successful IPO and we began deploying that capital over the course of May and June in order to continue delivering our growth trajectory. Marketing investment drove Registered Customers to 538,000 (1H 2020: 297,000), an increase of 81% on the prior year.

The Customer Retention Rate remained consistently above 95%, underscoring our customers' continued satisfaction with the PensionBee proposition and reflecting general consumer behaviour around long-term savings products.

## Assets under Administration

| | As at Period End/ For the 6-month Period Ending | | |
|---|---|---|---|
| | Jun-2021 | Jun-2020 | YoY |
| **Opening AUA (£m)** | **1,358** | **745** | **82%** |
| Net Flows from New Customers (£m) | 316 | 142 | 122% |
| Net Flows from Existing Customers (£m) | 166 | 66 | 152% |
| **Net Flows (£m)** | **482** | **208** | **131%** |
| Market Growth and Other (£m) | 148 | (38) | n/a |
| **Closing AUA (£m)** | **1,987** | **915** | **117%** |
| AUA Retention Rate (% of AUA) | >95% | >95% | stable |

We increased our AUA from £915m to £1,987m, an increase of 117% on the prior year. This was driven by a combination of new customer acquisition, existing customers increasing their savings with us and market growth. Over the first half of 2021, our pension asset base increased from £1,358m to £1,987m, a total increase of £629m (1H 2020: £170m). More than 75% of this increase (£482m) was generated by Net Flows from New Customers and Net Flows from Existing Customers, with the balance (£148m) being accounted for by market appreciation. The 1H 2020 increase (£170m) was wholly attributed to Net Flows from New Customers and Net Flows from Existing Customers.

Growth from new customers represented the majority of asset growth in the first half of 2021 with Net Flows from New Customers of £316m (1H 2020: £142m), reflecting our strategy of cost-disciplined new customer acquisition. Over this period we acquired 23,000 (1H 2020: 13,000) revenue-generating Invested Customers. A higher proportion of these new Invested Customers were observed to be older customers with a corresponding higher average pension size. As such, we have seen an increase in the average pension pot size from £18,000 in 1H 2020 to £21,600 in 1H 2021.

cont.

Our existing customers have continued to see their savings grow, with Net Flows from Existing Customers of £166m over the first half of the year (1H 2020: £66m). Since inception, we have consistently enjoyed a high Customer Retention Rate of over >95% and this trend has continued into the first half of the year. We saw existing customers consolidating additional pensions into their PensionBee online pension plan and customers contributing to their pensions while maintaining relatively low levels of withdrawals. As a result, existing customers' together with new customers' net flows contributed >75% of total asset growth in 1H 2021.

AUA growth also reflected an element of market growth of £148m over the first half of the year. As is customary in the pensions industry, our customers' pensions are invested predominantly in global equity capital markets, which experienced strong performance during the year, and as such our asset base benefited from this market appreciation.

# Financial Performance

## Revenue

| | As at Period End/ For the 6-month Period Ending | | |
|---|---|---|---|
| | **Jun-2021** | **Jun-2020** | **YoY** |
| Contractual Revenue Margin (% of AUA) | 0.69% | 0.68% | +1bp |
| **Revenue (£m)** | **5.4** | **2.6** | **109%** |
| **Annual Run Rate Revenue (£m)** | **12.3** | **5.7** | **114%** |

We have translated strong year on year AUA growth of 117% into 114% growth in Annual Run Rate Revenue, owing to the stable Contractual Revenue Margin. The Contractual Revenue Margin is the headline fee paid by customers before applying discounts for incremental pension savings above £100,000. The Contractual Revenue Margin increased by 1bp to 0.69% (1H 2020: 0.68%).

## Profitability Metrics

| | For the 6-month Period Ending | | |
|---|---|---|---|
| | **Jun-2021** | **Jun-2020** | **YoY** |
| Loss before tax (£m) | (12.8) | (5.2) | 145% |
| Adjusted EBITDA before Marketing (£m) (note 18) | (1.5) | (1.2) | -29% |
| **Adjusted EBITDA Margin before Marketing (% of Revenue)** | **(28)%** | **(45)%** | **+17ppt** |
| Adjusted EBITDA (£m) | (7.6) | (4.0) | -89% |
| **Adjusted EBITDA Margin (% of Revenue)** | **(141)%** | **(155)%** | **+14ppt** |

Over the first half of 2021, we were able to demonstrate operating leverage due to the scalability of the technology platform.

