PensionBee

Annual Report and Financial Statements 2021

www.pensionbee.com

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Strategic Report

1 PensionBee at a Glance

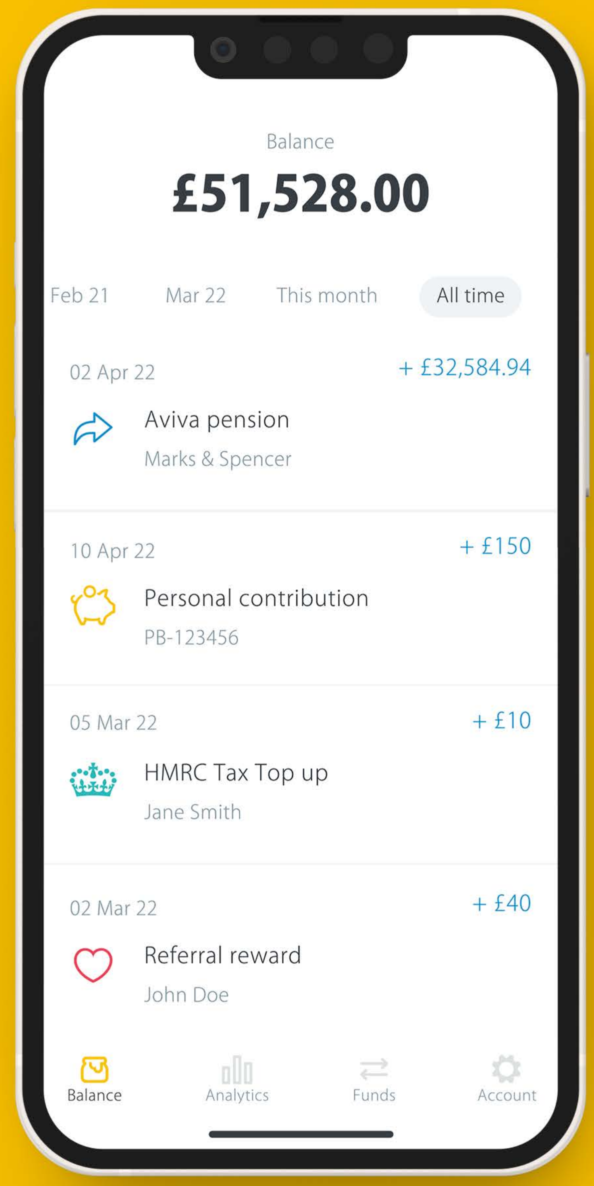
PensionBee is a leading online pension provider. Our mission is to make pensions simple, so that everyone can look forward to a happy retirement.

PensionBee is a leading online pension provider[1] in the UK, with a mission to make pensions simple, so that everyone can look forward to a happy retirement. We are a direct-to-consumer financial technology company with approximately 117,000 Invested Customers and £2.6bn of Assets under Administration as at 31 December 2021.[2] We deliver a leading customer proposition to pension holders in the UK defined contribution pensions market, catering for the many people who have historically struggled to understand, prepare for and manage their retirement confidently.

We seek to make our customers 'Pension Confident' by giving them control and clarity, enabling them to interact with their retirement savings through a unique combination of smart technology and dedicated customer service. Our technology platform allows customers to combine their pensions and invest in a range of online plans, forecast how much they are expected to have saved by the time they retire, and make withdrawals from the age of 55. Our customers rate our service highly, as evidenced by our Excellent Trustpilot score of 4.6★ out of 5 (based on 6,288 reviews)[3], our App Store rating of 4.8★ out of 5 (based on 3,236 ratings)[3] and our Customer Retention Rate which is consistently in excess of 95%.[2]

For the year ended 31 December 2021, PensionBee's Revenue was £12.8m, representing a growth rate of 103% as compared to £6.3m for 2020.[2] Adjusted EBITDA for 2021 was £(16.4)m as compared to £(10.4)m for 2020, with an Adjusted EBITDA Margin of (129)% for 2021 as compared to (166)% for 2020, reflecting strong and scalable investment in the Company's growth.[2] Loss before Tax increased to £25.0m for 2021 as compared to £13.5m for 2020, explained by increased Adjusted EBITDA together with an increase in the non-cash items, non-recurring and finance costs.[2]

1 Supported by PensionBee's Trustpilot TrustScore as at 31 December 2021 of 4.6★ out of 5 (based on 6,288 reviews), comparing favourably to other key pension providers who operate in the UK Defined Contribution pensions market, together with PensionBee's industry awards as set out on page 15 of the About Us section of the Strategic Report.
2 See definitions on pages 30 and 31 of the Measuring Our Performance section of the Strategic Report. PensionBee's KPIs include alternative performance measures ('APMs'), including Adjusted EBITDA and Adjusted EBITDA Margin. 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 additional insight into the underlying performance of PensionBee and aid comparability of information between reporting periods.
3 Compares to the Trustpilot score of 4.7★ out of 5 (based on 3,784 reviews) and an App Store rating of 4.8★ out of 5 (based on 486 ratings) as at 31 December 2020.



Trustpilot

Excellent 4.6 out of 5 Rating

£2.6bn
2021 Assets under Administration[2]
91% on 2020

£12.8m
2021 Revenue[2]
103% on 2020

£16.3m
2021 Annual Run Rate Revenue[2]
85% on 2020

£(16.4)m
2021 Adjusted EBITDA[2]
-58% on 2020

(129)%
2021 Adjusted EBITDA Margin[2]
+37ppt on 2020[4]

£(25.0)m
2021 PBT[2]
85% on 2020

(11.86)p
2021 EPS[2]
-55% on 2020[5]

658k
2021 Registered Customers[2]
63% on 2020

117k
2021 Invested Customers[2]
70% on 2020

>95%
2021 Customer Retention[2]
stable

4 Represents absolute change in Adjusted EBITDA Margin from (166)% as at 31 December 2020 to (129)% as at 31 December 2021.
5 2020 Earnings Per Share ('EPS') was adjusted for the impact of the IPO to give a comparable EPS of (7.67)p as set out in Note 11 of the Financial Statements..

2 Chairman's Statement

"Planning for the future has never been more important. Our straightforward approach to enabling individuals to take control of their pensions has continued to resonate and attract people of all ages and demographics across the country.

We are delighted to report on another very successful year for PensionBee, with the strength of our customer proposition continuing to resonate across the UK. Reporting for our first year following the Company's Initial Public Offering ('IPO') in April, our team delivered impressive growth and financial results firmly on-track, underpinned by our sound business model, driven by leadership across product and technology and the calibre of our people.

We reported strong growth across our key metrics. During 2021, we saw the number of customers with retirement savings invested with PensionBee increase by 70% and the Assets under Administration that we hold on their behalf climbing by more than 90% from £1.4bn to £2.6bn.[6] Correspondingly, our Revenue more than doubled from £6.3m in 2020 to £12.8m in 2021, and our Annual Run Rate Revenue increased by 85% from £8.8m to £16.3m over the same period.[6] Further data-led customer acquisition and continued investment in our technology and people should see us continue to scale and progress on our path to profitability.

Our mission at PensionBee is to make pensions simple, ensuring that our customers have complete clarity over their financial futures. Planning for the future has never been more important, especially set against the backdrop of the global pandemic and given the economic outlook as interest rates and inflation begin to rise. Our straightforward approach to enabling individuals to take control of their pensions has continued to resonate and attract people of all ages and demographics across the country, who are rightly concerned with ensuring that they are properly prepared for their retirement. We appreciate that we are the guardians of their savings set aside to finance their futures beyond work, and we take this responsibility to heart.

We do this through the technology that we have created. But technology alone is not enough. Our Customer Success team is at the very heart of our business and their skills, energy and dedication are what has enabled us to establish a reputation for service that sets the gold standard for the pensions industry. As we continue to grow rapidly, we will maintain close watch over the standard of service that we deliver to all our customers, which is of paramount importance.

Despite the unprecedented challenges that 2021 has brought for society as a whole, dominated by the pandemic, our people have worked tirelessly, showing dedication and great resolve throughout. On behalf of the Board and our shareholders, I would like to extend my sincerest thanks to each and every one of the PensionBee team.

Governance

The Board is committed to upholding the highest standards of corporate governance across the business and ensuring that these principles are embedded into our culture. At the time of our IPO, we stated our intention to voluntarily comply with the UK Corporate Governance Code, which has paved the way for our expected transition to the Premium Segment of the London Stock Exchange.

We are focused on maintaining the right balance of skills, experience and diversity throughout the business, and are pleased to have maintained gender-balance across the Board and Executive Management team, which we firmly believe helps to drive the best outcomes.

6 See definitions on pages 30 and 31 of the Measuring Our Performance section of the Strategic Report.

The Board continues to provide support and appropriate challenge to the Executive Management team to ensure that the strategy is sound, achievable and ultimately delivered. Full details of the work of the Board and its Committees are set out in the Corporate Governance Report from page 57.

We believe that effective stakeholder engagement is key to the long-term sustainable success of our business and as such, our goal is to proactively engage with our key stakeholders, to understand their needs and interests and to respond accordingly. When the Board makes decisions, we consider our customers, employees, shareholders, communities, suppliers, government and regulators and our planet. Further detail is set out on pages 32 to 39 of the Stakeholders section of the Strategic Report.

Environmental, Social and Governance

Effectively managing our Environmental, Social and Governance ('ESG') priorities will help preserve our resilience and drive long-term value for all our stakeholders. We continue to pursue our ESG work transparently, disclosing our targets and relevant metrics, and believe this approach supports accountability and helps our stakeholders to be informed about our progress.

Of note, this year we are pleased to have integrated ESG into our investment range to secure sustainable value for our customers, our society and our planet, closing two plans that could not be screened under our ESG policy. We continued to minimise our impact on the environment through our remote working policy and as a paperless provider and encouraged other pension companies to stop sending out millions of paper statements each year.

As part of our commitment to increasing our transparency in all the strands of ESG, we disclosed under the Sustainability Accounting Standards Board, Workforce Disclosure Initiative and the Streamlined Energy and Carbon Reporting ('SECR') frameworks for the first time. We will disclose under additional frameworks as data becomes available and as it relates to future incoming regulation in respect of climate-related disclosures. Further details on our ESG activities can be found on pages 42 to 51 of the ESG Considerations section of the Strategic Report and our SECR Reporting is set out on pages 97 to 103 of the Directors' Report within the Corporate Governance Report.

Outlook

We believe that growth in the UK pensions market will continue at pace, being driven by the supportive regulatory framework and favourable policy changes, the acceleration of the transition to digital technology and underlying trends in the employment market that increasingly demand a modern pension consolidation solution.

New opportunities and developments in technology are expected to continue to accelerate change in the pensions industry in ways that will ultimately benefit all consumers. PensionBee has already built a technology platform, a product and a team that can continue to scale quickly, capturing this ever growing 'mass-market' opportunity, allowing individuals to manage all their pensions in one place, through an efficient and scalable platform.

With a leading customer proposition, a resilient business model, and a robust capital position, we believe that we are uniquely positioned to continue to grow at pace and we look forward to 2022 being yet another exciting year in the PensionBee story.

Mark Wood CBE
Chairman
13 April 2022

3 Chief Executive Officer's Review

> “ Whilst our metrics shine a light on the health of the business operations and the competitive advantage of our proprietary technology, it is our culture that ultimately enables our Company to deliver top performance.

As a fast-growing company, we are used to regularly breaking our own records and setting the standards and benchmarks that we hold ourselves up to. From the outstanding quality of our innovative technology platform and user experience to the rapid customer service we offer consumers seeking to take control of their pensions, PensionBee aims to lead the industry in everything we do.

I am often asked whether we can continue to meet and beat our own expectations even as we grow rapidly. I reflect on this question every year as I examine our results and reflect on our achievements.

By many measures, 2021 has been a milestone year for PensionBee. Our successful Initial Public Offering ('IPO') enabled us to welcome new shareholders who, like us, believe in our mission to make pensions simple so everyone can look forward to a happy retirement. We were particularly proud to facilitate a customer offer, giving our loyal and supportive customer base the opportunity to participate in the IPO. The £55m of primary proceeds that we raised from both institutions and customers enabled us to continue investing in our brand and technology, ultimately giving our 117,000 Invested Customers the 'pension confidence' to entrust us with approximately £2.6bn of their pension savings.[7]

We delivered this growth in Assets under Administration[7], again reflecting an annual growth rate of more than 90% against a backdrop of consistently high customer satisfaction. We maintained our Excellent Trustpilot rating of 4.6★ and app store ratings of 4.8 and 4.7 on the Apple Store and Google Play Store respectively. Our internally measured Net Promoter Score was an industry-leading 63[8], reflecting the enormous importance we place on keeping our customers happy. We are delighted to see the positive impact of product innovations including our 60-second 'easy bank transfer' contribution feature, personalised tax codes for withdrawing customers, a highly detailed transfer tracker and transactional push notifications to keep our customers informed of key transactions in their BeeHive.

7 See definitions on pages 30 and 31 of the Measuring Our Performance section of the Strategic Report.
8 PensionBee's externally measured NPS is 75. Source: Boring Money, 2022.

We seek to lead our industry on product and service innovation, but are also committed to ensuring that our business delivers a positive impact on our society and our planet. In 2021, we strengthened our commitment to international corporate transparency frameworks such as the Sustainability Accounting Standards Board and Workforce Disclosure Initiative, further integrated ESG into our core investment range and continued to work with our asset managers to assert our customers' views on Living Wages, and gender and ethnicity pay gaps.

Whilst our metrics shine a light on the health of the business operations and the competitive advantage of our proprietary technology, it is our culture that ultimately enables our Company to deliver top performance. The pandemic and rapid changes in working patterns have tested the resilience of every business in the world. Our values of love, quality, honesty, innovation and simplicity, and the ways in which we demonstrate them on a daily basis, have allowed us to thrive.

We celebrate our diversity regularly because we know that honouring the uniqueness of every individual is what makes PensionBee a special place to advance one's career. The commitment to our employees stems from the leadership team and this year we were proud to learn that 92% of our employees would recommend PensionBee to a friend as a great place to work.

Looking ahead to 2022, we will continue to implement our ambitious growth plan to acquire more customers and to use our unique technology and innovative product offering to help them manage their pensions throughout their lifetime. We are proud to serve our customers on this path of purpose to make a happy retirement possible for all.

Romi Savova
Chief Executive Officer
13 April 2022

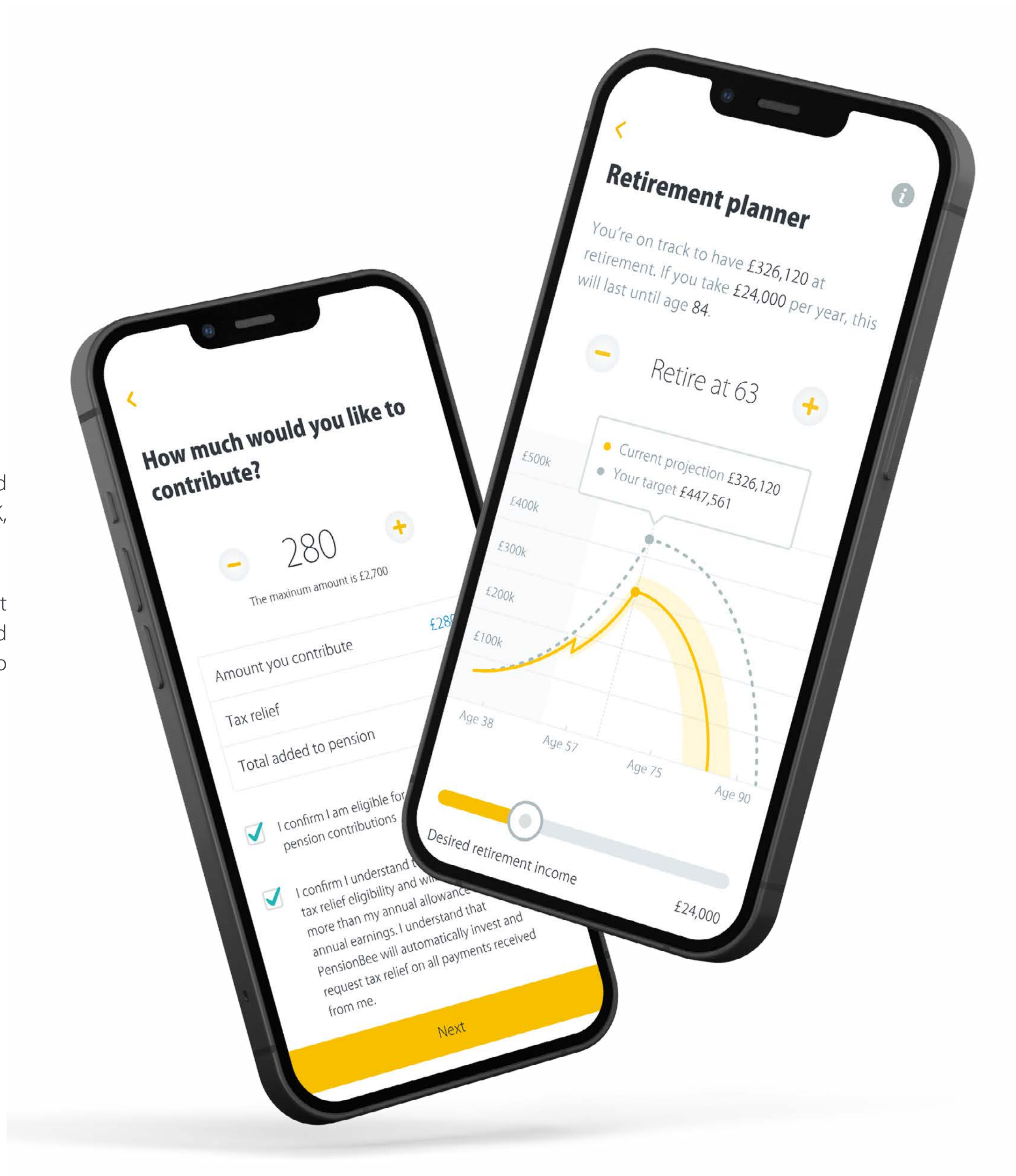
4 About Us

Our History

Since inception, we have been a consumer champion in a highly complex industry, ripe for disruption

PensionBee was co-founded in 2014 by Romi Savova, its current Chief Executive Officer and Jonathan Lister Parsons, its current Chief Technology Officer, to simplify pension savings in the UK, following a difficult pension transfer experience for Romi using traditional platforms.

Since then, we have been challenging the status quo of an industry that has evolved without sufficient focus on consumer needs, characterised by poor communication, opaque fees and cumbersome processes. PensionBee is on a mission to make pensions simple for everyone and to change the industry for the better.



Our Vision

We strive to help our customers achieve a happy retirement in the form of financial freedom, good health and social inclusion. Our vision acts as a blueprint for all our business activities, from outstanding customer service and intuitive product design, to investment solutions with some of the world's largest money managers and impactful corporate and social responsibility initiatives. As a pensions company with a long-term horizon for our customers, we seek to look beyond short-term gains to help our customers achieve a sustainable retirement income.

Financial Freedom

Our customers have a large variety of retirement goals and ambitions, whether purchasing homes close to their children, travelling around the world or simply living without any financial worries. Each customer is unique, but to achieve their ideal retirement, they all need sufficient income to cover their living expenses for the rest of their lives. This, at its core, is the concept of financial freedom.

