

## **PensionBee Group plc**

Incorporated in England and Wales

Registration Number: 13172844

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**20 October 2022**

### **PensionBee Group plc**

#### **Trading Update for the nine months ending 30 September 2022**

##### **Successful execution of Growth Strategy On track to achieve Profitability Objectives**

PensionBee Group plc ('PensionBee' or the 'Company'), a leading online pension provider, today announces a trading update for the nine months ending 30 September 2022.

#### **Highlights**

- Invested Customers increased 68% to 174,000 (September 2021: 104,000) with a Registered Customer base of 956,000 (September 2021: 602,000).
- Assets under Administration ("AUA") increased by 24% year on year to £2,788m (September 2021: £2,247).
- Customer Retention Rate remained high at 97% (September 2021: 97%).
- Annual Run Rate Revenue increased by 27% to £18m (September 2021: £14m).
- On track to achieve profitability objectives, including Adjusted EBITDA profitability, by the end of 2023.

PensionBee continued growing its customer base over the first nine months of the year, demonstrating the strength of its proposition and the vast UK market opportunity. The Company deployed its marketing expenditure effectively, reducing its Cost per Invested Customer to £253, with further decreases planned towards the end of the year.

The Company's Assets under Administration and Revenue have remained resilient despite global market volatility, underpinned by strong net flows from new and existing customers and a Customer Retention Rate of 97%.

#### **Outlook**

The opportunity for growth remains significant given the size and scale of the UK Defined Contribution pensions market.

The Board is pleased with the progress PensionBee has made against its core KPIs, demonstrating how the customer-focused proposition is resonating with a broad range of customers.

Revenue remains resilient, with high double digit Revenue growth expected in the short-term. Given that markets are likely to remain subdued, the Board expects that full year Revenue will finish within the guidance range previously provided, around the £17-18m mark, based on marketing spend of approximately £17m for the full year.

Scalability of the overall cost base continues to progress according to expectations. The Company expects to reach pre-marketing profitability by the end of 2022, demonstrating the scalability of its technology operations and paving the way for Adjusted EBITDA profitability by the end of 2023.

Romi Savova, CEO of PensionBee, commented:

*“A challenging consumer environment means that careful money management is more important than ever and our customer-focused proposition puts us in a strong position to capitalise on the vast market opportunity ahead.*

*It is a turbulent and uncertain time for global markets, however PensionBee continues to drive forward, both in customer growth and towards its profitability objectives.”*

## Analyst and Investor Presentation

There will be a presentation for analysts and investors this morning at 8:30am via webcast. Please contact [pensionbee@tulchangroup.com](mailto:pensionbee@tulchangroup.com) if you would like to attend.

## Financial Summary

	As at Period End			YoY change
	Sept-2021	Dec-2021	Sept-2022	
<b>AUA (£m)<sup>1</sup></b>	<b>2,247</b>	<b>2,587</b>	<b>2,788</b>	<b>24%</b>
AUA Retention Rate (% of AUA) <sup>2</sup>	>95%	>95%	>95%	Stable
Registered Customers (thousands) <sup>3</sup>	602	658	956	59%
Active Customers (thousands) <sup>4</sup>	155	172	265	70%
Invested Customers (thousands) <sup>5</sup>	104	117	174	68%
Customer Retention Rate (% of IC) <sup>6</sup>	>95%	>95%	>95%	Stable
Cost per Invested Customer (£) <sup>7</sup>	250	246	253	As guided
Same Year RC: IC Conversion (% of RC) <sup>8</sup>	17%	18%	18%	1 ppt
Contractual Revenue Margin (% of AUA) <sup>9</sup>	0.70%	0.69%	0.69%	Stable