One of the key profitability metrics that we measure is Adjusted EBITDA Margin before Marketing. This measure includes Money Manager Costs and Technology Platform Costs and Other Operating Expenses, but excludes Advertising and Marketing Expenses (which generate long-term returns through long-standing customer relationships), Share-based Payments and Transactions Costs. A change in Adjusted EBITDA before Marketing is therefore an indicator of short term operating leverage. Adjusted EBITDA Margin before Marketing improved to (28)% for 1H 2021 from (45)% for 1H 2020, underscoring the scalability of the technology platform and the effectiveness of new feature releases that improved the efficiency of customer operations.

The second profitability metric that we measure is Adjusted EBITDA, which captures Advertising and Marketing Expenses but excludes Share-based Payments and Transaction Costs. Adjusted EBITDA Margin improved to (141)% for 1H 2021 from (155)% for 1H 2020.

## Money Manager Costs, Technology Platform Costs and Other Operating Expenses

| | For the 6-month Period Ending | | |
|---|---|---|---|
| | Jun-2021 | Jun-2020 | YoY |
| **Money Manager Costs (£m)** | **(0.9)** | **(0.4)** | **142%** |
| Employee Benefits Expense (excluding Share-based Payment) (£m) | (3.4) | (2.1) | 62% |
| Other Operating Expenses (£m) | (2.6) | (1.3) | 104% |
| **Technology Platform Costs and Other Operating Expenses (£m)** | **(6.0)** | **(3.4)** | **78%** |

**Money Manager Costs** increased to £0.9m at a slightly higher rate than Revenue, which was due to an increase in the number of new customers selecting funds with incrementally higher money manager fees.

**Employee Benefits Expense** increased to £3.4m primarily driven by an increase in the headcount in the second half of 2020. In contrast, we only grew headcount incrementally in the first half of 2021. Overall, headcount increased to 151 full-time employees as at 30 June 2021 from 99 full time employees as at 30 June 2020.

**Other Operating Expenses** increased to £2.6m owing to investments in technology, professional services and other corporate costs.

## Marketing Costs

| | As at Period End/ For the 6-month Period Ending | | |
|---|---|---|---|
| | Jun-2021 | Jun-2020 | YoY |
| **Cost per Invested Customer (CPIC) (£)** | **240** | **209** | **within threshold** |
| Marketing Costs (£m) | (6.1) | (2.9) | 114% |
| Marketing Costs / Revenue (x) | (1.13)x | (1.10)x | (0.03)x |

In line with our growth strategy, we continued to invest substantially in customer acquisition activities through a diversified marketing approach. The majority of the £55m primary capital raised as part of the IPO is earmarked for marketing expenditure. We monitor the customer acquisition cost (CPIC) very closely to ensure continued disciplined, data-led decision making and the maintenance of CPIC within our desired threshold of £200-250. Our increasingly sophisticated data platform tooling and our historical experience with brand and performance channels helped ensure the CPIC objective was achieved.

## Other Costs

| | For the 6-month Period Ending | | |
|---|---|---|---|
| | Jun-2021 | Jun-2020 | YoY |
| Share-based Payment (£m) | (2.0) | (1.1) | 80% |
| Transaction Costs (£m) | (2.9) | - | - |
| Finance Costs (£m) | (0.2) | - | - |
| Taxation (£m) | (0.1) | (0.1) | 0% |

**Share-based Payment** costs increased due to the accelerated vesting of options and the revision of the estimate on the occurrence of a liquidity event (being the IPO) in 1H 2021, which was not previously highly likely when assessed during 1H 2020. Another contributor to the cost increase was the introduction of the PensionBee new post IPO compensation regime, Deferred Share Bonus Plan (DSBP) in 1H 2021, for which an accrual was recorded.

**Transaction Costs** primarily consist of fees and expenses incurred in relation to the preparation for our IPO (which commenced at the end of 2020) and admission to trading on the London Stock Exchange.

**Finance Costs** are fees associated with a £10m Revolving Credit Facility (the "RCF") that we entered into with National Westminster Bank Plc on 22 March 2021, as part of a prudent liquidity management strategy. The RCF remains undrawn.

**Tax Credit** relates to enhanced tax credits in relation to routine Research and Development refunds. No deferred tax asset has been recognised for the carried forward losses.