For too long, consumers have struggled to manage their retirement savings. Pensions are often complicated and, combined with the added intricacies that can result from the accrual of multiple pension plans from different employers over the course of a career, present a significant obstacle for consumers wanting to take control of their retirement savings. PensionBee's technology platform is designed to make it easy for customers to both understand and consolidate their pensions, to invest in a range of diversified plans and, from the age of 55, to make on-demand and appropriate withdrawals. Through access to pension calculators and retirement forecasting tools, we seek to help our customers understand how much they need to save in order to achieve their desired income in retirement.

Good Health

We believe that good physical and mental health can be a major determinant of happiness in later life. Whilst quality nutrition and safe living conditions are important contributors to good health, we also believe that financial wellbeing can have a significant role to play.

Our platform has been designed in a user-friendly way so as to limit the stresses of engaging with one's pension and to help customers exercise greater control over their financial future.

Similarly, we also want to give our customers greater peace of mind by offering more ethically and environmentally conscious investment alternatives. Not only is there quantitative evidence from industry experts suggesting that sustainable investments yield greater returns, but there are significant financial risks associated with investing in pollutants such as oil and tobacco producers. These financial risks can be aggravated by government action (whether through outright bans or taxes), civil lawsuits, and adverse media coverage. In facilitating sustainable investments, we seek to enhance our customers' long-term pension wealth as well as their mental wellbeing.

Social Inclusion

We believe that the Company's product must be built to help people from all backgrounds to save for retirement. The UK's statutory secondary school national curriculum contains little formal financial education, and over the course of their lives, individuals do not all have the same exposure to financial concepts. As a result, many struggle to navigate the pensions system as adults.

By designing and building our product in recognition of these realities, we seek to help our customers overcome these educational barriers. For example, our technology platform is designed to make it easy and intuitive for customers to combine their pensions, we offer tools such as pension calculators and retirement forecasting tools to help customers plan ahead and make suitable contributions, we help savers make on-demand and appropriate withdrawals, and we support all of this with excellent customer service and jargon-free communication.

In addition, we are an advocate for greater gender equality in UK companies. There is a large body of research suggesting that women have been held back by a lack of equal opportunities and systemic inequalities that prevent career progression. Research conducted by PensionBee suggests that these inequalities are perpetuated in later life with men having significantly larger pensions than women after the age of 45, despite having a shorter life expectancy. In recognition of these inequalities, PensionBee's first Charter pledge taken in 2019 was to maintain at least 50% gender diversity in its senior management through to 2021, which it has achieved. For 2021 we achieved more than 50%[9] female representation across our entire employee base, and 50% female representation across our Board and Executive Management Team.[10]

We are also committed to encouraging other forms of equality in UK companies. Efforts to include, nurture and progress employees from all backgrounds, including diverse ethnicities can translate into higher engagement and lower attrition rates. We believe that there is a strong moral and economic case for increased diversity in UK companies. Greater equality can translate into improved Company performance, which in turn supports the pension growth of our customers.

Our Diversity, Inclusion and Equality Policy sets our approach and commitment to diversity and includes our goals for 2022, which include maintaining at least 50% women and minority gender balance at all levels and increasing representation of all minority ethnicities to at least match the UK population across all levels of the business.

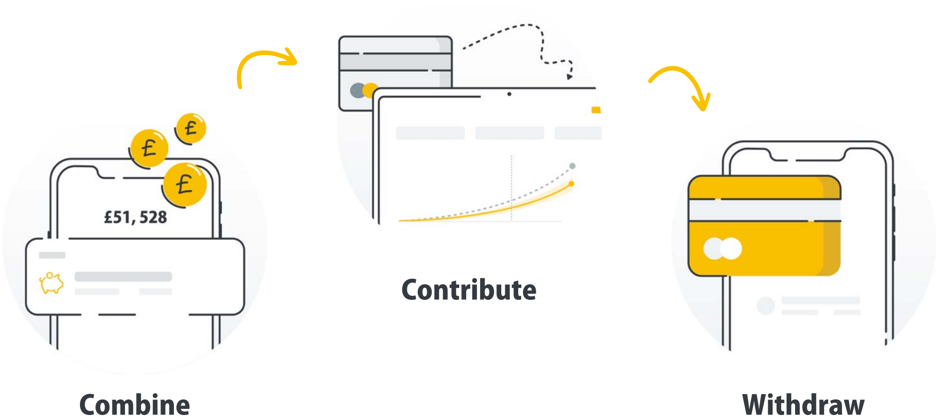
9 Supported by PensionBee's Diversity & Inclusion Survey, completed in June 2021.
10 As of 31 December 2021.

Our Customer Proposition

We are revolutionising the pensions industry through innovative technology, product leadership and excellent customer service

Pensions are often complicated and difficult to understand, presenting an obstacle for consumers to engage with their savings. Against this backdrop, PensionBee has developed a simple and easy to use mass-market proposition that provides a solution to the consumer problem of saving for and managing their income throughout retirement.

Our customer proposition can be summarised as follows:



Combine

The average adult switches jobs approximately 11 times over the course of their career.[11] In doing so, they may accrue a number of disparate pensions with differing providers and cost structures which, as a result of a variety of factors which could include infrequent reporting, limited online functionality, and cumbersome communications processes, can prove difficult to manage effectively. By signing up with PensionBee, either via our website or by using our app, our customers are able to combine and transfer their existing pensions into the PensionBee Personal Pension with ease. Once their pensions have been transferred, customers are able to start managing their new pension online and can monitor their live balance via our website or app.

Contribute

Our customers can make one-off or regular contributions to their PensionBee pension via bank transfer or direct debit. For customers who make a personal pension contribution and are eligible for tax relief, we will automatically claim their 25% tax top-up from HMRC and add this to their pension balance. Customers can also make use of our retirement calculator, which provides an estimate of retirement income based on a number of assumptions including the size of the pension plan, chosen retirement age and ongoing contributions, to plan ahead for their retirement. Self-employed customers can open a new pension plan without transferring any old pensions.

Withdraw

From the age of 55, our customers can withdraw a portion of their pension online in just a few clicks, bypassing a process which can in some cases involve many weeks filling out paperwork and jargon-filled forms, which are often sent only through the post. Customers may choose to take up to 25% of their pension free of tax, withdrawing their chosen amount either as a lump sum or in portions.

11 Department for Work and Pensions ('DWP') - Meeting future workplace pension challenges: Improving transfers and dealing with small pension pots - December 2011.

Our Team

Our team has the breadth and depth of experience across all disciplines to deliver the best customer outcomes, drive growth and performance

Led by our founders Romi Savova and Jonathan Lister Parsons, we have a strong and established Executive Management team. We have a deep, experienced and diverse board, led by our Chair Mark Wood (former CEO of Prudential).

Our diverse and inclusive total workforce of 177 individuals[12] is motivated and empowered to achieve great results across all areas of the business, including customer service and engagement, brand and marketing, product development, technology, finance, corporate and risk.

We develop and support our talent and strive to ensure that our people are actively engaged. Our strong culture and values enable us to attract and retain people who passionately believe in our vision. All our employees participate in long-term equity schemes, which further helps to drive engagement and an ownership mentality.

12 As of 31 December 2021. Includes 172 UK employees, 1 UK contractor and 4 non-UK contractors.

Our Values

We live by our core values, focused on doing the right thing for our customers

We are dedicated to ensuring that our five core values remain as guiding principles behind everything we do, so that everyone in the Company remains focused on always doing the right thing for our customers. As we continue on our growth path, there is a particular focus on protecting and maintaining the culture associated with these values - a strong focus on well-being, including regular 'Happiness! Meetings' between employees and managers, helps to embed this approach.

We have built a program to focus specifically on the development and enhancement of our values-based culture, led by our Head of Culture, Inclusion and Wellbeing. We have embedded our values into our performance management approach and throughout relevant policies in order to achieve our strategic goals. Our Senior Independent Director, Mary Francis CBE, enjoys responsibility for employee engagement, and we regularly report on our people and culture at a Board level, given the importance we place on our values-based culture and its success in driving the achievement of our strategy.

Further details and specific examples of how the Board and Company engage with our employees can be found on page 34 of the Stakeholders section of the Strategic Report.

Honesty

We strive for total transparency around the pensions our customers get, what service they can expect and our fees.

Innovation

We are always seeking to 'wow' our customers (and employees) through new and improved ways of doing things.

Love

From engaging with our customers to product delivery, we go above and beyond to create an exceptional customer experience.

Quality

We deliver top notch quality, on-time work, and we do what we say we'll do. People trust us with their pension savings, and we need to show them that we deserve that trust.

Simplicity

Whether we are picking up the phone or building our product, we keep things simple, avoiding confusing jargon and complicated processes.

Our Awards

2021 has been an incredibly strong year for PensionBee and the industry has recognised our innovation, customer service and our diverse workplace

PensionBee has received a high level of recognition from its customers and third parties for its differentiated customer offering and high standard of customer service.

Since inception, we have received a total of 34 awards, including the following 17 awards received in 2021:

★ **Winner**
Overall Best Buy for Pensions
Boring Money's Best Buy 2021

★ **Winner**
Best for Customer Service
Boring Money's Best Buy 2021

★ **Winner**
Best for Digital
Boring Money's Best Buy 2021

★ **Winner**
Best for Sustainable Pension
Boring Money's Best Buy 2021

★ **Winner**
Best for Beginners
Boring Money's Best Buy 2021

★ **Winner**
DC Innovation of the Year
UK Pensions Awards

★ **Winner**
Pensions Innovation
Finder Investing & Saving Innovation Awards

★ **Winner**
Employer of the Year
FTAdviser Diversity in Finance Awards

★ **Winner**
ESG Champion - Innovation
Financial Times & Investors Chronicle Celebration of Investment Awards

★ **Winner**
Consumer Champion of the Year (Company)
MoneyAge Awards

★ **Winner**
SIPP Provider of the Year
MoneyAge Awards

★ **Winner**
Consumer Champion of the Year
MoneyAge Awards

★ **Winner**
Pension Provider of the Year
PensionsAge Awards

★ **Winner**
Best IPO Communications
Corporate & Financial Awards

★ **Highly Commended**
Pension Provider of the Year
MoneyAge Awards

★ **Highly Commended**
Trailblazing Company of the Year
FTAdviser Diversity in Finance Awards

★ **Highly Commended**
Pension Provider of the Year
Workplace Savings & Benefits Awards

★ **Highly Commended**
Best Use of Market Research
Investment Week's Investment Marketing & Innovation Awards

5 Our Strategy

PensionBee's strategy is to be the best universal online pension provider

Our strategy starts with putting the consumer at the heart of everything we do. Consequently, we focus on further growth of the customer base, offering customers an excellent lifetime product and service experience, powered by industry-leading technology and world-class investing solutions. We drive growth through the following combination of factors:

1 Efficient Investment in Customer Acquisition and Growing Brand Awareness

Continued investment in marketing will drive further growth in customers, AUA and revenue. Due to PensionBee's broad customer appeal focusing on the mass market, we can adopt large, mass market advertising channels. We remain focused on continuing to build our mass market brand identity and becoming a UK household brand name.

Key Highlights for FY2021:

- Customer acquisition was a core strategic competency for us in 2021 as we continued to demonstrate our ability to efficiently deploy a rapidly growing marketing budget.
- We delivered net flows of approximately £1bn of AUA in 2021 (excluding market performance) with improved efficiency. Each £1 of marketing expenditure in 2021 generated £74 of net flows of AUA as compared to £64 in 2020, indicating an efficiency improvement of close to 20%.
- Our new proprietary in-house Data Platform delivered valuable insights across all of our core marketing channels, and helped to drive decision-making through successive COVID-19 waves. It has allowed us to optimise marketing spend across channels to grow rapidly while keeping our Cost per Invested Customer in line with our desired threshold[13].
- Across 2021, the majority of the marketing spend was deployed on the top three channels as expected, being TV, Out of Home and Paid Search.
- Our 'Feels so Good' brand campaign was rolled-out nationally across all channels - advertised on over 4,500 billboards across the UK and created in excess of 450m impressions. It resonated with a wide target audience, specifically older age cohorts, which helped to grow our over 50s customer base.
- We became the official pension partner sponsor of Brentford Football Club ('Brentford Bees'), before their historic promotion into the Premier League.
- We have increased our brand mentions through our content-led reports, stories, consumer advocacy and national media campaigns.
- Our active participation in government working groups, regulatory and policy development and consultations has enhanced and developed PensionBee's position as a consumer champion.

13 See definitions on pages 30 and 31 of the Measuring Our Performance section of the Strategic Report.

2 Leadership in Product Innovation

Continued product innovation is central to our strategy. The PensionBee customer proposition has been enabled by investment in continuous innovation and automation, allowing easy onboarding of customers and intuitive lifetime self-service. We have a proven track record in innovating and leading the pensions industry and will continue to develop products and features to cater for consumer demand.

Key Highlights for FY2021:

- This has been another year of product innovations for the PensionBee product helping to increase our customer base and enabling them to contribute more money into their pensions, laying the groundwork for expansion of our product offering beyond pensions.
- Product developments that reduce friction, enabling us to serve our customers with less and less human intervention support improvements in our efficiency and operating leverage over time[14].
- We launched the 'Easy bank transfer' feature that enables a 60 second set up for both one-off and recurring pension contributions. We expect this to increase net flows from existing customers. This was achieved through Open Banking technology and a long-term integration with Plaid software (facilitating secure connection with users' bank accounts), the setting up of which will support PensionBee with respect to further open banking data-led features.
- We enhanced our in-app drawdown features, enabling us to offer more streamlined withdrawals to our drawdown customer base (over the age of 55), which we expect to play a greater role in our customer acquisition activities going forward as drawdown seeking consumers increasingly search for easy-to-use technology to access their savings through retirement.
- We added an additional feature allowing drawdown customers to use personalised tax codes, enabling them to access their pensions more tax efficiently from the outset, enhancing the customer experience for this expanding customer set of more mature customers.
- We opened up our offering to better cater for the self-employed, allowing them to set up a pension with a contribution, circumventing the need to add a pre-existing pension.
- We upgraded the exit fee and special benefit review and transfer process, reducing transfer friction, improving speed and conversion, and reducing involvement from our customer services team.
- We launched a new 'Transfer Tracker', enabling customers to more effectively track their pension transfers, and serving to reduce inbound queries.
- New push notifications allowed customers to take direct actions in the app, providing real-time transactional information to customers, reducing inbound queries.
- We implemented two-factor Authentication (2FA) across our web and mobile apps, adding a layer of security to give customers additional peace of mind. This was a highly requested feature by our customers, particularly those at the stage of withdrawal.
- Pension provider-based onboarding was a focus, deepening proprietary relationships and improving communication, creating efficiency improvements.

3 Investment in and Development of its Industry Leading Technology Platform

Our proprietary technology is modern, scalable and secure. The cloud-based and API-driven platform provides the foundations on which to continue to build dynamic and innovative products, while maintaining full control over the experience delivered to customers in a cost-efficient manner. The security and compliance of the technology is a priority, and we maintain a robust information security assurance framework that is independently audited and certified under ISO 27001. We have made, and will continue to make, investments in technology to drive further automation and improve the customer experience.

Key Highlights for FY2021:

- We continued to invest in our technology over the year.
- Considerable resources were directed towards the Data Platform (in particular the development of its machine learning capabilities and importing of new data sources into the platform), which has been instrumental in helping us calibrate decision-making, marketing budget allocation and to achieve our marketing objectives.
- We recruited a dedicated Data Team, who sit within the technology department, to build capability and support the automation of data activities in other business areas.
- Our technology team also devoted resources to optimising our transfer processes, including more straight-through automation of light-touch pension transfers.
- We made ongoing efficiency improvements in consolidation activity to drive productivity.
- As information security continues to remain critical, we successfully completed our ISO 27001 re-certification audit.

14 Operating leverage indicates scalability in terms of how revenue growth translates into the improvement of profitability metrics.

4 Focus on Excellent Customer Service

We are focused on making pensions easy to understand and accessible to everyone through simple, straightforward language and engaging visuals. Industry-leading ratings evidence the excellent customer service track record. Our scalable technology-led platform is supported by easily accessible human interaction with 'BeeKeepers', providing customers with a dedicated account manager from the moment they are on the platform, assisting them through the on-boarding process and helping them understand the platform functionality.

Key Highlights for FY2021:

- Customer service continues to be a distinguishing marker of our offering to consumers. We have built and maintained a culture that promotes employee, and in turn customer, happiness.
- We have consistently maintained a high Customer Retention Rate of >95%, which drives recurring revenue (measured by the Annual Run Rate Revenue).
- We have maintained industry-leading response times on communications, with strong response times maintained on all channels (live chat, phone, email).
- We maintained our Excellent Trustpilot rating of 4.6★ and app store ratings of 4.8 and 4.7 on the Apple Store and Google Play Store respectively. Our internally measured Net Promoter Score score was an industry-leading 63.[15]
- Our excellent customer service has been reflected in the plethora of Awards we have received for 2021, including winning Boring Money's Best Buy 2021 for 'Best for Customer Service'.

5 Focus on Investment Solutions Designed for Customers

We have partnered with some of the world's largest money managers (BlackRock, HSBC, Legal & General and State Street Global Advisors) to manage our customers' pensions. We continuously use the feedback we receive from our customers to tailor our investment plan offering to our customers' preferences. Having responded to customer demand to exclude oil producers from their pensions by partnering with Legal & General to create one of the UK's first mainstream fossil fuel free plans in 2020, we then simplified our investment plan offering in 2021 and positioned our ESG credentials of our entire investment offering more prominently. We will continue to develop investment solutions that meet our customers' needs.

Key Highlights for FY2021:

- We maintained a market-leading investment proposition by continuing our ongoing engagement with our asset management partners, solving for customer needs.
- We conduct an annual value for money exercise, to compare the price and performance of our plan range to similar products. We do this to make sure we continue to offer the best value for money plans for our customers in a changing market.
- We are active in managing relationships with existing managers, to ensure they continue to provide the highest levels of service and security for our customers. We regularly engage with new asset managers, continuously scanning the market for better value products on behalf of our customers.
- We completed the simplification of our investment plan offering to facilitate enhanced customer decision making by making relevant customer choices more explicit. We simplified our product range from nine to seven plans. We transitioned our Match Plan customers to our Tailored Plan (both managed by BlackRock), and our Future World Plan to our Fossil Fuel Free Plan (both managed by Legal & General).
- The removal of these plans also enabled us to position the ESG credentials of our entire investment offering more prominently. We continue to further explore impact-oriented plans to satisfy growing demand among our customer base.

15 PensionBee's externally measured NPS is 75. Source: Boring Money, 2022.


Capital at risk
Combine, contribute
& withdraw online
PensionBee
BE PENSION CONFIDENT
LC71 NFG
Combine, contribute
& withdraw online
Capital at risk

6 Our Business Model

We drive value by increasing our recurring revenues through growing our customer base, supported by our scalable operational platform

PensionBee provides an easy-to-use technology platform for the mass market, enabling customers to have control over their pensions. We adopt a simple, transparent fee structure based on the pension plan an individual chooses after their pensions have been consolidated on our platform. We do not provide financial advice and we do not charge a fee for the initial consolidation of pensions, nor an additional platform fee or any one-off fees for switching investments. The ongoing annual management fee ranges from 0.50% to 0.95% of an individual's pension assets depending on the investment plan chosen, with no minimum pension size requirement.

PensionBee's business model is built around the following elements:

Efficient Direct-to-Consumer Distribution

We have a direct-to-consumer acquisition model, reflecting the importance of managing the end-to-end relationship with our customers and having total control over the quality of experience, which is key to customer retention.

Our direct-to-consumer distribution model encompasses scalable marketing channels, including search, social media, television, out-of-home advertising and radio. The branding and digital proposition resonates with a mass market audience, allowing us to advertise efficiently across most prevailing media.

