

PensionBee Group plc

Incorporated in England and Wales

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PensionBee Group plc

Trading Update for the year ending 31 December 2021

Revenue Growth over 100% exceeds guidance with continued strong growth across all core KPIs

PensionBee Group plc (“PensionBee” or “the Company”), a leading online pension provider, today announces a trading update for the year ending 31 December 2021.*

Highlights*

- Revenue growth of 103% year on year to £13m (2020: £6m) ahead of guidance, with December Annual Run Rate Revenue of £16m and resilient contractual gross revenue margin of 69bps
- Continued to deliver strong performance across all core KPIs during the fourth quarter, in line with guidance and expectations
- Assets under Administration (AUA) increased by 91% year on year to £2.6bn (2020: £1.4bn), driven predominantly by strong net flows from new and existing customers and supported by market growth
- Registered Customer base increased by 63% year on year to 658,000 (2020: 403,000)
- Invested Customer base increased by 70% year on year to 117,000 (2020: 69,000)
- Continued improvement in same-year conversion of Registered Customers to Invested Customers to 18% (2020: 17%)
- Excellent Trustpilot rating and Customer Retention Rate of >95% maintained

The Company has continued to scale up investment in marketing, with a focus on maximising return on investment whilst ensuring that Cost per Invested Customer (“CPIC”) remains within the desired range of £200-250, as previously communicated. Total AUA has increased by 91% year on year driven by both new and existing customer inflows, demonstrating that the product offering continues to resonate strongly with customers as well as the effectiveness of the marketing campaigns to date. The average pension pot size has continued to increase as pension savings across the country grow and as the Company continues to attract more mature savers.

The Company remains at the forefront of innovation, developing its scalable, industry-leading technology platform. Over the year, the Company continued to invest in automation, driving operational efficiency and margin improvement. New product releases have enabled customers to self-serve, complementing the Company’s excellent customer service capabilities. In addition, the Company’s proprietary data platform provides important insights into consumer behaviour, supporting decision-making to optimise marketing and return on investment.

Outlook

The Board remains confident in the continued growth opportunity for the Company and is pleased to re-iterate the medium-term financial guidance provided at the time of the IPO. In addition, due to increasing revenue visibility as customer numbers continue to grow, the Board now announces additional short-term guidance for FY2022. The Company is expected to generate in excess of £20m of revenue for FY2022. Further margin improvement during the year will enable Adjusted EBITDAM profitability by December 2022, assuming relative market stability.

The Company will continue to invest in marketing and customer acquisition through 2022 to ensure that it is best positioned to capture the significant opportunity in the UK defined contribution pensions market. The Board anticipates that marketing spend will be weighted towards H1 2022, with CPIC experiencing a strong decline towards the end of the year.

Preliminary results for the 12 months to 31 December 2021 will be released on 17 March 2022.

It is expected that PensionBee will transition from the High Growth Segment to the Premium Segment of the Main Market in the first half of 2022.

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

Romi Savova, CEO of PensionBee, commented:

“We are delighted to report another period of strong operational and financial performance, with revenue growing by more than 100% year on year - in excess of our guidance given at the time of our IPO. Our focus on efficient, data-led marketing has helped us to increase our customer base considerably as we continue to seize the significant opportunities in front of us. We are looking forward to further capitalising on these market drivers in the year ahead, responding to our customers’ needs in order to help everyone achieve a happy retirement.”

Financial Summary*

	As at Period End			
	Dec-2019	Dec-2020	Dec-2021	YoY change
AUA (£m)¹	745	1,358	2,587	91%
AUA Retention Rate (% of AUA) ²	>95%	>95%	>95%	Stable
Registered Customers (thousands) ³	232	403	658	63%
Active Customers (thousands) ⁴	64	119	172	44%
Invested Customers (thousands) ⁵	38	69	117	70%
Customer Retention Rate (% of IC) ⁶	>95%	>95%	>95%	Stable
Cost per Invested Customer (£) ⁷	206	232	246	Within Threshold
Same Year RC: IC Conversion (% of RC) ⁸	16%	17%	18%	+1 ppt
Contractual Revenue Margin (% of AUA) ⁹	0.68%	0.69%	0.69%	Stable

	For the Period Ending			
	Dec-2019	Dec-2020	Dec-2021	YoY change
Revenue (£m)¹⁰	4	6	13	103%
Annual Run Rate Revenue (£m) ¹¹	5	9	16	85%
Adjusted EBITDA (£m) ¹²	(6)	(10)	(16)	57%
Adjusted EBITDA Margin (% of Revenue) ¹³	(166)%	(166)%	(128)%	+38 ppt

	For the Period Ending			
	FY-2019	FY-2020	FY-2021	YoY change
Opening AUA (£m)¹	328	745	1,358	82%
Gross Inflows (£m)	378	593	1,099	85%
Gross Outflows (£m)	(34)	(70)	(145)	106%
Net Inflows (£m)	344	523	955	83%
Market Growth and Other (£m)	73	90	275	n/m
Closing AUA (£m)¹	745	1,358	2,587	91%

* Financial results for FY-2021 are unaudited.

- 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.

- 10 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.
- 11 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.

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About PensionBee

PensionBee is a leading online pension provider, enabling customers to manage 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 172,000 Active Customers from 18-80 years of age with £2.6 billion in Assets under Administration as at 31 December 2021. 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.

PensionBee is admitted to trading on the High Growth Segment of the London Stock Exchange's Main Market (LON:PBEE).