## Basic Earnings per Share (EPS)

Basic and diluted EPS was (6.54)p for 1H 2021 (1H 2020: (2,389.88)p). These two EPS figures are not directly comparable due to a change in share capital as part of the reorganisation ahead of the IPO, together with the issuance of new shares as part of the IPO itself in April 2021.

Adjusting the 1H 2020 EPS for the impact of the IPO gives a comparable EPS of (2.99)p.

## Regulatory Capital and Financial Position

PensionBee Limited, a subsidiary of the Company, is authorised and regulated by the FCA and therefore adheres to capital requirement set by the FCA. As of June 2021, the capital resources stood at £41m as compared to a capital resource requirement of £0.8m, resulting in a coverage of 52x.

As of June 2021, the cash and cash equivalents balance was £55m (December 2020: £6.7m).

**Romi Savova**
Chief Executive Officer
20 September 2021

# Responsibility Statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements, prepared in accordance with IAS 34 'Interim Financial Reporting', give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the undertakings included in the consolidation taken as a whole as required by DTR 4.2.4R;
- the interim management reports includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the board:

**Romi Savova**
Chief Executive Officer
20 September 2021

# Independent Review Report to PensionBee Group plc

We have been engaged by PensionBee Group plc (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the Interim consolidated income statement, the Interim consolidated statement of financial position, the Interim consolidated statement of changes in equity, the Interim consolidated statement of cash flows and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

## Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## Use of our Report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

**Deloitte LLP**
Statutory Auditor
Birmingham
United Kingdom
20 September 2021

# Interim Consolidated Income Statement

## for the Period from 1 January 2021 to 30 June 2021

| | Note | Unaudited six months to 30 June 2021 £ 000 | Unaudited six months to 30 June 2020 £ 000 |
|---|---|---|---|
| Revenue | 4 | 5,395 | 2,585 |
| Employee benefits expense (excluding share-based payment) | | (3,435) | (2,118) |
| Share-based payment | | (1,953) | (1,087) |
| Depreciation expense | | (124) | (118) |
| Advertising and marketing | | (6,100) | (2,855) |
| Other expenses | | (3,447) | (1,621) |
| Transaction costs | | (2,898) | - |
| **Operating loss** | | (12,562) | (5,214) |
| Finance costs | | (205) | (6) |
| **Loss before tax** | | (12,767) | (5,220) |
| Taxation | 6 | 100 | 97 |
| **Loss for the period** | | (12,667) | (5,123) |
| **Total comprehensive loss for the period** | | (12,667) | (5,123) |
| | | | |
| **Earnings / (loss) per share (pence per share)** | | | |
| Basic and diluted | | (6.54) | (2,389.88) |

The above results were derived from continuing operations.

The notes on pages 18 to 25 form an integral part of these consolidated financial statements.

# Interim Consolidated Statement of Financial Position

as at 30 June 2021

| | Note | Unaudited 30 June 2021 £ 000 | Audited 31 December 2020 £ 000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 134 | 195 |
| Right of use assets | | 59 | 118 |
| | | 193 | 313 |
| **Current assets** | | | |
| Trade and other receivables | 8 | 3,816 | 1,506 |
| Cash and cash equivalents | | 55,047 | 6,736 |
| | | 58,863 | 8,242 |
| **Total assets** | | 59,056 | 8,555 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 9 | 221 | - |
| Share premium | | 53,218 | 30,322 |
| Share-based payment reserve | | 6,223 | 4,378 |
| Retained earnings | | (6,012) | (28,245) |
| **Total equity** | | 53,650 | 6,455 |
| **Current liabilities** | | | |
| Trade and other payables | 11 | 5,369 | 1,991 |
| | | 37 | 109 |
| | | 5,406 | 2,100 |
| **Total equity and liabilities** | | 59,056 | 8,555 |

Approved by the Board on 20 September 2021 and signed on its behalf by:

**Romi Savova**
Chief Executive Officer

The notes on pages 18 to 25 form an integral part of these consolidated financial statements.