We are disciplined and responsive in our approach to marketing, deploying spend across channels with a focus on rapid payback, on average within the first few years of acquiring a customer.

Recurring Asset-Based Revenue

PensionBee offers a lifetime customer proposition, designed to enable individuals to fulfil their retirement savings goals and withdrawal needs. Invested Customers generate growing lifetime value, with our straightforward charging structure driving predictable, recurring revenue growth that increases with Invested Customers' wealth.

We earn revenue through the administration of our customers' retirement savings. Our Revenue is substantially recurring in nature as the annual charges are calculated daily as a percentage (basis points) of the value of Assets under Administration ('AUA') and will continue to be earned on an ongoing basis whilst PensionBee administers those assets.[16] The mix of investment plans has an impact on the levels of fees charged and therefore Revenue.

AUA and Revenue have historically displayed a very high degree of stability and predictability, testament to the strength of the customer proposition and PensionBee's leading market position. Revenue growth reflects customers' attitudes and behaviours with respect to contributions, consolidation of pensions and withdrawals over time. AUA and therefore Revenue grows through existing and new clients adding more investments into their accounts through pension consolidation and contributions. We aim to minimise asset outflows with a constant focus on excellent customer service and product innovation. The direct nature of the relationship between PensionBee and our customers has resulted in the Company achieving high levels of Customer and AUA Retention Rates (each in excess of 95% as at 31 December 2021) generating predictable lifetime revenues and cash flows.[10]

AUA and Revenue are also importantly linked to growth in the underlying market value of the investments customers hold in their accounts. Stock markets give an indication of investment growth and the most relevant proxy measure tends to be the movement in the major global stock market indices, including in the United States and in the United Kingdom. Whilst short-term fluctuations may decrease the value of AUA, customers' exposure to the stock market has historically increased their retirement savings, and therefore our AUA and Revenue, over the longer run.

Scalability of Operations

PensionBee only offers its customers highly liquid, scalable investment management solutions from the world's largest asset managers. The investment solutions track prominent global indices and provide unrestricted capacity for inflows and the highest levels of liquidity.

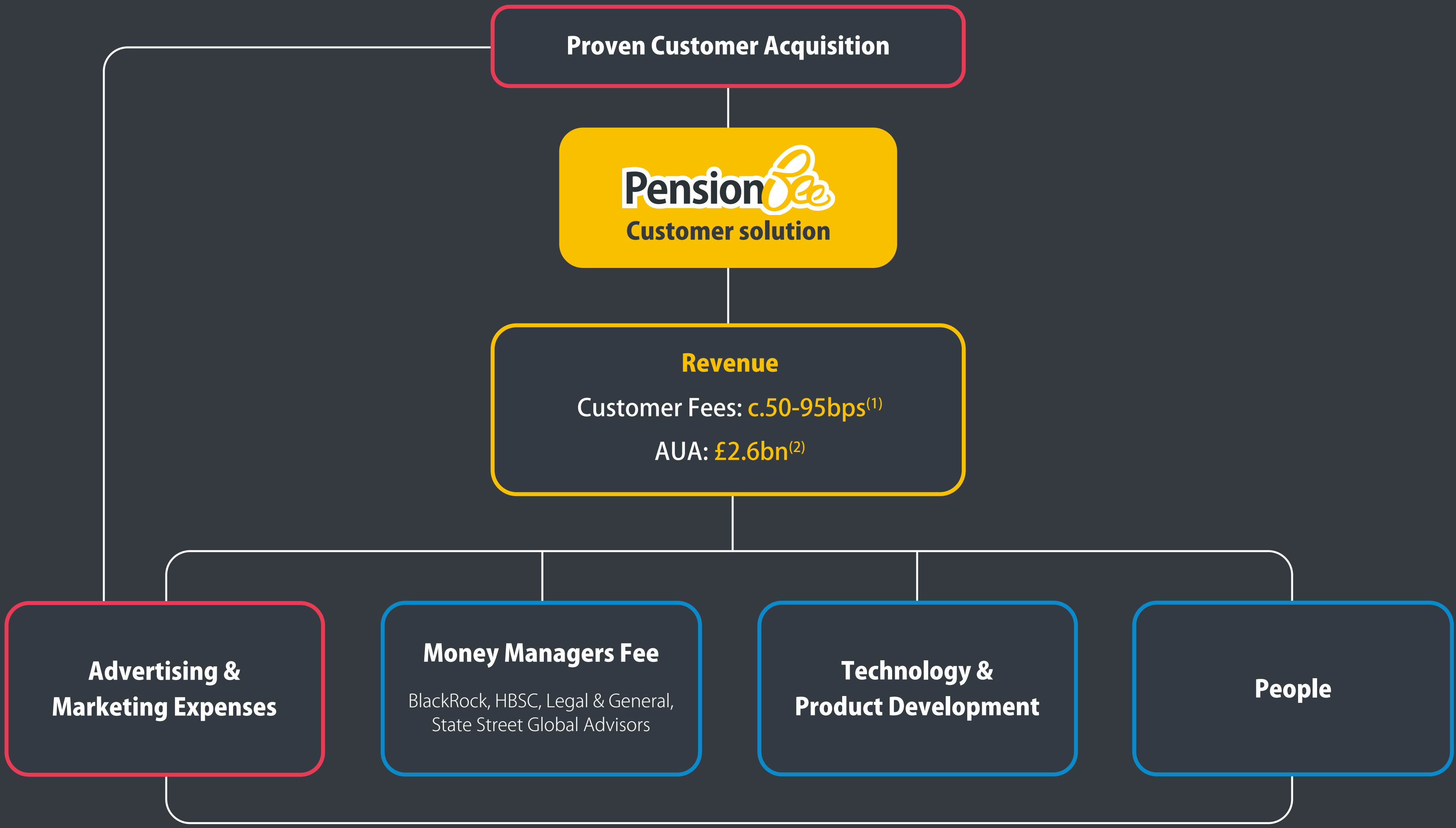
We continually invest in our technology, product development and our people in an efficient and disciplined manner. PensionBee's operations are highly scalable and we expect to benefit from operating leverage and increasing cost efficiency as we grow.

Our customer proposition is tech-enabled, allowing for easy onboarding of customers and intuitive self-service throughout a customer's lifetime. We utilise technology to ensure that our service is as efficient and automated as possible, such that adding new customers and assets has only a marginal cost impact. Our technology is scalable and built on dynamic, world-class cloud-native platforms.

We pride ourselves on our excellent customer service, complementing our digital offering with dedicated customer account managers who offer lifetime customer support. The customer success team benefits from a single view of the customer, enabling efficient and personalised service.

16 See definitions on pages 30 and 31 of the Measuring Our Performance section of the Strategic Report.

PensionBee's Business Model



1 Customer fees paid based on the range of funds on offer as at 31 December 2021.
2 Assets under Administration as at 31 December 2021.

7 Market Opportunity

We operate in the vast UK private pensions market, with a focus on the rapidly growing pension consolidation opportunity

UK Private Pensions Market

For at least the last two decades, successive UK governments have focused on ensuring that individuals in the UK are saving appropriately for retirement, with a series of major regulatory and policy initiatives having been introduced over this timeframe. There is now broad consensus across the political spectrum that the state pension alone will not provide sufficient retirement income and there is a growing awareness of a related issue, the 'savings gap', whereby individuals are not saving enough to provide for the retirement they expect. As a result, the UK government has promoted the growth of the private pension market.

A private pension is typically a tax-efficient way to save money for later in life, providing an income for retirement. Whilst individuals in the UK may rely on a number of sources from which to draw income during retirement, private pension assets are the largest component of wealth in the UK, representing a greater proportion of wealth than other types of assets, including property. Private pensions account for approximately 42% of the £300,000 approximate median household wealth.[17]

The UK private pensions market is vast and the Office for National Statistics ('ONS') estimated the UK's total private pension wealth to be approximately £6.5tr across the average of the 2018-2020 period.[17]

17 Office for National Statistics - Pension Wealth: Wealth in Great Britain, April 2018 to March 2020, January 2022.

Defined Contribution ('DC') Private Pensions Market

PensionBee's product proposition is focused on Defined Contribution pensions. Unlike employer guaranteed (final salary) defined benefit pensions, defined contribution pensions build up a pension pot using personal and employer contributions (if applicable) plus investment returns and tax relief.

The Defined Contribution Private Pensions Market came to the fore in 2012 with the advent of automatic-enrolment, a regulatory requirement for employers to enrol eligible employees into workplace pensions. Automatic-enrolment has resulted in over 10m individuals actively contributing into a Defined Contribution workplace pension.[17] In December 2020, the FCA estimated that there were a total of 26.7m pension savers within its regulatory perimeter.[18] Overall, the UK's DC wealth stood at approximately £1.0tr across the average of the 2018-2020 period.

The growth in the UK DC pension market, both in terms of number of individual savers and the aggregate wealth managed within schemes, is expected to continue owing to the broad shift from Defined Benefit to Defined Contribution pensions and the simultaneous increase in contributions supported by regulation.

18 Financial Conduct Authority - Evaluation of the impact of the Retail Distribution Review and the Financial Advice Market Review, December 2020.

Pension Consolidation Market

Within the labour market, individuals are increasingly moving jobs more frequently. The average person now moves jobs 11 times[19] in their career and therefore stands to be auto-enrolled in a large number of pension plans, requiring a consolidation solution. There are many potential advantages to combining multiple pension pots, including keeping track of and managing pension savings more easily, reducing charges and choosing desirable investments.

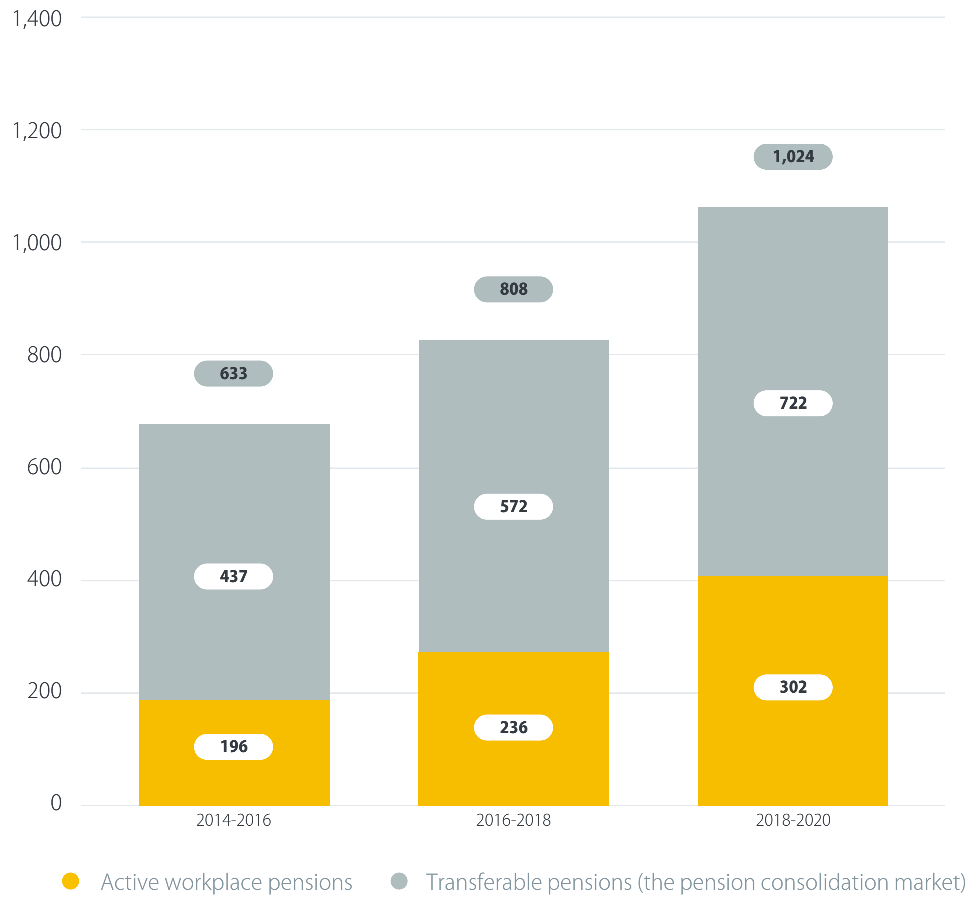
PensionBee further segments the DC Private Pensions Market into active workplace pensions, which benefit from active employer contributions and therefore are rarely transferred, and transferable pensions, including deferred workplace pensions and personal pensions ('Transferable Pensions' or the 'Pension Consolidation Market').

- **Active Workplace Pensions** - approximately £302bn of wealth held in pensions into which individuals or employers are regularly or actively contributing, usually during working life; and
- **Transferable Pensions (the Pension Consolidation Market)** - approximately £722bn of wealth held in personal and deferred workplace pensions that are no longer receiving employer contributions. These pensions lend themselves more easily to pension consolidation activities.

PensionBee primarily targets the Pension Consolidation Market, which represents the majority of the Defined Contribution Pensions Market and has grown rapidly by approximately 65% from the average across 2014-2016 to the average across 2018-2020.[17]

PensionBee estimates that there are approximately 35m individuals with an average of two old pensions to consolidate[20] and approximately 4.1m self-employed individuals taking responsibility for securing their retirement incomes, many of whom may have previously contributed to employer pensions, whilst others may be seeking to benefit from an easy way to manage their pension savings.[21] Our customer proposition caters for all of these individuals, providing both a consolidation solution and enabling customers to start a new self-employed pension.

The Pension Consolidation Market (£ bn)



19 Department for Work and Pensions - Meeting future workplace pension challenges: Improving transfers and dealing with small pension pots - December 2011.
20 Calculated by dividing £722bn of Transferable Pensions across 2018-2020, by an average of 2 pension pots and a transferable pension pot value of £10,273, based on PensionBee data as at the end of 2021.
21 Office for National Statistics: Employees and self-employed by industry, February 2022.

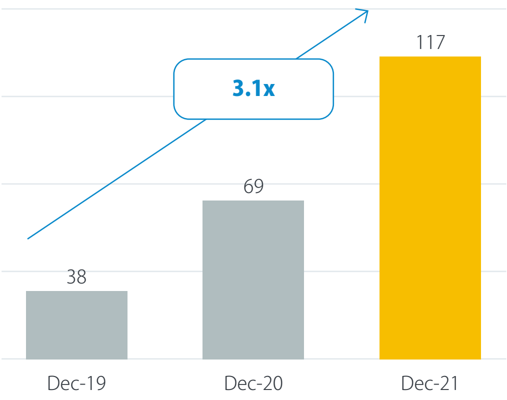
8 Operating and Financial Review[22]

Continued Growth across all Key Metrics in 2021

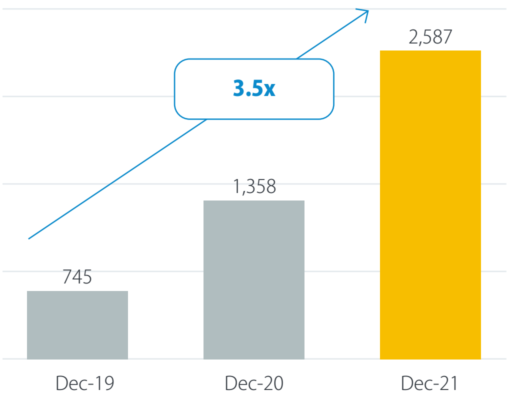
Trading for the financial year 2021 has been strong and in line with expectations and guidance.

We have continued to deliver significant growth across all our major Key Performance Indicators, building on the growth achieved in 2020. During 2021, the number of Invested Customers ('IC') increased by 70% to 117k[23] and Assets under Administration ('AUA') increased by 91% to £2.6bn.[24] Revenue increased by 103% to £12.8m[25] with growth in Annual Run Rate ('ARR') Revenue of 85% to £16.3m[26]. Over the last two years, we have grown our Invested Customer base by a multiple of 3.1x, our AUA by 3.5x, our Revenue by 3.6x and our ARR Revenue by 3.5x.

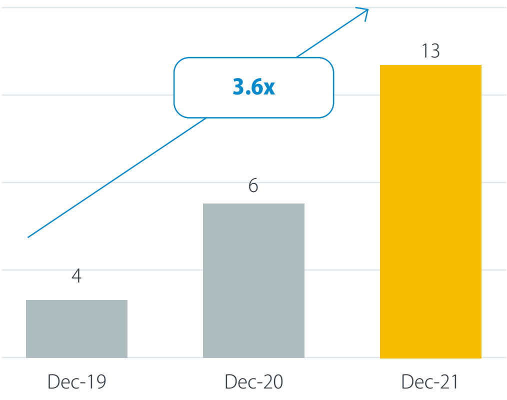
Growth in Invested Customers (000s)



Translates into Increasing AUA Base (£m)



Which Drives Revenue (£m)



22 See pages 30 and 31 of the Measuring Our Performance section of the Strategic Report.
23 As at 31 December 2021. Invested Customers ('IC') means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans. 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. 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.
24 As at 31 December 2021. 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.
25 As at 31 December 2021. 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.
26 As at 31 December 2021. Annual Run Rate Revenue is calculated using the Recurring Revenue for the month of December multiplied by 12.

Marketing Investment to further establish the PensionBee Brand as a Household Name resulted in Strong Customer Growth

	As at Year End		
	Dec-2021	Dec-2020	YoY
Advertising and Marketing Expenses			
Advertising and Marketing Expenses (£m)	(12.9)	(8.2)	56%
Cost per Invested Customer (£)	246	232	within threshold
Customers			
Registered Customers (thousands)[23]	658	403	63%
Active Customers (thousands)[23]	172	119	44%
Invested Customers (thousands)[23]	117	69	70%
Same Year RC:IC Conversion (% of RC)	18%	17%	+1ppt

In line with our growth strategy, we continued to make a substantial investment in customer acquisition using our diversified marketing approach and demonstrating our ability to efficiently deploy a rapidly growing marketing budget, whilst retaining a tight focus on return on investment. The majority of the £55m primary capital raised at the time of our IPO in April 2021 was earmarked for marketing expenditure and Advertising and Marketing Expenses increased from £8.2m in 2020 to £12.9m in 2021 accordingly, as we sought to capture market share and rapidly expand our customer base.

During 2021 and as planned, the majority of the marketing spend was deployed across three primary channels, being TV, Out of Home and Paid Search. We increased our TV advertisements and ran extensive Out of Home advertising campaigns during opportune months. Our 'Feels so Good' brand campaign was rolled-out nationally across all channels, and we raised our profile by becoming the official pension partner sponsor of Brentford Football Club and through various other initiatives.

Our new proprietary in-house Data Platform delivered valuable insights across all of our core channels, and helped to drive decision-making through successive COVID-19 waves. It allowed us to optimise across channels to grow both rapidly and efficiently, keeping our Cost per Invested Customer in line with our desired threshold of £200-250, demonstrating our ability to continue to scale our marketing and distribution channels in a cost disciplined way.

Over the course of the year we were pleased to see the results of these initiatives translate into greater customer reach. Our Registered Customer ('RC') base grew by 63% on the previous year to 658k and our Active Customers ('AC') increased by 44% to 172k. Similarly, we grew our Invested Customer base by 70% to 117k by the end of 2021. This delivered an improvement in Same Year RC:IC Conversion from 17% in 2020 to 18% in 2021.