	For the Trailing 12-month Period Ending			YoY change
	Sept-2021	Dec-2021	Sept-2022	
<b>LTM Revenue (£m)<sup>10</sup></b>	<b>11</b>	<b>13</b>	<b>17</b>	<b>52%</b>
Annual Run Rate Revenue (£m) <sup>11</sup>	14	16	18	27%
LTM Adjusted EBITDA (£m) <sup>12</sup>	(15)	(16)	(23)	-48%
LTM Adjusted EBITDA Margin (% of Revenue) <sup>13</sup>	(141)%	(129)%	(137)%	4ppt

	For the 9 (or 12, as relevant) month Period Ending			
	Sept-2021	Dec-2021	Sept-2022	YoY change
<b>Revenue (£m)<sup>10</sup></b>	<b>9</b>	<b>13</b>	<b>13</b>	<b>44%</b>
Adjusted EBITDA (£m) <sup>12</sup>	(12)	(16)	(18)	-54%
Adjusted EBITDA Margin (% of Revenue) <sup>13</sup>	(133)%	(129)%	(143)%	-9ppt

	For the Period Ending			
	Sept-2021	Dec-2021	Sept-2022	YoY change
<b>Opening AUA (£m)<sup>1</sup></b>	<b>1,358</b>	<b>1,358</b>	<b>2,587</b>	<b>91%</b>
Gross Inflows (£m)	824	1,099	838	2%
Gross Outflows (£m)	(104)	(145)	(150)	-45%
<b>Net Inflows (£m)</b>	<b>720</b>	<b>955</b>	<b>688</b>	<b>-4%</b>
Market Growth and Other (£m)	169	275	(487)	n/m
<b>Closing AUA (£m)<sup>1</sup></b>	<b>2,247</b>	<b>2,587</b>	<b>2,788</b>	<b>24%</b>

- 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 measures the percentage of retained PensionBee AUA from Transfer Outs over the average of the trailing twelve months. High AUA retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction.
- 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”) 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”) means those customers who have transferred pension assets or made contributions into one of PensionBee’s investment plans.
- Customer Retention Rate measures the percentage of retained PensionBee Invested Customers over the average of the trailing twelve months. High customer retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction.
- 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 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 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.
- Revenue means the income generated from the asset base of PensionBee’s customers, essentially annual management fees charged on the AUA, together with a minor revenue contribution from other services.
- Annual Run Rate (“ARR”) Revenue is calculated using the Recurring Revenue for the relevant month multiplied by 12.

- 12 Adjusted EBITDA is the profit or loss for the period before taxation, finance costs, depreciation, share based compensation and transaction costs.
- 13 Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of Revenue for the relevant period.

## **Contacts**

### **Tulchan Communications**

James Macey White  
Elizabeth Snow  
Laura Marshall

pensionbee@tulchangroup.com  
+44 (0)20 7353 4200

### **PensionBee**

Rachael Oku  
Laura Dunn-Sims

press@pensionbee.com

## **About PensionBee**

PensionBee is a leading online pension provider, enabling customers to interact with their savings through its unique combination of smart technology and dedicated customer service.

Since it was founded in 2014 by Romi Savova, PensionBee has been a challenger in an industry ripe for disruption. It has grown rapidly by helping consumers to solve the challenges they face when it comes to locating, combining and managing their pension savings. PensionBee counts 174,000 Invested Customers from 18-80 years of age with £2.8 billion in Assets under Administration as at 30 September 2022. Its range of pension plans are tailored to its customers and are managed by some of the world's largest money managers including BlackRock, HSBC, Legal & General and State Street Global Advisors.

PensionBee uses its proprietary technology and Open APIs to allow customers to manage their pension easily, view their live balance, and with the help of a smart calculator to plan their savings, make contributions and withdrawals online, all with transparency on fees. It continuously engages with customers through its dedicated customer account managers using jargon-free communication and listens to feedback to develop new tools which help customers to easily plan for their retirement. PensionBee has consistently maintained a Customer Retention Rate and an AUA Retention Rate of >95% and an Excellent Trustpilot rating.