# Interim Consolidated Statement of Changes in Equity

for the Period from 1 January 2021 to 30 June 2021

| | Share capital | Share premium | Share-based payment reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| | £ 000 | £ 000 | £ 000 | £ 000 | £ 000 |
| At 1 January 2020 | - | 23,111 | 2,204 | (14,982) | 10,333 |
| Loss for the period | - | - | - | (5,123) | (5,123) |
| Total comprehensive loss | - | - | - | (5,123) | (5,123) |
| Share-based payment transactions | - | - | 1,087 | - | 1,087 |
| At 30 June 2020 (unaudited) | - | 23,111 | 3,291 | (20,105) | 6,297 |

| | Share capital | Share premium | Share-based payment reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| | £ 000 | £ 000 | £ 000 | £ 000 | £ 000 |
| At 1 January 2021 | - | 30,322 | 4,378 | (28,245) | 6,455 |
| Loss for the period | - | - | - | (12,667) | (12,667) |
| Total comprehensive loss | - | - | - | (12,667) | (12,667) |
| Share-based payment transactions | - | - | 1,845 | - | 1,845 |
| Issue of share capital in PensionBee Limited | - | 4,765 | - | - | 4,765 |
| Group reorganisation | 180 | (35,088) | - | 34,908 | - |
| Issue of share capital in PensionBee Group plc | 33 | 54,967 | - | - | 55,000 |
| Transaction costs on issue of shares | - | (1,748) | - | - | (1,748) |
| Exercise of share options | 8 | - | - | (8) | - |
| At 30 June 2021 (unaudited) | 221 | 53,218 | 6,223 | (6,012) | 53,650 |

The notes on pages 18 to 25 form an integral part of these consolidated financial statements.

# Interim Consolidated Statement of Cash Flows

## for the Period from 1 January 2021 to 30 June 2021

| | Note | Unaudited six months to 30 June 2021 £ 000 | Unaudited six months to 30 June 2020 £ 000 |
|---|---|---|---|
| **Cash flows used in operating activities** | | | |
| Loss for the period | | (12,667) | (5,123) |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation | | 124 | 118 |
| Finance costs | | 205 | 6 |
| Share-based payment transactions | | 1,953 | 1,087 |
| Taxation | 6 | (100) | (97) |
| Operating cash flow before movement in working capital | | (10,485) | (4,009) |
| | | | |
| Working capital adjustments | | | |
| Increase in trade and other receivables | 8 | (1,867) | (401) |
| Increase/(decrease) in trade and other payables | 11 | 3,083 | (179) |
| Cash used in operations | | (9,269) | (4,589) |
| Income taxes received | 6 | - | 176 |
| Net cash flow used in operating activities | | (9,269) | (4,413) |
| | | | |
| **Cash flows used in investing activities** | | | |
| Purchase of property plant and equipment | | (3) | - |
| Net cash flows used in investing activities | | (3) | - |
| | | | |
| **Cash flows from / (used in) financing activities** | | | |
| Proceeds from issue of ordinary shares | | 59,765 | - |
| Transaction costs on issue of shares | | (1,748) | - |
| Payment of finance costs | | (359) | - |
| Repayment of lease liability | | (75) | (75) |
| Net cash flows from / (used in) financing activities | | 57,583 | (75) |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | 48,311 | (4,488) |
| **Cash and cash equivalents at 1 January** | | 6,736 | 10,191 |
| **Cash and cash equivalents at 30 June** | | 55,047 | 5,703 |

The notes on pages 18 to 25 form an integral part of these consolidated financial statements.

# Notes to the Financial Statements

for the Period from 1 January 2021 to 30 June 2021

## 1 Corporate information

The interim consolidated financial statements of PensionBee Group plc and its subsidiaries (collectively, the Group) for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 20 September 2021. PensionBee Group plc ("The Company") is a public limited company, whose shares are traded on the High Growth Segment of the London Stock Exchange (LSE), incorporated and domiciled in England and Wales.

The address of its registered office is:
City Place House
55 Basinghall Street
London
EC2V 5DX

**Principal activity**

The principal activity of the Group is that of a direct to consumer online pension provider. The Group seeks to make its UK customers 'Pension Confident' by giving them complete control and clarity over their retirement savings. The Group helps its customers to combine their pensions into one new online plan where they can contribute, forecast outcomes, invest effectively and withdraw their pensions (from the age of 55), all from the palm of their hand.

## 2 Accounting policies

**Basis of preparation**

The annual financial statements of PensionBee Group plc will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting'." The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with PensionBee Limited's annual financial statements as at 31 December 2020.

**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented and the interim period policies consistently comply with International Accounting Standard 34 'Interim Financial Reporting', unless otherwise stated.