Cost Disciplined Acquisition coupled with High Retention Rates delivered Strong Asset Growth

	As at Year End		
	Dec-2021	Dec-2020	YoY
Customer Retention Rate (% of IC)	**>95%**	**>95%**	**stable**
AUA Retention Rate (% of AUA)	**>95%**	**>95%**	**stable**
Opening AUA (£m)	**1,358**	**745**	**82%**
Net Flows from New Customers (£m)	729	439	66%
Net Flows from Existing Customers (£m)	226	84	169%
Net Flows (£m)	**955**	**523**	**83%**
Market Growth and Other (£m)	275	90	n/m
Closing AUA (£m)	**2,587**	**1,358**	**91%**

We delivered a 91% year-on-year increase in AUA from £1,358m to £2,587m in 2021. This was driven by a combination of the cost-disciplined new customer acquisition, the high retention rate of existing customers who increased their savings with PensionBee, and market growth. Most of the asset growth (78% or £955m) was generated by Net Flows from New Customers and Net Flows from Existing Customers, with the balance (22% or £275m) being accounted for by market appreciation.

Growth from new customers represented most of the asset growth of 2021 with Net Flows from New Customers of £729m (2020: £439m), reflecting our strategy of cost-disciplined new customer acquisition.

We delivered net flows with improved efficiency. Each £1 of marketing expenditure in 2021 generated approximately £74 of net flows as compared to £64 in 2020, indicating an efficiency improvement of close to 20%.

Over the period we acquired 48,000 (2020: 31,000) revenue-generating Invested Customers. A higher proportion of these new Invested Customers were older customers with a corresponding higher average pension size. As such, we have seen an increase in the average pension pot size from £19,700 in 2020 to £22,000 in 2021.

Our existing customers have continued to see their savings grow, with Net Flows from Existing Customers of £226m in 2021 (2020: £84m). Since inception, we have consistently enjoyed high Customer and AUA Retention Rates of >95% and this trend continued to remain stable in 2021. 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.

AUA growth also reflected an element of market growth of £275m in 2021 (2020: £90m). 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.

Resilient Revenue Margin drove an overwhelming majority of Recurring Revenue

	As at Year End		
	Dec-2021	**Dec-2020**	**YoY**
Contractual Revenue Margin (% of AUA)	0.69%	0.69%	stable
Annual Run Rate Revenue (£m)	**16.3**	**8.8**	**85%**
Revenue (£m)	**12.8**	**6.3**	**103%**

We have translated strong year-on-year AUA growth of 91% over 2021 into 85% growth in Annual Run Rate Revenue from £8.8m to £16.3m, underpinned by the stable Contractual Revenue Margin. The Contractual Revenue Margin is the headline annual management fee paid by customers before applying discounts for incremental pension savings above £100,000. The Contractual Revenue Margin remained resilient at 0.69% (2020: 0.69%).

As the vast majority of our Revenue is derived from annual management fees charged as a percentage of AUA, the high retention of customers and AUA makes the overwhelming majority of our Revenue recurring in nature. Therefore, the Annual Run Rate Revenue for December 2021 enables better measurement of our progress and provides greater visibility and predictability with respect to future years' Revenue.

We Scaled our Business Efficiently by Investing in our People, Product Offering and Technology

	As at Year End		
	Dec-2021	**Dec-2020**	**YoY**
Money Manager Costs (£m)	**(2.3)**	**(0.9)**	**145%**
Employee Benefits Expense (excluding Share-based Payment) (£m)	(7.4)	(4.5)	66%
Other Operating Expenses (£m)	(6.6)	(3.0)	116%
Technology Platform Costs & Other Operating Expenses (£m)	**(14.0)**	**(7.5)**	**86%**

During 2021, we made further investments in our technology platform to position PensionBee for future growth. Our proprietary technology is modern, scalable and secure. The cloud-based and API-driven platform provides the foundations on which to continue to build dynamic and innovative products, while maintaining full control over the experience delivered to customers in a cost-efficient manner.

Considerable resources were directed towards the Data Platform (in particular, the development of its machine learning capabilities and importing of new data sources into the platform), which has been instrumental in helping us calibrate decision-making around marketing budget allocation and in achieving our marketing objectives. We recruited a dedicated Data Team, who sit within the technology department, to build capability and support the automation of data activities in other business areas. We dedicated resources towards making ongoing efficiency improvements in consolidation activity to drive productivity, and optimising our transfer processes, including more straight-through automation of light-touch pension transfers.

Continued product innovation is central to our strategy. The PensionBee customer proposition has been enabled by investment in continuous innovation and automation, allowing easy onboarding of customers and intuitive lifetime self-service. During 2021, continuous product innovations helped to increase our customer base and enable customers to contribute more into their pensions. Our product developments reduced friction and enabled us to serve our customers with less and less human intervention, supporting efficiency improvements and operating leverage over time. For instance, we launched the 'Easy Bank Transfer' feature, enhanced our in-app drawdown features, added additional features to allow the use of personalised tax codes for customers in drawdown, opened up our offering to the self-employed and launched a new 'Transfer Tracker', to name a few.

As a result of the technology platform investments, the Employee Benefits Expense increased to £7.4m, driven by developments to improve automation and an expansion of engineer headcount. Headcount increased from approximately 110 average full-time employees in 2020 to approximately 155 in 2021.

Other Operating Expenses increased to £6.6m reflecting increased headcount, acquisition volume and other fixed costs. The benefit from the investment in automation will position us well on our path to profitability by the end of 2023.

Money Manager Costs increased to £2.3m in 2021 at a slightly higher rate than Revenue, which was due to an increase in the number of customers selecting funds with incrementally higher money manager fees.

Profitability Metrics

	As at Year End		
	Dec-2021	**Dec-2020**	**YoY**
Adjusted EBITDA before Marketing (£m)	(3.6)	(2.2)	-62%
Adjusted EBITDA Margin before Marketing (% of Revenue)	**(28)%**	**(35)%**	**+7ppt**
Adjusted EBITDA (£m)	(16.4)	(10.4)	-58%
Adjusted EBITDA Margin (% of Revenue)	**(129)%**	**(166)%**	**+37ppt**
Loss before Tax (£m)	(25.0)	(13.5)	85%

Over the course of 2021, we made further progress towards profitability as operating leverage increased, in large part due to the scalability of the technology platform.

One of the key profitability metrics that we measure is Adjusted EBITDA before Marketing. This measure includes Money Manager Costs, 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 Payment 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 from (35)% in 2020 to (28)% for 2021, 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 Payment and Listing Costs. Adjusted EBITDA Margin improved from (166)% in 2020 to (129)% in 2021.

Other Costs

	As at Year End		
	Dec-2021	**Dec-2020**	**YoY**
Share-based Payment (£m)	(3.9)	(2.2)	81%
Listing Costs (£m)	(2.9)	(0.6)	363%
Finance Costs (£m)	(1.4)	(0.0)	n/m
Loss before Tax (£m)	**(25.0)**	**(13.5)**	**85%**
Taxation (£m)	0.3	0.2	n/m
Basic Earnings per Share	**(11.86)p**	**(7.67)p**	**-55%**

Loss before Tax increased to £(25.0)m for 2021, in line with our strategy of investing in growth. The increase can be explained by increased Adjusted EBITDA loss as outlined above, together with an increase in the non-cash Share-based Payment, non-recurring Listing Costs and Finance Costs.

The increase in Share-based Payment costs is partly explained by the impact of the accelerated vesting and granting of options at the end of 2020. Another contributor to the cost increase was the introduction of the new PensionBee post-IPO remuneration structure which included a Deferred Share Bonus Plan, for which an accrual was recorded.

Listing Costs primarily consist of fees and expenses incurred in relation to the preparation for our IPO (for which preparation commenced at the end of 2020).

Finance Costs are fees associated with the now cancelled £10m Revolving Credit Facility ('RCF') that we entered into with National Westminster Bank Plc on 22 March 2021, as part of a prudent liquidity management strategy. The RCF was never drawn, but a cancellation fee was incurred.

Taxation includes 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') was (11.86)p for 2021 (2020: (6,138.63)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 2020 EPS for the impact of the IPO gives a comparable EPS of (7.67)p as set out in Note 11 of the Financial Statements.

Financial Position

The Group's balance sheet remains strong. The cash and cash equivalents balance was £44m (December 2020: £6.7m). During the year, the Group entered into a new office lease agreement which resulted in the increase in the right of use and lease liability balances. Trade receivables and payables growth is attributed to revenue and marketing and technology platform costs respectively. The Group has no significant borrowings except for the lease liability that arose from the office lease agreement entered into during the year.

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction. Every issued share in PensionBee Limited was exchanged for 800 shares in PensionBee Group plc. Every share option was cancelled and replaced by 800 share options. Through the Group reorganisation, PensionBee Group plc issued 180,054,400 ordinary shares of £0.001 each and reduced its share premium to create additional distributable reserves. On 26 April 2021, PensionBee Group plc issued 33,333,333 ordinary shares of £0.001 each as part of its Initial Public Offering ('IPO'). Each share was issued at £1.65. At the same time, PensionBee Group plc issued further ordinary shares from share options exercised totaling 8,138,194 ordinary shares of £0.001 each. The exercise price for each exercised share option was £0.001. The change in equity and reserves is attributed to the Group reorganisation and exercise of share options during the year. As of December 2021 the total net asset balance was £43.8m (2020: £6.5m).

Net cash and cash equivalents increased by £36.8m in the 2021 financial year driven by the IPO in April 2021 (2020: net decrease £(3.5m)).

Regulatory Capital and Financial Resources

PensionBee Limited, a subsidiary of the Company, is authorised and regulated by the FCA and therefore adheres to capital requirements set by the FCA. As of December 2021, the capital resources stood at £31.7m (unaudited) as compared to a capital resource requirement of £0.9m (unaudited), resulting in a coverage of 33.7x. We manage our financial resources prudently and have maintained a healthy surplus over our regulatory capital requirement throughout the year.

Summary Financial Highlights*

	As at Year End		
	Dec-2021	**Dec-2020**	**YoY**
Annual Run Rate Revenue (£m)**	**16.3**	**8.8**	**85%**
Revenue (£m)	**12.8**	**6.3**	**103%**
Money Manager Costs[27], Technology Platform Costs & Other Operating Expenses (£m)[28]	(16.3)	(8.5)	93%
Adjusted EBITDA before Marketing (£m)**	**(3.6)**	**(2.2)**	**-62%**
Adjusted EBITDA Margin before Marketing (% of Revenue)**	(28)%	(35)%	+7ppt
Advertising and Marketing Expenses (£m)	(12.9)	(8.2)	56%
Adjusted EBITDA (£m)**	**(16.4)**	**(10.4)**	**-58%**
Adjusted EBITDA Margin (% of Revenue)**	(129)%	(166)%	+37ppt
Loss before Tax	**(25.0)**	**(13.5)**	**85%**
Basic Earnings per Share	**(11.86)p**	**(7.67)p**	**-55%**

* See definitions on pages 30 and 31 of the Measuring our Performance section of the Strategic Report.

** 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 additional insight into the underlying performance of PensionBee and aid comparability of information between reporting periods. A reconciliation to the nearest IFRS number is provided in Note 25 of the Financial Statements, 'Alternative Performance Measures' on page 132.

27 Money Manager Costs are variable costs paid to PensionBee's money managers.
28 Technology Platform Costs & Other Operating Expenses comprises Employee Benefits Expense (excluding Share-based Payments) and technology and operations costs, together with and Other Operating Expenses.

“

All my pensions, now together in one pot. Utter simplicity!

Andrew

PensionBee customer since 2019

9 Measuring our Performance

When looking at the overall performance of PensionBee, we use a range of key performance indicators ('KPI's) to monitor and assess our progress against our strategy.

Financial Performance Measures

Revenue	**2021: £12.8m** 2020: £6.3m	**103%**	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	**2021: £16.3m** 2020: £8.8m	**85%**	Annual Run Rate Revenue is calculated using the Recurring Revenue for the relevant month (December) multiplied by 12. This alternative performance measure has been selected to provide a more up-to-date metric for revenue given the amount of AUA in the relevant month.
Loss before Tax ('PBT')	**2021: £(25.0)m** 2020: £(13.5)m	**85%**	Loss before tax is a measure that looks at PensionBee's losses before it has paid corporate income tax.
Adjusted EBITDA*	**2021: £(16.4)m** 2020: £(10.4)m	**-58%**	Adjusted EBITDA is the operating profit or loss for the year before taxation, finance costs, depreciation, share based compensation and listing costs.
Adjusted EBITDA Margin*	**2021: (129)%** 2020: (166)%	**+37ppt**[29]	Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of revenue for the relevant year.
Basic Earnings per Share ('EPS')	**2021: (11.86)p** 2020: (7.67)p	**-55%**	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's Key Performance Indicators include alternative performance measures ('APM's), which are indicated with an 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 additional insight into the underlying performance of PensionBee and aid comparability of information between reporting periods. A reconciliation to the nearest IFRS number is provided in Note 25 of the Financial Statements 'Alternative Performance Measures' on page 132.

29 A ppt is a percentage point. A percentage point is the unit for the arithmetic difference of two percentages.

Non-Financial Performance Measures

Assets under Administration ('AUA')	**2021: £2.6bn** 2020: £1.4bn	**91%**	Assets under Administration is the total invested value of pension assets within PensionBee's Invested Customers' pensions. It measures the new inflows less the outflows and records a change in the market value of the assets. This KPI has been selected because AUA is a measurement of the growth of the business and is the primary driver of Revenue.
AUA Retention Rate (% of AUA)	**2021: >95%** 2020: >95%	**Stable**	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')	**2021: 658k** 2020: 403k	**63%**	Registered Customers 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')	**2021: 172k** 2020: 119k	**44%**	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')	**2021: 117k** 2020: 69k	**70%**	Invested Customers means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans.
Customer Retention Rate (% of IC)	**2021: >95%** 2020: >95%	**Stable**	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 IC ('CPIC')	**2021: £246** 2020: £232	**Within threshold**	Cost per Invested Customer means the cumulative advertising and marketing costs incurred since PensionBee commenced operations 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	**2021: 18%** 2020: 17%	**+1ppt[30]**	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 as at the end of the period. This measure monitors PensionBee's ability to convert customers through the acquisition funnel.
Contractual Revenue Margin (% of AUA)	**2021: 0.69%** 2020: 0.69%	**Stable**	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.

30 A ppt is a percentage point. A percentage point is the unit for the arithmetic difference of two percentages.

10 Stakeholders

We are dedicated to listening to our stakeholders' views to understand their interests and concerns and proactively engage with what matters to them

By seeking to understand our stakeholders' interests and concerns, we can pay due regard to them during discussions and consider the possible effect our decisions could have on relevant stakeholder groups.

Engagement takes place with all our stakeholder groups throughout the Company across all levels. Such engagement is reported to the Board to inform decision-making and discussions. The Board also participates in direct engagement with certain stakeholder groups.

A summary of the ways in which the Company engaged with stakeholders having regard to what is most likely to promote the long-term sustainable success of the Company follows.

Stakeholder Engagement

1 Our Customers

How we Engaged

Continuous high levels of customer engagement:

- 42k calls, 32k live chats, 109k emails cases addressed within 24 hours

Extensive collection of customer feedback:

- 165k emails, live chats and phone calls
- c.85% of customers invited to surveys on their investment views
- >100 in-depth customer interviews conducted
- 500+ customers in the UX community tested new features
- Customers invited to share feedback with the dedicated customer engagement team via monthly newsletters

Customer ratings:

- 2,821 public Trustpilot reviews during the year (with 94% rated 5★ Excellent or 4★ Great) ending the year with 4.6★ out of 5 based on 6,288 reviews
- NPS score of 63 (against a financial services industry average of 56)[31]

Interests and Concerns

Financial freedom:

- A range of simple, good value for money plans to meet their needs
- Clear and transparent charging
- Tools to help ensure they are saving enough
- Knowing their savings are secure
- Being able to easily contact our customer success team

Good health:

- Peace of mind about their financial future
- Knowing their pension does not cause harm to society or planet
- Having the option to remove fossil fuels from their pension
- Retiring into a safe and fair world

Social inclusion:

- A pension designed for everyone in society
- Investing in companies that pay a Living Wage
- Investing in companies that prioritise diversity and inclusion by publishing their gender and ethnicity pay gaps

Our Responses

Leadership in product innovations:

- Launch of new self-employed pension
- Launch of 'easy bank transfer' feature, through Open Banking technology
- Enhanced in-app drawdown features
- Enabled use of personalised tax codes for customers in drawdown
- Roll-out of 2 factor authentication on mobile and web app

Investment solutions designed for customers:

- Simplification of the plan range from nine to seven plans
- Engaged with asset managers on key topics of interest to our customers - Living Wages, gender and ethnicity pay gaps
- ESG integration across our core plans
- Conducted our annual Value for Money exercise to ensure customers continue to have access to good value plans on the market

Customer service improvements:

- Seasonal Saturday opening
- 'Book your own BeeKeeper' offered to customers

Driving better outcomes for our customers:

- Public campaigns to push for better consumer outcomes and policy interventions on tax relief, gender inequalities in pension saving, pension switching times and diversity on boards
- 18 customer case study interviews published in national media
- Customer offer included as part of our IPO, to welcome customers as shareholders

2 Our Employees

How we Engaged	Interests and Concerns	Our Responses
Regular ways to engage in person/virtually: • Weekly Company 'Show N Tell' sessions with CEO and Executive Management • Bi-monthly 'Happiness' meetings for all employees to discuss wellbeing • Senior Independent Director with specific responsibility for employee engagement via Town Hall and Board-led events • 27 'PensionBee Speaks' events, led by employees • Annual 'Time to Talk' event, led by employees **Regular surveys/feedback:** • Annual Diversity, Inclusion and Engagement survey • Annual manager feedback survey • Anonymous reporting tool for concerns and feedback **Further support:** • Diversity champions • Mental Health first aiders	**Culture and mission:** • Feeling aligned with PensionBee's mission and values • Feeling a sense of belonging and knowing everyone can succeed as themselves **Diversity and inclusion:** • Diversity & inclusion celebrations and social events • Executive Management leadership on diversity & inclusion at PensionBee • Public commitments to diversity, inclusion and equality • Supporting neurodiverse employees, employees with disabilities and their managers **Remuneration:** • Pay structure and pay gap reporting and analysis • Blind internal hiring and promotion policy	**Culture and mission:** • Board-led events on gender and work benefits • Appointed a Head of Culture, Inclusion and Wellbeing to lead a new program focused on enhancement of values-based culture • Executive Management team-led events covering themes such as discrimination, LGBT+ rights, diversity in technology and responsibility in design • Colleague-led events on monthly themes of body positivity, gender, neurodiversity, activism and celebrating Black History Month and Pride • Employee turnover for 2021 was 10% **Remuneration:** • New remuneration policy designed to award all employees equity incentives, consistent with historic approach • New performance matrix for each role, aligned to Company's values and associated culture • Engagement with diversity and inclusion initiatives specifically captured within the Executive Management performance matrix **Focus on diversity and inclusion:** • Diversity initiatives added as a Company-wide skill on the performance matrix to further encourage participation • Internal hiring process anonymous and task-based • 'Equality and Diversity in the Workplace' training completed by all employees • 27 'PensionBee Speaks' events held, with guest speakers from the National Autistic Society, Deafblind UK, AS Mentoring (Autism awareness training) and covering topics such as designing products with accessibility, disability and neurodiversity in mind • Working towards becoming a 'Disability Confident' employer • Maintained approximately 50:50 gender parity, consistent with our commitment to the Women in Finance Charter • Publicly committed to targets under the Race at Work Charter • Diversity, Inclusion and Equality Policy with public targets for 2022 published • Disclosing company and investor signatory of the Workforce Disclosure Initiative for 2021 (scoring 90% against a sector average of 69%) **COVID-19:** • Offered fully remote working to all employees from March 2020 • All employee engagement opportunities and events are offered online to ensure everyone can participate or attend