**Acquisition of PensionBee Limited by PensionBee Group plc**

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction. From the acquisition date, PensionBee Limited became a subsidiary of PensionBee Group plc. On the same date, all the share options granted by PensionBee Limited to its employees were cancelled and replaced by share options granted by PensionBee Group plc.

The balance sheet at 31 December 2020 represents PensionBee Limited prior to the formation of the Group. The balance sheet at 30 June 2021 represents the Group.

# Notes to the Financial Statements

for the Period from 1 January 2021 to 30 June 2021

**Audit requirements**

The financial information for the six months ended 30 June 2021 is not audited by Deloitte LLP and accordingly no opinion has been given. The comparative financial information for the year ended 31 December 2020 has been extracted from the Annual Report & Accounts 2020. The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006 and does not reflect all of the information contained in PensionBee Limited's Annual Report & Accounts 2020. The annual financial statements for the year ended 31 December 2020, which were approved by the Board of Directors on 9 April 2021, received an unqualified audit report, did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 and have been filed with the Registrar of Companies.

**Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

## 3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following are the key sources of estimation uncertainty that the directors have made in the process of applying the Groups 's accounting policies and that have the most significant effect on the amounts recognised in the Interim Consolidated Financial Statements.

**Share-based payments**

The Group recognises an expense based on the likelihood of options vesting under the EMI, non-EMI Share Options Scheme and the Deferred Share Bonus Plan (DSBP). The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, estimates are revised to determine the charge for the year. The impact of the revision to original estimates, if any, are recognised in the Statement of Comprehensive Income, with a corresponding adjustment to equity.

The options vest in tranches over a service period of four years. The exercise period is up to ten years from the grant date. DSBP awards are granted at the end of the financial year once the annual bonus outturn has been determined and they vest in a little more than four financial years subject to continued service only.

At each reporting date, an estimate is made of the number of employees that will remain in service until their options or DSBP awards vest (non-market condition). No expense is recognised for options and DSBP awards that do not ultimately vest. A 5% change in employees retention rate will have a 3% impact on the charge for the period.

# Notes to the Financial Statements

for the Period from 1 January 2021 to 30 June 2021

## 4 Revenue

The analysis of the Group's revenue for the period from continuing operations is as follows:

| | Unaudited six months to 30 June 2021 £ 000 | Unaudited six months to 30 June 2020 £ 000 |
|---|---|---|
| Recurring revenue | 5,267 | 2,533 |
| Other revenue | 128 | 52 |
| | 5,395 | 2,585 |

The revenue was wholly derived from the United Kingdom.

## 5 Segment information

Operating segments and reporting segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Group considers that the role of CODM is performed by the Board of Directors. The CODM regularly reviews the Group's operating results to assess performance and to allocate resources. All earnings, balance sheet and cash flow information received and reviewed by the Board of Directors is prepared at a company level. The CODM considers that it has a single business unit comprising the provision of direct-to-consumer online pension consolidation and, therefore, recognises one operating and reporting segment with all revenue, losses before tax and net assets are attributable to this single reportable business segment.

## 6 Tax

Tax credited in the income statement

| | Unaudited six months to 30 June 2021 £ 000 | Unaudited six months to 30 June 2020 £ 000 |
|---|---|---|
| **Current taxation** | | |
| UK corporation tax | 100 | 97 |
| **Deferred taxation** | | |
| Arising from origination and reversal of temporary differences | - | - |
| Tax expense in the income statement | 100 | 97 |

Tax credit in the income statement relates solely to enhanced tax credits in relation to Research and Development.

# Notes to the Financial Statements

for the Period from 1 January 2021 to 30 June 2021

## 7 Earnings per share

Basic earnings per share is calculated by dividing the loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by dividing the loss attributable to ordinary equity holders of the Group adjusted for the effect that would result from the weighted average number of ordinary shares plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares under option. At each balance sheet date reported below, the following potential ordinary shares under option are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

| | Unaudited six months to 30 June 2021 £ 000 | Unaudited six months to 30 June 2020 £ 000 |
|---|---|---|
| Number of potential ordinary shares | 4,317,196 | 11,839 |
| Loss attributable to equity holders of PensionBee Group plc (2020: PensionBee Limited) (£) | (12,667,000) | (5,123,000) |
| Weighted average number of shares outstanding during the period - basic and diluted | 193,813,469 | 214,276 |
| Basic and diluted loss per share (pence per share) | (6.54) | (2,389.88) |