3 Our Shareholders

How we Engaged

- Regular virtual engagements including one-to-one shareholder meetings, roadshows and shareholder conferences
- Regular communication of financial and operational results, including quarterly trading statements and presentations to shareholders and analysts
- Rapid responses provided to incoming shareholder queries
- All of our employees are, or will become, shareholders in PensionBee
- We welcomed many of our customers as shareholders at the time of our IPO

Interests and Concerns

Corporate governance:

- Adhering to the highest standards of corporate governance
- Compliance with public company reporting and procedures

Business and performance:

- Resilience in a competitive market
- Business integrity
- Highest standards of data and information security
- Business aligned with incoming regulation and market changes
- Performance against targets
- An experienced and committed Board and Executive Management team
- Low attrition rates
- Liquidity in the shares

Our Responses

Corporate governance:

- Became a publicly listed company on the High Growth Segment of the Main Market of the London Stock Exchange
- Expected subsequent transition to the Premium Segment, achieving the highest standard of corporate governance in the UK
- Structured a customer offer as part of the IPO to enable customers to become shareholders
- Voluntary compliance with the UK Corporate Governance Code from IPO
- Voluntary disclosures made in accordance with the UK Corporate Governance Code

Leadership:

- Further developed the Executive Management Team, with new additions including Chief Design Officer and Senior Legal Counsel

Shareholder Relations:

- Shareholders relations managed internally by CEO, CFO and CCO
- Appointed two corporate brokers to support engagement with shareholders
- Appointed external PR agency to support engagement with press, the analyst community and the shareholder community

4 Our Communities

How we Engaged	Interests and Concerns	Our Responses
Surveys: • Conducted 20 external surveys reaching >6,000 people regarding their views on climate change, saving habits, the impacts of the pandemic and pension transfer experiences **Focus groups and interviews:** • Conducted external focus groups with customers and non-customers on 'Help us reimagine the retirement savings system for women' • Held interactive student workshops and careers presentations with Q&A with our partner school in Poplar **Strategic partnerships:** • Active participant, signatory and disclosing company under the Workforce Disclosure Initiative • Member of ShareAction's Good Work Coalition, joining public campaigns	**Creating a fair and just society:** • Equal pay for equal work • Transparent, shared parental leave policies • Closing the gender pensions gap • Closing the ethnicity pay gap • All companies paying wages that represent the true cost of living in the UK **Businesses that strengthen the societies in which they operate:** • Widening participation of under-represented groups in pensions and the financial services industry • Supporting local communities, partnership building • Businesses that work to make society fairer	**Creating a fair and just society:** • Published Gender Pensions Gap report in national media • Published our own Gender Pay Gap • A member of the ABI's Transparent Parental Leave and Pay Initiative • Accredited Living Wage Employer, paying all employees a London Living Wage regardless of where they live in the UK **Businesses that strengthen the societies in which they operate:** • Diversity, Inclusion and Equality Policy with public targets published • Joined the steering group of the Diversity Project • Signed the Tech Talent Charter to drive greater inclusion and diversity in the UK tech sector • Held interactive careers workshops with partner school based on needs and requirements of the students • Joined the Social Mobility Pledge • Donated IT equipment to our partner school • Better reflected our diverse customer base in our marketing campaigns • Employees volunteered in schools across London with the Careers and Enterprise Company's Give an Hour campaign • Supported numerous public campaigns led by the Good Work Coalition to get FTSE100 companies and supermarkets to start paying a Living Wage

5 Our Suppliers

How we Engaged

Supplier onboarding process:

- Assessed, reviewed and selected suppliers that have adequate controls in place, particularly certifications of independent auditing
- Chose suppliers that ensure our customer data is not at risk of being exposed or misused with voluntary completion of Data Protection Impact Assessments in some instances

Maintaining and actively monitoring the relationship:

- Managed relationships with suppliers, to ensure appropriate service provision and be front of line for feature enhancements or other improvements
- Monitored reporting on SLAs, transactions volume, interaction with PensionBee customers
- Engaged with Stewardship teams of our asset managers

Supply chain mapping:

- Engaged with our biggest suppliers on their workforce issues
- Gathered workforce data on our biggest suppliers

Interests and Concerns

Supplier onboarding process:

- Extensive due diligence and suitability assessment subsequent to a detailed solution comparison for our requirements
- Fair expectation in the delivery of projects

Ongoing relationship:

- Insight into customer trends and survey results
- Product and service innovation
- Value creation and expertise
- Collaborative working opportunities
- Effective governance and operations
- Prompt payment

Oversight of supply chain activities:

- London Living Wages
- Safe and healthy working conditions

Our Responses

Supplier onboarding process:

- PensionBee Supplier Management Policy
- PensionBee Responsible Supplier Policy and Code of Conduct
- PensionBee Information Security Policy

Sharing best practice on workforce transparency and disclosures:

- Disclosing company and investor signatory of the Workforce Disclosure Initiative for 2021
- Asked our suppliers to also disclose under the Workforce Disclosure Initiative
- Asked that those working in the supply chains of our top 20 suppliers (84% of our supply chain) are also paid a Living Wage
- Checked with suppliers that workers in their own supply chain are protected by effective discrimination and harassment policies in the legal jurisdiction in which they operate

Multiple engagements with Stewardship teams of our asset managers to share our customers' views on voting around Living Wage, pay gaps and other areas of importance

6 Government and Regulators

How we Engaged

Direct engagement:

- Regular engagement with Government Ministers, other government officials and regulators at meetings and events
- Regularly invited to join Government working groups
- Wrote directly to MPs, Government departments and policy makers on matters of crucial importance to our customers

Government and regulatory consultations:

- Contributed to government consultations regarding the development of regulation and policies which impact upon PensionBee, its customers and all pension savers
- Regulatory matters were regularly considered by the Board

Public commentary:

- Frequently commentated on issues of national importance to our customers and all pension savers, including Normal Minimum PensionAge, charges, switching, fee transparency and open pensions

Cross-industry working:

- Member of industry bodies for pensions and fintech

Interests and Concerns

The Financial Conduct Authority is guided by three key objectives to:

- Promote effective competition in the interests of consumers in the markets for regulated financial services
- Secure an appropriate degree of protection for consumers
- Protect and enhance the integrity of the UK financial system

The Minister for Pensions and Financial Inclusion and the Department for Work and Pensions ('DWP') seeks to deliver a reliable, high-quality pensions system in which customers have confidence

DWP's delivery body Money and Pensions Service, MaPS, offers impartial, free money and guidance and leads on the Pensions Dashboards workstream

Our Responses

Direct engagement:

- Steering Group member of Government's Pensions Dashboard working group
- Member of the Pension Minister's Statement Season working group
- Member of DWP's Costs and Charges Disclosure Initiative
- Member of the Pension Scams Industry Forum
- Regular engagement via roundtables with DWP on Simpler Annual Benefits Statements, Charge Cap, Transfer Regulations and Drawdown Tool

Government consultations:

- Responded to 10 consultations, including FCA's Diversity and Inclusion in the financial sector, DWP's Social Risks and HM Treasury's Normal Minimum Pension Age

Public commentary:

- Speaker at Treasury Connect Conference
- Regularly invited to comment on changes to the UK listing regime and launch of the Kalifa Review

Cross-industry working:

- Member of the ABI
- Member of Innovate Finance
- Key contributor to COADECs Open Pensions agenda

7 Our Planet

How we Engaged

Investment offering:

- Offering a core range of fully ESG screened plans
- Working with managers to expand and increase screening on all plans
- Offering the UK's first mainstream fossil fuel free pension
- Asserting customer views for voting on climate issues with money managers

Minimising our environmental impact:

- Fully remote working offered to everyone at PensionBee
- Recycling or donating used IT equipment and office furniture
- Paperless pension provider

Strategic partnerships:

- Founder pledge partner of the 'Make My Money Matter' campaign
- Supported ShareAction coordinated shareholder-led resolutions to stop fossil fuel lending

Interests and Concerns

Investments:

- Pensions that build a safe, healthy planet for everyone
- A just and fair transition to a low carbon economy
- Greenwashing
- Minimising the environmental impact of the biggest corporate polluters

A safe, clean world to retire in:

- Fair access to the world's resources
- Vaccine equity
- Tacking climate poverty to protect the most vulnerable societies
- Removing plastics from our ecosystem
- Halting deforestation

Our Responses

Investment offering:

- Implemented screening policy and integration of ESG into investment range
- Closed plans that could not be ESG screened
- Published our ESG Policy
- Completed SASB reporting 2021
- Hired a dedicated ESG Manager

Minimising our environmental impact:

- Completed Streamlined Energy and Carbon Reporting (SECR) 2021
- New office that uses 100% renewable REGO sustainable green electricity
- Continued to be one of the UK's only fully paperless pension providers
- Cloud-hosted web services remove the need for servers
- Fully remote working offered to all employees to reduce travel
- Bicycle storage and showers available for those who wish to cycle to work
- Old IT equipment donated to our partner school
- Old office equipment recycled

Strategic partnerships:

- Campaigned publicly for industry to reduce widespread use of paper
- Publicly supported multiple shareholder resolutions led by ShareAction to stop fossil fuel financing by major banks

Section 172 Statement

Section 172 of the Companies Act 2006 ('s172') requires Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard to matters including the items set out in the table that follows.

The Board seeks to understand and carefully consider our key stakeholders' interests, concerns and perspectives. The Board recognises that each decision will have a different impact and relevance to each stakeholder, so a sound understanding of their priorities is key. The Board exercises independent judgement when balancing any competing interests in order to determine what it considers to be the most likely outcome to promote the long-term sustainable success of the Company.

Whilst the Board engages directly with some groups of stakeholders, engagement takes place at all levels of the Company, across the business. Feedback from engagement below and at Board level is reported back to the Board and the Board Committees to help inform Board decision-making.

Further detail on how the Board operates, including certain of the matters it discussed during the year, having regard to its s172 duties, are contained on pages 63 to 68 of the Corporate Governance Statement within the Corporate Governance Report.

Further details and specific examples of how the Board and Company engage with our stakeholders, and their interests and needs, can be found above on pages 32 to 39 of this Stakeholders section.

Section 172 Requirement	Further Information
The likely consequences of any decisions in the long term	About Us, pages 9-15 Our Strategy, pages 16-18 Our Business Model, pages 20-21 Operating and Financial Review, pages 24-28 Measuring our Performance, pages 30-31 Stakeholders, pages 32-40 Managing our Risks, pages 52-55
The interests of the Company's employees	About Us, pages 9-15 Stakeholders, pages 32-40 ESG Considerations, 42-51
The need to foster the Company's business relationships with suppliers, customers and others	About Us, pages 9-15 Our Strategy, pages 16-18 Stakeholders, pages 32-40 ESG Considerations, pages 42-51
The impact of the Company's operations on the community and environment	About Us, pages 9-15 Our Strategy, pages 16-18 Stakeholders, pages 32-40 ESG Considerations, pages 42-51
The desirability of the Company maintaining a reputation for high standards of business conduct	Managing our Risks, pages 52-55 Corporate Governance Statement, pages 63-68 Audit and Risk Committee Report, pages 74-79
The need to act fairly as between shareholders and the Company	Stakeholders, pages 32-40 ESG Considerations, pages 42-51 Corporate Governance Statement, pages 63-68

11 ESG Considerations

Introduction

PensionBee's mission is to make pensions simple, so that everyone can look forward to a happy retirement. We work to make this vision a reality for our customers, in the form of financial freedom, good health and social inclusion.

At PensionBee we are guided by five core values, which ensure that we always do the right thing by all our stakeholders. These values are Love, Honesty, Quality, Simplicity and Innovation.

We believe that effectively managing our Environmental, Social, and Governance ('ESG') priorities will help preserve our resilience and drive long-term value for all our stakeholders. We pursue our ESG work transparently, disclosing our targets and relevant metrics. We believe this approach supports accountability and helps our stakeholders to be informed about our progress.

During 2021, we integrated ESG into our investment range, closing two plans that could not be screened under our ESG policy. We continued to minimise our impact on the environment through our remote working policy and as a paperless provider, encouraged other pension companies to stop sending out millions of paper statements each year. We also hired a dedicated ESG manager, who will lead on our reporting and assist with our stakeholder engagement work.

This year we disclosed under the Sustainability Accounting Standards Board ('SASB') framework, the Workforce Disclosure Initiative ('WDI') and the Streamlined Energy and Carbon Reporting ('SECR') framework for the first time. As part of our commitment to increasing our transparency in all the strands of ESG, we will disclose under additional frameworks as data becomes available and in the area of climate-related disclosures as it relates to future incoming regulation.

1 Environmental (Our Planet)

As an online pension provider with a total workforce of 177 individuals[31] and a small office footprint, PensionBee has a relatively small direct impact in terms of the environment and other sustainability issues. However, with Assets under Administration of approximately £2.6bn at the end of the 2021, we have the opportunity to have a greater influence and positive impact through the portfolios managed by our asset manager partners.

Integration of ESG into our Investment Plans

As a result of index-based investing, our customers are the owners of thousands of companies around the world. At PensionBee, we believe in the 'engagement with consequences' approach, meaning we want to work with all companies to help them become better corporate citizens and create an investment system that rewards positive impact on our society and our planet. Nevertheless, we recognise there will always be some companies that it is not possible to engage with as a result of their business activities and that many of our customers wish to entirely exclude certain companies from their pensions.

Through 2021, we worked with our asset managers to introduce ESG screening for violators of the United Nations Global Compact ('UNGC'), manufacturers of controversial weapons[32] and to increase screens on tobacco and fossil fuels. Additionally, and as part of our ongoing commitment to screening and integration of ESG issues, we closed two investment plans (the Match Plan and the Future World Plan) that could not be sufficiently screened due to legacy components.

We seek to apply baseline ESG exclusionary screens where both the asset class and the plan investment objectives allow. Firstly, screens can be applied to equities and fixed income but cannot yet as easily be applied to gilts, government bonds, cash or alternative investments such as commodities or REITs. Secondly, other objectives, such as 'values / religion-based investing', will take precedence over any screens.

The equity and fixed income portions of our core plan range are fully screened for violators of the UNGC and manufacturers of controversial weapons. Screened plans are: the Tailored Plan, Tracker Plan, Fossil Fuel Free Plan and Pre-Annuity Plan, which together represent over 93% of the asset base.

In addition to applying baseline screens, we are reducing our overall exposure to tobacco and thermal coal over time. The Tailored Plan, our largest plan by customers and assets, is also >98% screened for tobacco, thermal coal, civilian firearms and nuclear weapons. Our asset managers use FTSE and MSCI definitions for their exclusions.

31 As of 31 December 2021. Includes 172 UK employees, 1 UK contractor and 4 non-UK contractors.
32 Controversial weapons are weapons that have an indiscriminate and disproportional impact on civilian populations. A number of international conventions and treaties prohibit or limit the use of these weapons, which are defined as anti-personnel landmines, cluster munitions, and chemical and biological weapons.

Our sustainable option, the Fossil Fuel Free Plan, was created and introduced in direct response to customer demand in 2020, and was the first mainstream plan of its type. The Fossil Fuel Free Plan screens out companies with proven or probable fossil fuel reserves and companies that provide services to the fossil fuel industry along with tobacco companies, controversial weapons companies and UNGC violators. The index it tracks tilts towards Paris-aligned companies using a Transition Pathway Initiative methodology. We introduced this investment plan to cater for the growing number of customers who want a pension that tackles climate change.

Customer Surveys

In 2021 we invited approximately 85% of our customer base to participate in a survey on their investment views. We regularly survey our customers to ensure that the investment plans we offer continue to meet their evolving needs and views. We also use this survey data to engage with our money managers on the environmental issues of most importance to our customers and to publicly support other institutional investors in their shareholder-led resolutions. In 2021 we used survey data from customers in our Tailored Plan to encourage our managers for change through voting. As a result of those surveys we are now progressing towards obtaining our own votes, which will mean that in the future we can vote directly on the most important issues for our customers, and not through the money manager.

Customers in our Fossil Fuel Free Plan also expressed a desire to expand the exclusion criteria of the plan by removing companies that provide services to the fossil fuel industry. We approached Legal & General, the manager of the plan, who made a commitment to both removing these companies but also continuing to evolve the plan in the future, in line with the views of investors. This survey also revealed a growing number of customers who want a pension that directly plays a part in solving the world's biggest environmental challenges, something that we have begun to look at. We will continue to take a customer-led approach to our investments in 2022 and beyond.

Minimising our Impact on the Environment

We offer fully remote working to all employees, which greatly reduces commuting emissions for those who wish to work permanently from home, as well as allowing us to recruit from further afield. We also have low business travel emissions as most of our meetings are held virtually or in central London, where we are based. Our office is centrally located and easily accessible by public transport. We also offer bike storage and showers for those who wish to run, walk or cycle. Our new office premises on Blackfriars Road use 100% renewable REGO sustainable green electricity and are committed to reducing carbon emissions each year.

PensionBee is a paperless pension provider. Our communications are digital, with annual statements available to download in the BeeHive. We estimate the pensions industry still sends out 40m paper packs each year by post and we have long campaigned for other providers to reduce their use of paper.

We donate old working laptops to our partner school, Langdon Park School, which are used by their careers service to increase employability prospects through online training and skills development. Other office equipment is recycled or given away to employees.

Environmental Awards

During 2021, we were proud to have achieved recognition for our focus on and achievements relating to our environmental impact, including:

- Winner: Financial Times & Investors Chronicle Celebration of Investment Awards - 'ESG Champion - Innovation'. (Fossil Fuel Free Plan)
- Highly Commended: (Investment Week) Investment Marketing & Innovation Awards - 'Best Use of Market Research'. (Fossil Fuel Free Plan)
- Shortlisted: Business Green Awards - 'Marketing Campaign of the Year' and 'ESG Investor of the Year'.
- Shortlisted: Growth Investor Awards - 'Industry Game Changer' and 'ESG Champion of the Year'.
- Shortlisted: Financial Times & Investors Chronicle Celebration of Investment Awards - 'ESG Company of the Year', 'Community' and 'Innovation'.

Disclosures

This year we disclosed under the Sustainability Accounting Standards Board ('SASB'), Workforce Disclosure Initiative ('WDI') and Streamlined Energy & Carbon ('SECR') reporting frameworks for the first time. As part of our commitment to increasing our transparency in all the strands of ESG, we will disclose under additional frameworks as data becomes available and in the area of climate-related disclosures as it relates to future incoming regulation.

We began to report under the Sustainability Accounting Standards Board (SASB), (under our primary SICS industry Financials - Asset Management & Custody Activities) and began work on our own ESG materiality assessment.

We have also begun reporting under the new Streamlined Energy & Carbon ('SECR') Reporting requirements. We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2018.

The SECR disclosure can be found on pages 97 to 103 of the Director's Report within the Corporate Governance Report.

2 Social (our Employees, our Customers and our Communities)

Diversity & Inclusion

We have a well established history of fostering diversity and inclusion. Diversity and inclusion are aligned with our vision of living in a world where everyone can look forward to a happy retirement. We believe that one aspect of achieving a happy retirement is social inclusion.

In 2021, we published our Diversity, Inclusion and Equality Policy, which outlines our approach to diversity and public commitments. Our aim is for our team to be representative of all areas of society, across all levels of the business, to better reflect and represent our diverse customer base. We welcome everyone regardless of gender, race, origin, religion, size, age, sexuality or disability and will not tolerate any conduct which harms others.