## 8 Trade and other receivables

| | Unaudited 30 June 2021 £ 000 | Audited 31 December 2020 £ 000 |
|---|---|---|
| Trade receivables | 1,003 | 708 |
| Prepayments and accrued income | 2,098 | 371 |
| Other receivables | 715 | 427 |
| | 3,816 | 1,506 |

# Notes to the Financial Statements

for the Period from 1 January 2021 to 30 June 2021

## 9 Share capital

**Allotted, called up and fully paid shares**

| | Unaudited 30 June 2021 | | Audited 31 December 2020 | |
|---|---|---|---|---|
| | No. 000 | £ 000 | No. 000 | £ 000 |
| Ordinary of £0.001 each | 221,213 | 221 | 221 | - |
| | 221,213 | 221 | 221 | - |

Shares at 31 December 2020 represents that of PensionBee Limited, shares at 30 June 2021 represent that of PensionBee Group plc.

## 10 Loans and borrowings

**Revolving Credit Facility**

On 22 March 2021, the Group entered into a revolving credit facility for up to £10 million with National Westminster Bank Plc as part of prudent capital management to provide it with further liquidity resources going forward.

As at 30 June 2021, no amounts have been drawn from the facility. Unamortised arrangement fees for the facility of £249,000 are included within prepayments.

## 11 Trade and other payables

| | Unaudited 30 June 2021 £ 000 | Audited 31 December 2020 £ 000 |
|---|---|---|
| Trade payables | 3,415 | 749 |
| Accrued expenses | 1,937 | 1,200 |
| Other payables | 17 | 42 |
| | 5,369 | 1,991 |

## 12 Financial assets and financial liabilities

The carrying value of the financial assets and liabilities are not materially different from their fair value.

# Notes to the Financial Statements

for the Period from 1 January 2021 to 30 June 2021

## 13 Share-based payments

### PensionBee 2015 EMI Share Option Scheme

**Scheme details and movements**

Under the PensionBee 2015 EMI Share Option Scheme share options were granted to the senior management of PensionBee. The exercise price of the share options was £0.001 on the date of grant.

The share options vested as follows:

(a) 33% of the shares on the first anniversary of the vesting commencement date; and
(b) the remaining 67% of the shares monthly in equal instalments over the following two years, so the options were fully vested on the third anniversary of the vesting commencement date.

At 30 June 2020 all options have been fully exercised and there is no intention to issue any further options under this scheme.

The fair value of equity-settled share options granted is estimated as at the date of grant, considering the terms and conditions upon which the options were granted.

The fair value of the share options granted is estimated at the date of grant by reference to the market value of the share. This market value is determined by that set by periodic funding valuations.

The exercise period is up to ten years from the grant date. There are no cash settlement alternatives.

The weighted average share option exercise price at date of exercise was £0.001. No shares were exercised in 2020.

### PensionBee EMI and Non EMI Share Option Scheme

**Scheme details and movements**

Under the PensionBee EMI and Non-EMI Share Option Scheme share options were granted to eligible employees who have passed their probation period at PensionBee. The exercise price of all share options is £0.001 per share.

25% of the shares vest on the first anniversary of the vesting commencement date with the remaining 75% of the shares vesting quarterly in equal instalments over the following three years.

The fair value of the share options granted is estimated at the date of grant by reference to the market value of a share. In the prior period, the market value of a share was determined by reference to the price paid by external investors as part of periodic funding rounds.

The weighted average fair value of share options granted during the six months ended 30 June 2021 was £1.65 (30 June 2020: £1,081.36. IPO impact adjusted fair value is £1.35)

In the prior period, share options could be exercised upon the occurrence of an exit event, a takeover, reconstruction, liquidation and sale of the business, to the extent they have vested. In the event that there has been no exit event before the tenth anniversary of the date of grant, the Directors may determine that an option holder may exercise their option in the 30 day period before such anniversary.

Total number of shares exercised during the six months ended 30 June 2021 is 8,124,404 (30 June 2020: £nil)

The total charge for the six months ended 30 June 2021 for share-based payments was £1,845,000 (30 June 2020: £1,087,000).

# Notes to the Financial Statements

for the Period from 1 January 2021 to 30 June 2021

## Deferred Share Bonus Plan

**Scheme details and movements**

The PensionBee DSBP is granted to eligible employees at the end of the financial year once the annual bonus outturn has been determined. The awards are issued at no cost.