We are committed to:

- Providing equality, fairness and dignity for everyone in our team.
- Opposing and preventing all forms of unlawful discrimination.
- Creating a working environment free of bullying, harassment, victimisation and unlawful discrimination, where every person's individual differences and contributions are valued and respected.

We are working towards the following goals:

- Maintaining at least 50% women and minority gender balance at all levels.
- Increasing representation of all minority ethnicities to match the UK population across all levels of the business (as defined by the 2011 census).
- In 2021, we maintained our target of 50% female representation on the Board and Executive Management Team and achieved gender parity across all levels of the business, with more than 40% of employees being from minority ethnic groups across the Company.
- In the workplace, our ambition is to create the kind of workplace all PensionBee employees want to work at, and as such we are focused on promoting equality, diversity and inclusion, preventing unlawful discrimination, respecting and protecting human rights and ensuring that everyone feels respected and safe at work.

Workforce Composition

As of 31 December 2021, PensionBee had a total workforce of 177 individuals.[33] We achieved an approximate 50:50 gender split, with 51% of employees identifying as female, 49% identifying as male and 1% identifying as non-binary.[34]

We conduct an annual Diversity, Inclusion and Engagement survey in June each year, which all employees are invited to participate in on a voluntary basis, the results of which are shown below for 2021.

Composition of PensionBee's Workforce by Race or Ethnicity[35]

Racial or Ethnic Background	Percentage of Employees	UK as per 2011 Census	London as per 2011 Census
Asian or Asian British	10%	8%	19%
Black, African, Caribbean or Black British	17%	3%	13%
Mixed or Multiple Ethnic Groups	10%	2%	5%
Latinix/Hispanic	3%	1%	3%
Other Ethnic Groups	1%	1%	3%
White	58%	86%	60%

Composition of PensionBee's Workforce in Leadership Positions by Gender[36]

Seniority Level	Percentage of Workforce	Percentage Female	Percentage Male
Board	3%	60%	40%
Executive Management	5%	50%	50%

33 Includes 172 UK employees, 1 UK contractor and 4 non-UK contractors.
34 Data excludes 9 individuals who did not self identify.
35 Data as of June 2021. PensionBee's Workforce includes all permanent employees but excludes the Board.
36 Data as of June 2021. PensionBee's Workforce includes Board and Executive Management.

Composition of PensionBee's Workforce in Leadership Positions by Race or Ethnicity[36]

Race or Ethnicity Category	Board Level	Executive Management Level
Asian or Asian British	0%	13%
Black, African, Caribbean or Black British	0%	13%
Mixed or Multiple ethnic groups	0%	0%
Latinix/Hispanic	0%	0%
Other ethnic groups	0%	0%
White	100%	74%

Diversity Awards

In 2021, we were proud to have achieved recognition for our focus and achievements in diversity, including:

★ Winner: FTAdviser Diversity in Finance Awards - 'Employer of the Year'.

★ Highly Commended: FTAdviser Diversity in Finance Awards - 'Trailblazing Company of the Year'.

★ Shortlisted: PensionsAge Awards - 'Diversity'.

★ Shortlisted: FTAdviser Diversity in Finance Awards - 'Employer of the Year' and 'Trailblazing Company of the Year'.

★ Shortlisted: AltFi Awards - 'Fintech Of The Year' and 'Diversity and Inclusion Initiative Of The Year'.

Workforce Disclosure Initiative

In 2021, PensionBee disclosed for the first time under the WDI. The WDI aims to improve corporate transparency and accountability on workforce issues, provide companies and investors with comprehensive and comparable data and help increase the provision of good jobs worldwide.

Our first year disclosure score under the WDI was 90%, as compared to a financial sector average of 69% and an average all company disclosure score of 68%.

PensionBee is also an investor signatory of the WDI, part of an investor coalition of 53 institutions, with $7.5tr in assets under management, that comes together to set the global standard for workforce disclosures and to campaign for the improvement of conditions of workers around the world.

Paying a Living Wage

PensionBee is an accredited Living Wage Employer, furthering its mission to champion diversity and representation in the pensions industry. We pay all our employees a London Living Wage at a minimum, regardless of where they are located across the UK.

PensionBee is also a member of ShareAction's Good Work Coalition, where we regularly support public campaigns to address income inequality, tackle in-work poverty and lobby FTSE-listed companies to pay their employees a fair wage.

Gender Pay Gap

As a member of the Women in Finance Charter, which seeks to see gender balance at all levels across financial services firms, we regularly report publicly on female representation. We have achieved 50% female representation across our employee base, across all levels of our business.[37]

As at 31 December 2020, PensionBee measured a median hourly pay gap of just 4% and a median bonus pay gap of 0% among our employees. This gap was in line with PensionBee's target of 0% with a variance of 5% above or below owing to the overall size of the employee base to 1.6% as measured in December 2021 .

	Pay Gap	Number of Employees
Median Hourly Pay Gap	1.6%	138
Median Bonus Pay Gap	0%	138

There is increasing evidence that gender-equality interventions deliver benefits, both in terms of worker satisfaction and business performance. We intend to continue to:

37 Data as of September 2021.

- Recruit women who have the potential to reach senior management.
- Support the career development and progression of women at mid-tier level to senior roles.
- Recruit females into roles that traditionally do not have gender diversity, such as developers and other technology roles.

PensionBee's Shared Parental Leave Policy

Becoming a parent is a life changing moment and providing support for all new parents as they navigate this stage in their life journey is key. Our Shared Parental Leave Policy aims to address some of the challenges that face parents, and support them in maintaining an engaging, and fulfilling career alongside their new responsibilities and applies to anyone taking on parental duties, regardless of their biological relationship to the new arrival and regardless of gender.

Employee Engagement

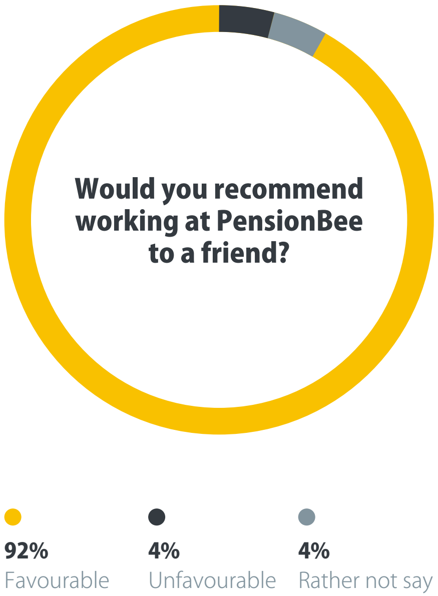
Aligning with our values of Honesty and Love, we take active steps to involve and consult employees where we can, to make sure everyone is listened to and well represented. We have a number of on-going initiatives in place to make sure our employees are listened to and well represented:

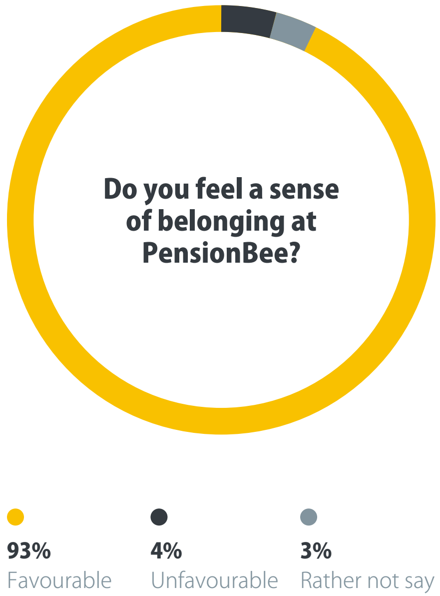
- Weekly all-Company Show & Tell meetings with CEO and Executive Management team.
- 'Happiness!' meetings for employees to discuss their wellbeing with their manager bi-monthly.
- Annual Diversity, Inclusion and Engagement survey.
- Annual manager feedback survey.
- Workforce engagement events with the Board.
- Anonymous channels for employees to submit any requests, concerns, issues they may have.
- 'Diversity Champions' appointed with the aim of helping represent employees and to promote diversity and inclusion within the Company.
- Qualified Mental Health First Aiders, trained to provide mental health support to our employees.

In 2021, we were pleased to have initiated 'Town Hall' meetings for all employees to have the opportunity to meet and engage with the Board, addressing employees' queries and concerns. Our Senior Independent Director, Mary Francis CBE, the Director responsible for employee engagement, hosted our 2021 employee engagement event, facilitating discussion on themes suggested by and voted for by employees, including themes from the diversity survey this year. All our events and meetings are hosted online in order to maximise participation and inclusion. We also appointed a Head of Culture, Inclusion and Wellbeing to lead a new program focused on the enhancement of our values-based culture.

Another initiative that we are proud of is our 'PensionBee Speaks' series, which provides the opportunity for employees, or friends of PensionBee, to lead talks on issues that they are passionate about, raising awareness and empowering our employees to speak up. Examples included: anti-racist and anti-sexist hiring, trans inclusion, traveller rights, the body positivity movement and abortion rights.

Measuring our progress and seeking feedback from our employees on how we are faring is important. Our annual Diversity, Inclusion and Engagement survey of all our employees explores themes related to well-being, longevity and remuneration. The data suggests that people largely feel aligned with the company's mission, vision and values and that their job helps them stay connected to PensionBee's goals.



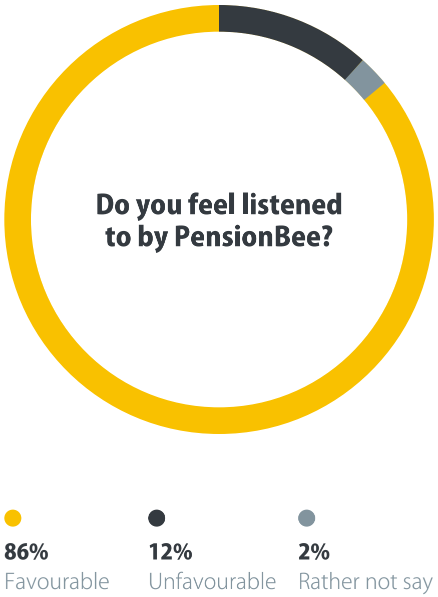


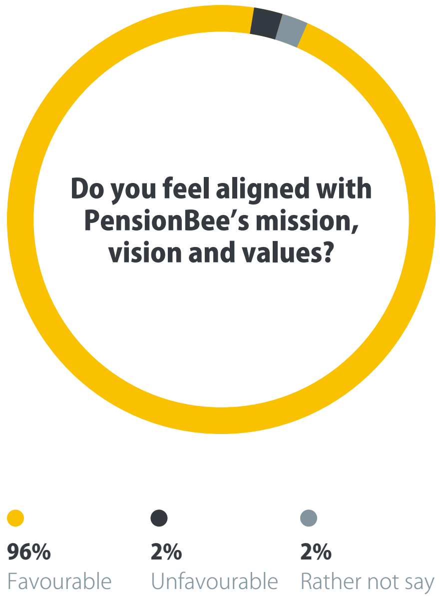
Customer Engagement

Our mission is to make pensions simple, so that everyone can look forward to a happy retirement. We work to make this vision a reality for our customers, in the form of financial freedom, good health and social inclusion. We help our customers take control of their finances and help fight for their rights as savers. We act to prevent our customers' investments from damaging their health, so they can enjoy bigger pensions for longer. We support savers from all social backgrounds and aim to address financial inequality wherever it exists.

There are a number of ways in which we engage with our customers. They regularly receive the opportunity to share their feedback via our dedicated Engagement team, customer case study interviews, by email, or through one of the many surveys we run on a variety of topics.

During the course of 2021, PensionBee customers shared 165,000 pieces of feedback (through email, live chat or phone call), which was tagged and recorded, and which helped to drive our product road map, making sure that we prioritised features that resonated with our customers' needs.





Customer interviews formed another integral part of our engagement work. We conducted over 100 in-depth case study interviews in 2021, led by our product design and engagement teams. In 2021, our customers' voices and stories were featured widely across national media, amplifying our customers' voices and serving to change perceptions of pensions and deepen the understanding of the experiences of ordinary pension savers. We do this in order to improve the pensions system for all savers in the UK.

Closing the Gender Pensions Gap

Currently, an obstacle to achieving financial freedom for everyone is the gender pensions gap, which is on average 38% and almost 60% in some parts of the UK.[38] We believe that bold action is required to challenge this gap, so that women can enjoy similar levels of wealth in retirement as men. This is particularly important as women tend to live longer and often bear their own care costs.

38 Source: PensionBee research: '2021 gender pensions gap analysis by region'.

In 2021, PensionBee published a report on the economic case for gender-inclusive, paid parental leave entitled 'What would women's pensions look like if there wasn't a gender pay gap'.[39] In the report, which was widely covered in national media, we modelled policy interventions that would close the gender pensions gap. To further our understanding in this area we started working with More Diverse Voices, on co-designed workshops to explore women's experiences of barriers to saving for retirement, through focus groups, individual interviews and surveys. We invited female customers and non-customers to help us re-imagine the pension system for women. The project has influenced some of our product and campaign work that we are planning for 2022.

Charters, Pledges and Social Impact Initiatives

To support our vision of living in a world where everyone can look forward to a happy retirement, we are proud to have publicly committed to the following initiatives in 2021:

- ABI Transparent Parental Leave and Pay Initiative[40]
- Accredited Living Wage Employer[41]
- Careers & Enterprise Company[42]
- Make My Money Matter[43]
- Race at Work Charter[44]
- Social Mobility Pledge[45]
- Tech Talent Charter[46]
- The Diversity Project[47]
- The Workforce Disclosure Initiative Investor Coalition[48]
- Time to Talk (Time to Change)[49]
- Women in Finance Charter[50]

39 https://www.pensionbee.com/resources/pensionbee-report-womens-pensions-if-no-gender-pay-gap.pdf
40 https://www.pensionbee.com/press/abi-transparent-parental-leave-and-pay-initiative
41 https://www.pensionbee.com/press/pensionbee-becomes-accredited-living-wage-employer
42 https://www.careersandenterprise.co.uk
43 https://makemymoneymatter.co.uk
44 https://www.pensionbee.com/press/pensionbee-signs-the-race-at-work-charter
45 https://www.pensionbee.com/press/pensionbee-joins-social-mobility-pledge
46 https://www.techtalentcharter.co.uk/home
47 https://diversityproject.com
48 https://shareaction.org/investor-initiatives/workforce-disclosure-initiative
49 https://www.time-to-change.org.uk
50 https://www.pensionbee.com/women-in-finance

Working with Local Schools

We worked with different local state schools via the Careers & Enterprise Company and Give an Hour throughout 2021. We have a long term partnership with a local state secondary school in Tower Hamlets, Langdon Park School, having held a role as an Enterprise Advisor for them since 2020. At Langdon Park School, approximately 50% of the students are on free school meals and English is not a first language for more than 80%% of the student population.

During 2021, members of our Executive Management and Senior Management teams delivered multiple presentations and workshops, covering topics such as careers in finance, personal budgeting and interview preparation. We co-designed a PensionBee work experience program to be delivered during 2022, to increase participation in pensions and financial services. Lastly, we donated laptops to the school's career service.

3 Governance (our Regulator, our Shareholders, our Suppliers)

Engagement with the Industry and Regulators

We have always been an active participant in industry groups and forums. Regularly invited to participate in Government working groups, in 2021 we were part of the Department of Work and Pensions' ('DWP') Statement Season Group and the Costs and Charges Disclosure Initiative. Romi Savova also sits on the Steering Group for the Government's Pensions Dashboard Working Group.

We were invited to speak on a number of panels and tech roundtables on topics ranging from the Smart Data Right, open pensions, responsible investing, financial wellbeing, the Kalifa Review's proposed changes to the UK listing regime and at HM Treasury's Connect Conference.

2021 was a busy year for Government consultations and we actively engaged and responded to consultations that impacted our customers and our business. Our vision is for our customers to achieve financial freedom and a core part of that is ensuring we have a policy environment that allows all savers to take control of their finances and fight for their rights as savers.

In order to help our customers achieve financial freedom, we publicly spoke out about a number of policy interventions in 2021. We warned of the dangers of a two-tier retirement system[51], following Her Majesty's Treasury (HMT) proposal on the Normal Minimum Pension Age, and on the benefits of introducing a flat pensions tax relief rate[52]. We used our own data to warn that DWP's Statement Season could put 10.6m pension savers at risk of scams[53] and that the drawdown comparator tool was not fit for purpose.[54]

We were pleased to respond to two Financial Conduct Authority consultations on diversity in the financial sector and diversity on boards. In both consultations we responded that there should be an explicit requirement for all regulated financial services firms to disclose their workforce data under the WDI and to publish their responses on their website in order to demonstrate progress over time and enable stakeholders to hold firms accountable.

We are members of the ABI and Innovate Finance and a key contributor to COADEC's work on open pensions.

51 https://citywire.com/new-model-adviser/news/govt-pension-age-reform-will-create-two-tier-retirement-system/a1481055
52 https://www.pensionsage.com/pa/Govt-urged-to-consider-to-universal-tax-relief-as-millions-of-high-earners-miss-out.php
53 https://www.ftadviser.com/pensions/2021/11/26/statement-season-could-put-10-6m-pension-savers-at-risk
54 https://www.ftadviser.com/pensions/2021/03/18/government-s-investment-pathway-tool-not-fit-for-purpose

Transfers Out / Scams

We continued to be an active member of the Pension Scams Industry Forum ('PSIF') in 2021, attending monthly meetings with representatives from across the 'scams community'. We follow the principles of the PSIF Code of Good Practice in all suspicious transfer out requests and also share scams intelligence with other members of the community.

In 2021, PensionBee became a member and signatory of The Pensions Regulator's Pledge to Combat Pension Scams. We welcomed the new transfer regulations and powers for providers to block pensions scams in 2021. We continue to work collaboratively with the rest of the industry to warn members about the risks of scams and campaign for additional protections for savers.

Inviting Customers to Participate in our IPO

PensionBee customers are at the heart of everything we do, so when it came to our IPO, we wanted to make sure they had the opportunity to invest and become shareholders, something that is not always made possible for retail investors. In 2021, we partnered with PrimaryBid, the retail investor platform, to offer all our Invested Customers at the time the opportunity to invest, alongside raising new institutional funds. We were delighted that so many customers took up the chance to become shareholders and we look forward to continuing to engage with them through quarterly updates given to the market and at our first Annual General Meeting.

Supply Chain Mapping

We act ethically in all business dealings and we expect our suppliers to uphold these principles too, urging them to adopt similar policies within their own businesses. As all our largest suppliers are large companies based in either the UK or Ireland, they are subject to Modern Slavery legislation, Gender Pay Gap reporting requirements, FCA regulation and other comparable EU legislation (in Ireland) as applicable. As the bulk of our suppliers provide technology or online advertising services and are based in low-risk countries, we have assessed the threat of human rights issues in their businesses and supply chain to be low risk.

In 2021, we engaged with our suppliers on their workforce issues, including topics such as use of contractors, Living Wages, upholding human rights (including in their own supply chains), right of association and policies on discrimination and harrasment. We have also asked our main suppliers to disclose under the WDI.

Privacy & Data Security

We take the security of our customers' personal information very seriously. We take administrative, legal, technical and physical precautions to ensure the security of personal information in accordance with the UK General Data Protection Regulation. We use personal information in accordance with our Privacy Policy.

All communications between our customers' browsers and our website are secured using 128-bit TLS encryption, to ensure that only people authorised to view their personal information can do so. Information is stored in secure databases and data centres accredited to multiple internationally recognised standards. Our security controls are tested on an annual basis by independent experts and PensionBee maintains certification to the ISO/IEC 27001:2013 standard for information security management systems. PensionBee systems undergo an annual vulnerability assessment as part of certifying to the Cyber Essentials Plus scheme.