The awards vest in a little over four financial years, the annual bonus year in which performance is determined, the period to grant and the three subsequent years in which it is deferred.

As DSBP awards are granted with dividend equivalents, the fair value of the awards will be the share price at grant.

The total charge for the six months ended 30 June 2021 for share-based payments was £107,234 (30 June 2020: £nil)

## 14 Significant events

**Ex-gratia payment to PensionBee Trustees Limited**

Over the period 18 November 2020 to 5 February 2021 FTSE Russell incorrectly excluded certain eligible constituents from an index (FTSE All Share ex Controversies, ex CW) widely used by State Street Global Advisors (SSGA) across several of its funds. This incorrect exclusion resulted in an adverse effect on the returns of consumers invested in the affected funds. The incorrect exclusion affected PensionBee Limited customers who were invested in the PensionBee Tracker Plan. The error was estimated to have reduced the performance of the affected plan by 0.3% which equates to approximately £664,000 for c.8,500 customers (c.£78 per customer).

Recognising that this was an exceptional event and wishing to ensure that its customers were not adversely affected, PensionBee Limited paid for, on an ex-gratia basis, the balances of its affected customers to be restored to the position they would have been in had FTSE Russell included all eligible constituents. This payment was not out of obligation but PensionBee Limited's desire to protect its customers and reputation. As at the signing of its Annual Report, PensionBee Limited was seeking redress from the responsible parties.

At 30 June 2021, the Group had received confirmation from SSGA that the full balance would be refunded along with a notional goodwill payment. The balance receivable is included in accrued income (note 8) at 30 June 2021, and was received on 5 July 2021, with the net goodwill payment recorded in other revenue.

## 15 Principal risks and uncertainties

The Board continually review the principal risk and uncertainties facing the Group that could pose a threat to the delivery of the strategic objectives. The Board believes that the nature of the principal risks and uncertainties that may have a material effect on the Group's performance over the remainder if the financial year remain unchanged from those presented within the 2020 annual report.

# Notes to the Financial Statements

for the Period from 1 January 2021 to 30 June 2021

## 16 Related party transactions

**Related party - Trustee's**

The following related party transactions occurred between PensionBee and PensionBee Trustees Limited:

(i) Payment of the PensionBee Trustees Limited bank fees on a quarterly basis. During the six months to 30 June 2021 bank fees amounted to £15,900 (30 June 2020: £6,100). There was no outstanding balance at six months ended 30 June 2021 (30 June 2020: £nil).

(ii) Compensation payments as a gesture of goodwill to customers that prefer to be compensated via a pension contribution or the purchasing additional units. During the six months ended 30 June 2021, these costs amounted to £6,400 (30 June 2020: £35,600). There was no outstanding balance at six months ended 30 June 2021 (30 June 2020: £nil).

(iii) Other payments to customers (e.g., referral rewards) Payments are made from PensionBee and invested into the customers fund from the PensionBee Trustees account. These payments can be found in 'Other Expenses' and 'Advertising and Marketing'. During the six months ended 30 June 2021 these costs amounted to £132,600 (30 June 2020: £53,000). There was no outstanding balance at six months ended 30 June 2021 (30 June 2020: £nil).

**Transactions with Directors**

During the six months ended 30 June 2021, PensionBee Limited made a payment to HMRC on behalf of Mark Wood (£105,279) and Joe Suddaby (£74,550). Both will reimburse PensionBee Limited.

During the year ended 31 December 2020, PensionBee was repaid in full an outstanding balance of £200 from R Savova. R Savova is a director and shareholder in PensionBee. The loan was interest free and repayable upon demand.

## 17 Non adjusting events after the financial period

**Revolving Credit Facility**

On 20 September 2021, PensionBee gave notice under its Revolving Credit Facility ("RCF") agreement with National Westminster Bank Plc to voluntarily cancel its £10 million facility which was otherwise due to terminate in March 2024. As of 20 September 2021, the facility was undrawn, and the Directors anticipated the facility would likely remain undrawn until its termination.

# Alternative Performance Measures

The Group uses a variety of alternative performance measures ('APM's') which are not defined or specified by IFRS, in particular Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA"). The Directors use a combination of APMs and IFRS measures when reviewing the performance and position of the Group and believe that each of these measures provides useful information with respect to the Group's business and operations. The Directors consider that these APMs illustrate the underlying performance of the business by excluding items considered by management not to be reflective of the underlying trading operations of the Group.