Customers are additionally protected from identity fraud and account compromise using a variety of techniques including digital customer identity verification, which incorporates a cutting-edge facial similarity check, bank account verification and multi-factor authentication.

Corporate Governance

Further details on the Company's approach to governance can be found on pages 63 to 68 of the Corporate Governance Statement within the Corporate Governance Report.

We have set out in the Corporate Governance Statement how we have applied the Principles of the Code and have included cross references throughout it as to where further supporting information may be contained. The Board and the Committees believe that they have upheld the Code through their work and are able to report no instances of non-compliance against the Code from the Company's listing to 31 December 2021.

12 Managing our Risks

The Risk Management Framework

The Board is ultimately responsible for establishing the risk appetite and the risk management framework at PensionBee. The Board has appointed the Audit and Risk Committee to assist with the oversight of risk management activities.

We maintain a comprehensive risk management framework and risk management is acknowledged as the collective responsibility of every employee. The risk management framework encompasses procedures and processes designed to identify, monitor and mitigate risks that arise from its business activities, thereby helping to ensure the Company meets its obligations to key stakeholders, including customers, employees, shareholders, regulators and broader society.

The risk management framework at PensionBee adopts the standard first, second and third line of defence model in segregating risk management activities and reporting lines. The Board oversees the risk management framework and process, which is set out below. 'External assurance' highlights the external parties PensionBee engages to assist the Board of Directors in exercising its ultimate oversight. For the avoidance of doubt, the external auditor's duty is to shareholders.

Function	Responsibility			
Ultimate oversight	Board of Directors			
	Investment Committee	Audit and Risk Committee	Nomination committee	Remuneration committee
External assurance	Governance Advisory Arrangement (PLT)	Financial Auditor (Deloitte)	ISO 27001 Auditor (BSI)	Pension Technical (Enhance)
Second Line	Risk Management Team + Senior Leadership at PensionBee - together the Risk Stakeholder Group (RSG) - meet monthly to discuss risk-related matters. The Information Security Committee (ISC) is a Co-Committee of the RSG.			
First Line	Embedded in the business (Operations, Technology, Marketing, Product, Finance, etc.)			

First Line of Defence

The first line of defence is directly embedded in the business activities and is managed by department heads or other sufficiently senior employees at PensionBee. Risks are brought to the attention of the first line by the second line and vice versa. The first line of defence is required to implement the Company's risk management policies.

Second Line of Defence

The second line of defence is delivered by the Company's risk management team, which documents, monitors and maintains the Company's appetite and perceived exposure to risk through a risk register. The Company's risk appetite is generally low to medium. PensionBee has put in place mitigations to achieve a residual risk exposure that is in line with its risk appetite. As part of its mitigating activities, the Company maintains a set of policies that document the steps it takes to help reduce the likelihood (and in some cases, the impact) of a risk occurring. Each policy is reviewed at least once annually.

External Assurance

The Company employs external parties to provide assurance as it does not currently have an internal audit function. These parties are appointed based on their sector expertise, including investment management, finance, compliance, regulation and information security. The Audit and Risk Committee is kept up to date with the work of these parties.

Identifying Emerging Risks

The PensionBee Executive Management team has documented the Company's perceived exposure to risk through the collation of a risk register, which is managed by the Risk Management team. The risk register lays out the Company's risks, assesses the Company's exposure and its risk appetite. The documented results of risk assessments are reviewed to understand the level of risk and controls implemented as appropriate to address any unacceptable risks that have been identified.

Employees are encouraged to report any potential new risks to the Risk Management team. If anyone prefers to report any potential risk in a more confidential way, they are welcome to contact a member of the Risk Management team directly.

The Risk Management team meets on a monthly basis with the Legal Team and potential new risks are discussed during these meetings. In addition, the Risk Management team meets monthly with key senior leaders in the company, including the Executive Management team, the VP of Technical Solutions, and the Head of Compliance. Together, this leadership group and the Risk Management team form the Risk Stakeholder Group ('RSG'). Both potential new risks and existing risks are discussed during these meetings and actions to mitigate those risks are decided upon and followed up on.

Stakeholders and Activities

The risk register lists the stakeholders of the Company, the activities that the Company performs and the risks to the stakeholders that these activities may generate. Each risk has been categorised by type and then rated based on the impact and likelihood of occurrence.

Each risk is allocated to a risk owner, who is a member of the Executive Management team and is usually the head of the department performing the activity. In cases where the risk is associated with very specific knowledge (e.g. information security) the owner may be another member of senior management who possesses that knowledge.

Principal Risks and Uncertainties

Overview of Risks

We have identified seven types of potential risks which could have a material impact on the Company's long-term performance. These arise from internal or external events, acts or omissions. The risk factors mentioned below do not purport to be exhaustive as there may be additional risks that the Company has not yet identified, or has deemed to be immaterial, that could have a material adverse effect on the business.

Regulatory Risk

PensionBee's business is subject to risks relating to changes in UK government policy and applicable regulations. Whilst we have historically been beneficiaries of favourable regulatory changes, including through the introduction of Automatic Enrolment and Pension Freedoms, any regulatory changes which are negative for PensionBee's business could have a material adverse effect on our prospects.

PensionBee's operations are subject to authorisation and supervision from the Financial Conduct Authority, and supervision from HMRC and the Information Commissioner's Office. PensionBee may fail, or be held to have failed, to comply with regulations and such regulations and approvals may change, making compliance more onerous and costly. The Financial Conduct Authority, or other regulators, could conclude that PensionBee has breached applicable regulations, which could result in a public reprimand, fines, customer redress or other regulatory sanctions. PensionBee must also comply with relevant regulatory capital and liquidity requirements.

PensionBee may be subject to complaints or claims from customers and third parties in the normal course of business. If a large number of complaints, or complaints resulting in substantial customer and third party losses, were upheld against PensionBee, it could have a material adverse effect on PensionBee's business and financial condition.

Information Security Risk

PensionBee is subject to strict data protection and privacy laws in the UK including the General Data Protection Regulation ('GDPR'). If our information security processes, policies and procedures relating to personal data are not fully implemented and followed by employees, or if any of our third party service providers has historically failed to manage data in a compliant manner or fails in the future, we could face financial sanctions and reputational damage.

Furthermore, our operations are susceptible to cybercrime and loss or misuse of data. Failure to prevent such actions, or circumvention of our information security processes, policies and procedures could result in financial losses, business interruption and unauthorised access to personal data.

Operational Risk

PensionBee is dependent on third-party technology and financial services providers for the provision of investment management, banking and technology services. Any termination, interruption or reduced performance in the services provided by these third parties could negatively impact the provision of our services and have a material adverse effect on our reputation and profitability.

Our operational infrastructure and business continuity may be affected by other failures or interruption from events, some of which are beyond our control. Our systems and the systems of our third-party providers may be vulnerable to fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation by employees or service providers, or unauthorised physical or electronic access; and interruptions to network or wider system integrity generally. There can be no guarantee that our preventative measures will protect us from all potential damage arising from any of the events described above.

Market Risk

PensionBee's business may be adversely affected by negative sudden or prolonged fluctuations in the capital markets. We generate the vast majority of Revenue in the form of fees charged on a recurring basis calculated by reference to the value of our AUA. Our Revenue and profitability are therefore directly influenced by global stock markets. A general deterioration in the global economy and a resulting capital market decline may have a negative impact on the value of our customers' pensions and their overall confidence to make new contributions to their PensionBee pensions.

Credit Risk

PensionBee is dependent on third-party financial services providers for the provision of investment management and banking services. We are reliant upon these third parties for the safekeeping of our own and our customers' assets. Any default by one of these third parties would have a material adverse effect on our reputation and financial position.

Reputational Risk

PensionBee could be subject to adverse publicity, including if we or our customers become targets for actual and attempted financial crime and fraud arising from the actions of third parties, customers and staff. Criminals may attempt to use PensionBee's service to facilitate financial crimes. If we do not continue to develop and implement preventative financial crime and fraud measures, practices and strategies, our ability to combat financial crime and fraud could be adversely affected. There is no guarantee that our proactive measures will be successful in the prevention or detection of financial crime and fraud and any failure to combat these matters effectively could adversely affect our profitability.

Strategic Risk

The pensions market is competitive and there is no guarantee that we will be able to continue to achieve the growth levels we have enjoyed to date or that we will be able to maintain our financial performance either at historical or anticipated future levels. Our competitors include a variety of financial services firms and our market is characterised by ongoing technological progression, including of the underlying infrastructure and user experience. There is no guarantee that we will continue to outpace our competitors. In addition, the pension market remains cost-sensitive and competitors could materially undercut our fees, thereby generating pressure on our revenues. Any failure to maintain our competitive position could lead to a reduction in revenues and profitability as well as lower future growth.

We are dependent upon the experience, skills and knowledge of our Directors and senior managers to implement our strategy. The loss of a significant number of Directors, senior managers and/or other key employees, or the inability to recruit suitably experienced, qualified and trained staff, as needed, may cause significant disruption to our business and ability to grow.

Summary of Risks and Mitigations

Through the risk management process described above, we have taken the appropriate steps to reduce risk in accordance with our risk appetite. The summary of these steps are presented below.

Risk Type	Risks	Mitigations
Regulatory	We may be materially adversely affected as a result of new or revised legislation and regulations. We may breach regulatory capital or liquidity requirements.	• Strong culture of fair treatment of customers and purposeful business model. • Maintain a robust risk management framework. • Regular interactions with industry bodies to monitor trends. • Regulatory capital and liquidity planning and monitoring through the finance function.
Information Security	Serious or prolonged breaches, errors or breakdowns of our technology systems or exposure to an external attack could materially breach data protection laws, which could render us liable to governmental or regulatory disciplinary action, as well as to claims by customers.	• ISO 27001 certification. • Maintain a robust policy set and physical controls to keep information secure. • Rely on global partners for data storage and encryption. • Regular training for employees.
Operational	Serious or recurrent breaches and errors in manual processes and systems, including those provided by third parties, could render us liable to governmental or regulatory disciplinary action, as well as claims by customers.	• Extensive automation program in place to reduce manual procedures. • Maintain a robust policy set of document procedures. • Regular training for employees. • Robust external supplier selection process and ongoing strategic monitoring of largest suppliers.
Market	Fluctuations in capital markets may adversely affect trading activity and/or the value of the Company's Assets under Administration, from which we derive Revenue.	• Rely on recurring Revenue from long-duration assets. • Maintain asset diversification through appropriate fund range.
Credit	Default by a key financial partner could materially damage the capital position and our ability to generate Revenue.	• Only contract with the world's largest and most reputable asset managers. • Only bank with large and reputable institutions.
Reputational	There is a risk of reputational damage including as a result of employee misconduct, failure to manage our risks, fraud or improper practice.	• Strong culture of fair treatment of customers and purposeful business model. • Maintain a robust risk management framework.
Strategic	We operate in a competitive environment and our continued growth depends on our ability to respond to external changes.	• Embedded processes to gather and absorb customer feedback. • Rapid implementation and product development cycles.

Internal Audit

The Company does not currently have an Internal Audit function, but does employ external parties to provide assurance. The parties are appointed based on their sector expertise, for example, investment management, finance, compliance, regulation and information security. The Audit and Risk Committee is kept up to date with the work of these parties. We will continue to evaluate on an ongoing basis whether an internal audit function with a direct reporting line to the Audit and Risk Committee should be established.

13 Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, the Board has assessed the viability of the Group for the four-year period to December 2025, considering this to be an appropriate period over which to assess the Group's strategy and its capital requirements, considering the investment needs of the business and the potential risks and uncertainties that could impact the Group's ability to meet its strategic objectives. A four-year period has been considered appropriate because it would likely capture the full downturn of a potential downside business cycle and furthermore, it would provide sufficient time to identify and execute further mitigating actions to address the stress test scenario as outlined below, such as a further capital raise, the identification and implementation of product suite expansion and the identification and implementation of further cost savings.

This assessment has been made giving consideration to the financial position, regulatory capital and liquidity requirements of the Group (as set out on pages 24 to 28 of the Operating and Financial Review within the Strategic Report), in the context of the Company's strategy, business model and medium-term business plan, together with an assessment of the principal risks and uncertainties as set out on pages 52 to 55 of the Managing our Risks section of the Strategic Report. Such risks have been categorised into regulatory, information security, operational, market, credit, reputational and strategic risks in accordance with our risk management framework.

The Board approved medium term plan assumes the business continues to grow customer numbers and AUA through continued investment in our customer proposition, through marketing, people and technology. It is assumed that there are no significant or prolonged market movements in underlying asset values from the time the plan was approved by the Board.

The Board has considered the potential impact of the following stress test scenarios, which together represent a severe and unlikely but possible scenario:

- **Market Risk** - Prolonged equity market volatility. A material reduction in the equity market as a result of global economic uncertainty (such as COVID-19 and geopolitical disruptions) has been assumed over the forecast period whereby the equity market falls by 20% during year 1 and remains at that level throughout the forecast period.

- **Reputational Risk** - Caused by a combination of operational risk, information security and third party services and solution risk. A material reduction in the customer conversion rate and average pot size of newly acquired customers has been assumed over the forecasting period whereby it decreases by 10%.

In the event that such modelled scenarios were to manifest, the Board would consider reducing discretionary marketing expenditure as a management mitigating action to be taken. The Board considers this approach to be reasonable in light of the Group's profitability and positioning within the UK competitive landscape.

The results have confirmed that the Group would be able to withstand the adverse financial impact of these scenarios occurring together over the four-year assessment period and that it would continue to be able to meet its liabilities and capital requirements.

The Group's medium term plan was reviewed by the Board in December 2021 and subsequently approved in February 2022. The Directors confirm that they have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities and capital requirements as they fall due over the four-year period to December 2025.

The Strategic Report was approved by the Board on 13 April 2022 and signed on its behalf by:

Romi Savova
Chief Executive Officer
13 April 2022

Corporate Governance Report

1 Chairman's Introduction to Governance

> "The culture of our people, the strength of our leadership and our strong corporate governance structure have served us well on our journey of becoming a public company... We aim to continue to deliver value to all our stakeholders and to meet and exceed their expectations.

Dear Shareholder,

On behalf of the Board, I am pleased to introduce our first Corporate Governance Report as a listed company, which sets out an overview of the governance structure and the oversight that has been provided by the Board for the year ended 31 December 2021.

Throughout this year, the Board has remained fully committed to implementing the highest standards of corporate governance and has applied the principles of the 2018 UK Corporate Governance Code (the 'Code') since the Company's IPO in April 2021.

The culture of our people, the strength of our leadership and our strong corporate governance structure have served us well on our journey of becoming a public company with our listing on the Main Market of the London Stock Exchange and our expected transfer to the Premium Segment. We aim to continue to deliver value to all our stakeholders and to meet and exceed their expectations.

Board Evaluation and Effectiveness

We developed a formal and rigorous internal performance evaluation process for the Company's first board evaluation post its listing, in respect of the Board and each of its Committees, covering processes that underpin Board and Committee effectiveness, Board and Committee constitution and commitment, Board dynamics, culture, values and strategy and stakeholder oversight.

The results indicated strong performance and effectiveness of the Board and Committees, with the Board dynamics being identified as a real area of strength for our Board. Themes that surfaced and resulting actions that have been identified will form a development plan for the following year. We will also look to adopt an externally facilitated Board evaluation in due course. Further details relating to the Board evaluation are set out on pages 69 to 71 of the Nomination Committee Report within the Corporate Governance Report.

Board Composition and Succession Planning

Following our annual review of Board and Committee composition, the independence of Non-Executive Directors and their time commitment, the Board remained satisfied that the balance of skills, experience, independence and knowledge on the Board and Committees remained appropriate. In connection with, ahead of the Company's expected transfer to the Premium Segment, we agreed to consider the addition of a further Non-Executive Director to the board, together with an additional Executive Director during the course of 2022.

In relation to succession planning, we have put in place a plan for the members of the Board, Executives and Non-Executives, and have agreed appropriate contingency plans and process steps as regards each, should there be an unforeseen prolonged period of absence. Indeed the additional appointment of another Non-Executive Director will further enhance the Board's ability to continue functioning effectively should an existing Non-Executive Director become unexpectedly unavailable. Going forward, as the business continues to grow, we will look to broaden the succession planning exercise to consider the Executive Management team more broadly.

Further details of our leadership team can be found on pages 60 to 62 of the Board of Directors and Executive Management section of the Corporate Governance Report. Further details relating to succession planning are set out on pages 69 to 71 of the Nomination Committee Report within the Corporate Governance Report.

Diversity & Inclusion

The Board believes that the make-up of PensionBee's employees should reflect the diversity of the Company's customer base, and we remain committed to promoting diversity and inclusion across the business at all levels, through a variety of new and long-standing measures and initiatives.

We have publicly committed to public targets for gender and race and are working towards becoming a 'Disability Confident' employer. The Company has published its Diversity, Inclusion and Equality Policy with public targets for 2022, and continually measures its progress against these objectives. Appointments to the Board are skills, knowledge, experience and merit based, but there is a clear focus on promoting diversity to ensure appropriate balance.

This year, PensionBee achieved more than 50%[55] female representation across its entire employee base, and 50% across its Board and Executive Management levels.[56]

Further detail is set out on pages 32 to 40 of the Stakeholders section and pages 42 to 51 of the ESG Considerations section of the Strategic Report.

Environmental, Social and Governance

We believe that effectively managing our ESG priorities will help preserve our resilience and drive long-term value for all our stakeholders. We pursue our ESG work transparently, disclosing our targets and relevant metrics, and believe this approach supports accountability and helps our stakeholders to be informed about our progress.

Of note, this year we are pleased to have integrated ESG into our investment range to secure sustainable value for our customers, our society and our planet, closing two plans that could not be screened under our ESG policy. We continued to minimise our impact on the environment through our remote working policy and as a paperless provider and encouraged other pension companies to stop sending out millions of paper statements each year.

As part of our commitment to increasing our transparency in all the strands of ESG, we disclosed under the SASB, WDI and SECR reporting frameworks for the first time. We will disclose under additional frameworks as data becomes available and as it relates to future incoming regulation in respect of climate-related disclosures.

Further details on our ESG activities can be found on pages 42 to 51 of the ESG Considerations section of the Strategic Report and our SECR Reporting is set out on pages 97 to 103 of the Directors' Report within the Corporate Governance Report.

55 Supported by PensionBee's Diversity & Inclusion Survey, completed in June 2021.
56 As of 31 December 2021.

Stakeholder Engagement

When the Board makes decisions, it considers the interests of all of the Company's stakeholders in the very broadest sense, contemplating customers, employees, shareholders, our communities, government and regulators and our planet. The Board engages directly with key stakeholder groups, with the Executive Management team driving much of the engagement, but throughout the year this importantly takes place across all levels of the Company.

The Board was delighted to engage with the wider workforce during the course of the year through existing channels and new initiatives, and through constant feedback from the Executive Management team. Our goal is to ensure that our employees are well represented, listened to and heard. A particular highlight this year was the 'town hall' employee engagement event led by our Senior Independent Director, Mary Francis CBE, who is the director responsible for employee engagement, which facilitated cross-Company discussion on themes suggested by and voted for by employees and provided the Board with particularly valuable direct insight into what matters to our people. We want to hear from them.

The Board is committed to proactive and constructive engagement with the Company's shareholders, which includes many of our customers and our employees alike. We have set a calendar for regular and detailed engagement around quarterly results updates, to ensure that shareholders can clearly follow the Company's investment case, strategy and performance, and enable us to hear the views of our shareholders. We will continue to make ourselves available.