The APMs used by the Group are defined below and reconciled to the related IFRS financial measures:

**Adjusted EBITDA**

Adjusted EBITDA represents loss for the year before taxation, finance costs, depreciation, share-based compensation and transaction costs.

| | Unaudited six months to 30 June 2021 £ 0 | Unaudited six months to 30 June 2020 £ 0 |
|---|---|---|
| Operating loss | (12,562) | (5,214) |
| Depreciation expense | 124 | 118 |
| Share-based payment (1) | 1,953 | 1,087 |
| Transaction costs (2) | 2,898 | - |
| **Adjusted EBITDA** | **(7,587)** | **(4,009)** |
| Marketing costs | 6,100 | 2,855 |
| **Adjusted EBITDAM** | **(1,487)** | **(1,154)** |

(1) Relates to total annual charge in relation to share-based payment expense as detailed in note 13 to the Interim financial statements.
(2) Relates to expenses incurred in relation to preparation for admission to the London Stock Exchange.

# Definitions

| | |
|---|---|
| **Assets under Administration (AUA)** | Assets under Administration (AUA) is the total invested value of pension assets within PensionBee Invested Customers' pensions. It measures the new inflows less the outflows and records a change in the market value of the assets. AUA is a measurement of the growth of the business and is the primary driver of Revenue. |
| **AUA Retention Rate (% of AUA)** | AUA Retention measures the percentage of retained PensionBee AUA from Transfer Outs over the average of the year. High AUA retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction. |
| **Registered Customers (RC)** | Registered Customers (RC) measures customers who have started the sign-up process and have submitted at least a name and an email address and includes those customers who are classified as Active Customers. |
| **Active Customers (AC)** | Active Customers means all customers who have requested to become an Invested Customer by accepting PensionBee's terms of business but for whom the transfer or contribution process is not yet completed and all customers who are classified as Invested Customers. |
| **Invested Customers (IC)** | Invested Customers (IC) means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans. |
| **Customer Retention Rate (% of IC)** | Customer Retention Rate measures the percentage of retained PensionBee Invested Customers over the average of the year. High customer retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction. |
| **Cost per Invested Customer (CPIC)** | Cost per Invested Customer (CPIC) means the cumulative advertising and marketing costs incurred since PensionBee commenced trading up until the relevant point in time divided by the cumulative number of Invested Customers at that point in time. This measure monitors cost discipline of customer acquisition. PensionBee's desired CPIC threshold is £200-£250. |
| **Same Year RC:IC Conversion (% of RC)** | Same Year RC:IC Conversion percentage is calculated by dividing the number of Invested Customers as at the end of the period by the number of Registered Customers at the end of the period. This measure monitors PensionBee's ability to convert customers through the acquisition funnel. |
| **Contractual Revenue Margin (% of AUA)** | Contractual Revenue Margin means the weighted average contractual fee rate across PensionBee's investment plans (before applying any size discount) calculated by reference to the amount of AUA held in each plan across the period. |
| **Annual Run Rate (ARR) Revenue** | Annual Run Rate (ARR) Revenue is calculated using the Recurring Revenue for the relevant month multiplied by 12. |
| **Adjusted EBITDA** | Adjusted EBITDA is the profit or loss for the year before taxation, finance costs, depreciation, share-based payment and transaction costs. |
| **Adjusted EBITDA Margin** | Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of Revenue for the relevant period. |
| **Basic Earnings per Share (EPS)** | Basic Earnings per Share is calculated by dividing the loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period. |

**PensionBee Executive Directors**
Romi Savova (Chief Executive Officer)
Jonathan Lister Parsons (Chief Technology Officer)

**PensionBee Non-Executive Directors**
Mark Wood CBE (Independent Chairman)
Mary Francis CBE (Senior Independent Non-Executive Director)
Michelle Cracknell CBE (Independent Non-Executive Director)

**Company Secretary:** Prism Cosec Limited, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH, United Kingdom

**Registered number:** 13172844

**Registered office:** City Place House, 55 Basinghall Street, London, EC2V 5DX, United Kingdom

**Auditor:** Deloitte LLP, 4 Brindley Pl, Birmingham, B1 2HZ, United Kingdom