Further information relating to how we engage with our employees, shareholders and all our other stakeholders is set out on pages 32 to 40 of the Stakeholders section of the Strategic Report.

Conclusion

Further details setting out how the Board has discharged its corporate governance responsibilities during the year are set out elsewhere in this report.

The Board looks forward to welcoming shareholders to the Company's first Annual General Meeting, which will be held on 18 May 2022. The Notice of the AGM will be distributed to Shareholders and made available on the Company's website.

In the meantime, the Board is grateful for the continued support of our Shareholders and the Non-Executive Directors and I are available to engage with our stakeholders at any time.

Mark Wood CBE
Chairman
13 April 2022

2 Board of Directors and Executive Management

Mark Wood CBE

Independent Non-Executive Chairman

Committee Membership:
Investment Committee (Chair), Nomination Committee (Chair), Remuneration Committee

Date of Appointment: January 2016[57]

External Appointments:
Chairman, Digitalis Reputation Limited
Senior Independent Director and Chairman of the Audit, Risk & Compliance Committee, RAC Motoring Services
Chairman, Utility Bidder Limited
Chairman, Acquis Insurance Management Limited
Chairman, Ondo InsurTech Plc
Chairman, Multiple Sclerosis Society Research Appeal Board
Trustee, Brooklands Museum Trust Limited

Career and Experience:
Mark Wood CBE has had a long and distinguished career, serving as Chief Executive of some of the country's largest financial service companies, including Prudential UK & Europe, Axa UK and Jardine Lloyd Thompson Employee Benefits. Mark is a regular commentator in the press on pensions and insurance.

Mark has been at the helm of several financial services and technology start-ups, including Paternoster, a regulated insurance company which he founded in 2005, and Digitalis Reputation Limited, the online reputation management company, where he currently serves as Chairman. Mark is a qualified Chartered Accountant.

Mary Francis CBE

Senior Independent Director
Director responsible for Employee Engagement

Committee Membership:
Audit and Risk Committee, Investment Committee, Nomination Committee, Remuneration Committee (Chair)

Date of Appointment: November 2020[57]

External Appointments:
Non-Executive Director, Barclays plc
Chair of the Remuneration Committee, Barclays Bank plc
Member of the UK Takeover Appeal Board
Member of the Advisory Panel, Institute of Business Ethics
Senior Adviser, Chatham House

Career and Experience:
Mary Francis CBE has extensive and diverse board-level experience across a range of industries, including previous Non-Executive Directorships at the Bank of England, Alliance & Leicester, Aviva, Centrica and Swiss Re Group.

Through her former senior executive positions with HM Treasury, the Prime Minister's Office, and as Director General of the association of British Insurers, Mary brings strong governance values to the Board, a strong understanding of the interaction between public and private sectors, and skills in strategic decision-making and reputation management.

Michelle Cracknell CBE

Independent Non-Executive Director

Committee Membership:
Audit and Risk Committee (Chair), Investment Committee, Nomination Committee, Remuneration Committee

Date of Appointment: November 2019[57]

External Appointments:
Non-Executive Director, Just Group plc
Non-Executive Director, Fidelity International Holdings
Chair, Fidelity Retirement Services
Director, Singing Gorilla Projects Charity

Career and Experience:
Michelle Cracknell CBE has a portfolio career as a Pension Trustee and Non-Executive Director. She has over 30 years' experience in pensions and retirement planning, including most recently as the Chief Executive of the Pensions Advisory Service. During her time there she significantly grew the number of customers and increased the channels offered, transforming the service to provide greater support on pension freedom legislation, pension scams and transfers from pension schemes. Michelle was awarded a CBE in 2019 for her services to the pensions industry.

Michelle started her career at a financial advice business where she became a shareholding Director prior to selling it to Aegon, and subsequently worked as a Strategy Director at Skandia/Old Mutual. Michelle is a qualified Pensions Actuary.

57 Denotes the date of appointment to the Board of PensionBee Limited for Mark Wood CBE, Mary Francis CBE, Michelle Cracknell CBE, Romi Savova and Jonathan Lister Parsons, all of whom were subsequently appointed to the Board of PensionBee Group plc on 2 February 2021, with only Romi Savova and Jonathan Lister Parsons remaining Directors of PensionBee Limited.

Romi Savova

Chief Executive Officer (Executive Director)

Committee Membership:
Investment Committee,
Nomination Committee

Date of Appointment: December 2014[57]

External Appointments:
Director, PensionBee Trustees Limited
Director, Seen on Screen

Career and Experience:
Romi Savova founded PensionBee in 2014 to simplify pension savings in the UK, following a difficult pension transfer experience of her own. As the Chief Executive Officer, she has played a pivotal role in advancing consumer standards in the pensions industry, from reducing transfer times to campaigning for the full abolition of exit fees. Romi is also a member of the government's Pensions Dashboards Programme Steering Group, which was set up to advise on the delivery of pensions dashboards.

Prior to founding PensionBee, Romi worked at Goldman Sachs, Morgan Stanley and Credit Benchmark, holding varied roles in risk management, investment banking and financial technology. Romi received an MBA from Harvard Business School as a George F. Baker scholar and graduated summa cum laude from Emory University.

Jonathan Lister Parsons

Chief Technology Officer (Executive Director)

Committee Membership:
-

Date of Appointment: January 2016[57]

External Appointments:
Director, PensionBee Trustees Limited

Career and Experience:
Jonathan Lister Parsons co-founded PensionBee with Romi in 2014. In his role as the Chief Technology Officer, he is passionate about bringing customers' pension experience into the 21st century, and using technology to transform pension transfer processes that typically take months to a five-minute process on a smartphone.

Jonathan champions a tech-forward culture within the business, aiming to raise the level of technology literacy among employees, and creating opportunities for people to develop technical skills as they move through different roles in their career at PensionBee.

Prior to co-founding PensionBee, Jonathan founded a digital consultancy, Penrose, and worked at British Telecom. Jonathan holds an MSci in Experimental and Theoretical Physics from the University of Cambridge.

Christoph J. Martin

Chief Financial Officer

Date Joined PensionBee: July 2019

Career and Experience:
Christoph J. Martin is the Chief Financial Officer of PensionBee, having joined the Company in 2019. He is Responsible for financial reporting and business planning at PensionBee.

Christoph previously worked in private equity investment at Providence Equity Partners, focusing on investments in technology, media, telecommunications and education. Prior to that he worked in mergers and acquisitions, covering financial institutions at Morgan Stanley. Christoph holds a BSc in Business Administration from WU Vienna.

Lisa Picardo

Chief Corporate Officer

Date Joined PensionBee:
March 2020

Career and Experience:
Lisa Picardo is the Chief Corporate Officer of PensionBee, having joined the company in 2020. She leads the corporate development of PensionBee, which included leading on the IPO and financing, and plays a broader management role across many aspects of the business.

Lisa previously worked at Morgan Stanley for thirteen years, with the first seven years spent in the European Mergers and Acquisitions department, where she gained extensive experience working on many large and complex UK public transactions, and also played a role in firm management. Lisa then joined the Morgan Stanley Private Equity Fund, focused on investing in mid-market opportunities across sectors, with an interest in consumer-facing businesses. In 2015 Lisa founded LITTLECIRCLE, an online retail platform for children's fashion. Lisa holds a BSc in Economics from Bristol University.

Clare Reilly

Chief Engagement Officer

Date Joined PensionBee:
January 2017

Career and Experience:
Clare Reilly is the Chief Engagement Officer of PensionBee and joined the company in 2017. Clare focuses on helping PensionBee transform the pensions industry to better serve consumer needs, playing a pivotal role in launching the UK's first Open Banking - pension integrations and one of the UK's first mainstream fossil fuel free pensions.

Clare previously worked in the not-for-profit sector, in Corporate Relations at Citizens Advice and Fellowship at the Royal Society of Arts. Clare holds a BA Hons from University College London and an MSc from the University of Oxford in Russian and East European Studies.

Adebola Haffner

Senior Legal Counsel

Date Joined PensionBee:
April 2021

Career and Experience:
Adebola Haffner is the Senior Legal Counsel of PensionBee, having joined the company in April 2021. He is responsible for helping the company meet its legal and regulatory obligations, managing risk and offering strategic legal advice to the Executive Management team and Board.

Prior to joining PensionBee, Adebola was a Legal Counsel and member of the legal team at Transact for almost five years, dealing with a wide range of matters including product development, trusts, pension death benefit processes and decision making, risk management, compliance, regulatory matters, corporate and commercial legal issues. Adebola has also worked for a number of trust companies in the past including Capita Trust Company Ltd and ATU General Trust (BVI) Limited. Adebola holds a Law Degree, Masters in Law (LLM) and also holds the Society of Trust and Estate Practitioners designation.

Matt Loft

Chief Design Officer

Date Joined PensionBee:
September 2015

Career and Experience:
Matt Loft is Chief Design Officer at PensionBee, having joined the company in 2015. He is responsible for the design and customer experience of PensionBee's products and the company's visual brand, bringing over eighteen years experience in designing customer-centric products.

Prior to joining PensionBee, Matt worked at design agencies and in-house for some of the UK's largest companies and organisations, including The Money Advice Service, Legal & General, The Ministry of Justice, Oxford University and the V&A.

Jasper Martens

Chief Marketing Officer

Date Joined PensionBee:
September 2015

Career and Experience:
Jasper Martens is the Chief Marketing Officer of PensionBee, having joined the company in 2015. He is responsible for product and marketing across the business and brings extensive multichannel marketing experience to PensionBee, gathered over fifteen years working in financial services and digital agencies.

Prior to joining PensionBee, Jasper was Head of Marketing and Communications at small business insurance provider, Simply Business. Before moving to London, Jasper ran his own online marketing agency which he founded in the Netherlands.

Tess Nicholson

Chief Operating Officer

Date Joined PensionBee:
August 2015

Career and Experience:
Tess Nicholson is the Chief Operating Officer of PensionBee, having joined the company in 2015. She is responsible for a range of operational activities across the business, including customer success, compliance and banking operations.

Tess was previously Operations Manager and UK Commercial Manager at GO Markets UK Trading Limited (formerly Vantage FX UK Trading Limited). Tess holds a BA Hons degree in Fashion Design with Communication from Birmingham City University and is currently studying for a masters in Social & Political Theory at Birkbeck, University of London.

3 Corporate Governance Statement

UK Corporate Governance Code Compliance Statement

The Company has applied all of the principles of the UK Corporate Governance Code (the 'Code') as they apply to it and has complied with all relevant provisions of the Code since its IPO in April 2021 up and to the end of the year.

Full details of the Code are available at www.frc.org.uk. Details explaining how the Company has applied the principles of the Code can be found throughout the Annual Report.

Role of the Board

In accordance with the Code, the role of the Board is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. The Board of PensionBee considers how to promote the success of the Company giving due regard to all its stakeholders, including shareholders and employees. As such, the Board participates in direct engagement with certain stakeholder groups and engagement is reported to the Board to inform the decision making and business outcomes.

The Board provides overall leadership, setting the Company's purpose, values and strategy, supporting the Executive Directors and the broader Executive Management team in the delivery of that strategy. The Board ensures that the Company has necessary resources in place to meet its objectives, measuring performance against them, and that it operates a framework of effective controls, enabling risk to be appropriately managed.

Further information on the Company's vision, values, strategy, risk management framework and engagement with stakeholders can be found in the About Us, Strategy, Managing our Risks and Stakeholders sections of the Strategic Report.

Matters Reserved for the Board

The Board operates a policy of matters reserved for its collective decision, which includes items that are material to delivering on the Company's strategy and purpose, including strategic issues, structure and capital, financial reporting & controls, material agreements, communications with shareholders, board appointments and remuneration, risk assessment and internal controls and corporate governance. These matters include, but are not limited to:

- Responsibility for leadership, purpose, values and standards, monitoring progress against each
- Approving annually a strategic plan and objectives
- Approving operating and capital expenditure budgets and any material changes to them
- Approving changes relating to capital and corporate structure
- Approving the financial results including the annual accounts, interim and preliminary results
- Approving the Group's risk management and treasury policies
- Approving major capital projects, investments or contracts in excess of the delegated amount
- Approving changes to the structure, size and composition of the Board
- Ensuring a satisfactory dialogue with shareholders
- Ensuring the maintenance of a sound system of internal control and risk management
- Maintaining oversight of whistleblowing arrangements

A copy of the 'Schedule of Matters Reserved for the Board' can be found on the Company's website on the 'Corporate governance' tab at: https://www.pensionbee.com/investor-relations/esg.

Board Committees

The Board has delegated a number of its responsibilities to the Audit and RIsk Committee, the Nomination Committee, the Investment Committee and the Remuneration Committee. Each of these Committees has a terms of reference document, which is reviewed annually by the Board and Committees respectively to ensure that they remain appropriate to support effective governance. Details of the role, composition and activities of each Committee during the year are set out in their respective reports on the following pages within this Corporate Governance Report.

A copy of the Terms of Reference for each of the Board Committees can be found on the Company's website on the 'Corporate governance' tab at: https://www.pensionbee.com/investor-relations/esg.

The Operation of Board & Committee Meetings

The Board generally aims to meet up to twenty times per year across the Board and Committees, with each meeting's activity being planned ahead of time, and set out in a formal Annual Board Activity Calendar, which is approved by the Board. The Board and Committee meetings are generally planned around key events in the corporate calendar, which ensures that the Board then receives appropriate information at the appropriate time, and that all key operational, financial reporting and governance matters are discussed during the year.

With respect to Board and Committee meetings, the Chair, the Chief Executive Officer ('CEO'), the relevant Executive Management sponsor and the Company Secretary set the Board's agenda, ensuring that there is sufficient focus on strategy, performance, value creation, culture, stakeholders and accountability. A detailed pack is prepared and circulated in advance of each meeting which includes updates from the CEO, the Chief Financial Officer ('CFO') and other Executive Management team members. The Company Secretary also prepares a report every quarter for Board meetings, covering matters including the latest governance and company law updates.

Roles and Responsibilities

The Code requires there to be a clear division of responsibilities between the Chair and the CEO, set out in writing and agreed by the Board. The Board feels that it is important to highlight that although they agree with the approach set out in the Code, they recognise that overly prescribing the responsibilities of the Chair and the CEO may reduce flexibility to act in unforeseen circumstances. Accordingly, the document sets out a clear division of responsibilities, but does not intend to provide a definitive list of the individual responsibilities of the Chair or the CEO.

A copy of the 'Division of Matters between Chair and Chief Executive' can be found on the Company's website on the 'Corporate governance' tab at: https://www.pensionbee.com/investor-relations/esg.

Role of the Chair

The Chair (Mark Wood CBE) is independent and is responsible for leadership of the Board and for ensuring its overall effectiveness in directing the Company and in all aspects of its role, including the satisfaction of its legal, regulatory and shareholder responsibilities, and promoting the highest standards of integrity, probity and corporate governance. The Chair has responsibilities relating to Board meetings, Board composition, induction and performance evaluation processes and relations with shareholders and other stakeholders. At appropriate intervals during the year, the Chair holds meetings with the Non-Executive Directors without the Executive Directors present in order to facilitate a full and frank discussion.

Role of the Chief Executive Officer

The Chief Executive Officer (Romi Savova) leads the team with executive responsibility for running the businesses of the Group. The CEO reports to the Board, and is responsible for all executive management matters of the Group.

Role of the Non-Executive Directors

The Non-Executive Directors (Mary Francis CBE and Michelle Cracknell CBE) are both independent, provide constructive challenge, strategic guidance, offering specialist advice and holding management to account, given their experience in both executive and non-executive roles throughout their careers. The Non-Executive Directors also contribute to the identification of principal business risks and the determination of risk appetite and monitoring of the internal control framework. They provide independent judgement to the Board and also monitor compliance with the regulatory principles and requirements.

Michelle Cracknell CBE is a qualified actuary with 30 years' experience in financial services and more than 13 years' experience as a Board Director, including five years' experience as an Audit Committee Chair. Mary Francis CBE has extensive and diverse board-level experience across a range of industries and has also held senior executive positions. Further details are provided in the 'Board of Directors and Executive Management' section of this Corporate Governance Report.

Role of the Senior Independent Director

The Code requires that the Board should appoint one of the independent Non-Executive Directors to be the Senior Independent Director, providing a sounding board for the Chair and serving as an intermediary for the other Directors and shareholders if they have concerns that have not been resolved through the normal channels of the Chair or the Chief Executive. Led by the Senior Independent Director, the Non-Executives meet without the Chair present at least annually to appraise the Chair's performance, and on other occasions as necessary. Mary Francis CBE has been appointed as Senior Independent Director.

A copy of the 'Role of the Senior Independent Director' can be found on the Company's website on the 'Corporate governance' tab at: https://www.pensionbee.com/investor-relations/esg.

Company Secretary

Prism Cosec was appointed as the Company Secretary on 19 March 2021. The Company Secretary supports the Board and each of the four Board committees and is in attendance at all meetings. All Directors have access to the services of the Company Secretary, who is available to advise on matters including company law, governance and best practice, whilst assisting the Board in ensuring that the correct policies, processes and information are tabled for discussion, noting or recording approval at the correct point in time throughout the year. The Company Secretary works with members of the Executive Management team and the respective Chairs of the Board and Committees to ensure that Board meeting packs are circulated to Directors in a timely manner and that the information contained in them is clear and accurate.

Composition, Independence and Attendance in 2021

During the year, from the time of the IPO onwards, the Board comprised five directors (including the Chairman). Having considered circumstances which are likely to impair a Non-Executive Director's independence, it was determined that all of the Non-Executive Directors continued to be independent. The Company has therefore complied with Provision 11 of the Code since IPO, with at least half of the Board (excluding the Chairman) being composed of independent Non-Executive Directors.

During the course of 2021, the Board has had twelve formally scheduled meetings, with additional ad hoc meetings or calls convened to deal with various matters in between. Meetings were held via video conference to ensure attendance and inclusivity. The Executive Management team were also frequently present at Board and Committee meetings, together with other advisors as appropriate. The table below shows the attendance of each Director at the formal scheduled meetings of the Board and Committees of which they are a member:

Director	Board Meetings Eligible/ Attended	Audit and Risk Committees Eligible/ Attended	Remuneration Committee Eligible/ Attended	Nomination Committee Eligible/ Attended	Investment Committee Eligible/ Attended
Mark Wood CBE	12/12	-	3/3	2/2	3/4
Mary Francis CBE	12/12	6/6	3/3	2/2	4/4
Michelle Cracknell CBE	12/12	6/6	3/3	2/2	4/4
Romi Savova	12/12	-	-	2/2	3/4
Jonathan Lister Parsons	12/12	-	-	-	-

The Non-Executive Directors are committed to devoting adequate time to the business to discharge their responsibilities effectively. As set out in their appointment letters the Non-Executive Directors are required to attend scheduled Board and Committee meetings, and to become more involved for periodic special activities if required. They must advise the Board of any changes to existing commitments or new commitments that may have implications on their ability to commit sufficient time to their duties.

Where Directors are unable to attend a meeting, they are encouraged to submit any comments on papers or matters to be discussed to the Chair in advance to ensure that their views are recorded and taken into account during the meeting.

Key Activities During The Year

The annual Board Activity Calendar setting out agenda items for each scheduled Board and Committee meeting is approved by the Board each year. The calendar takes into account key points in the regulatory and financial cycle, and includes regular business, corporate, investor and employee updates from the CEO and Chief Corporate Officer ('CCO'), regular updates on the financial performance and business planning from the CFO and updates on governance and company law matters from the Company Secretary. In addition, the Board has received updates from other members of the Executive Management team and from external advisors where appropriate.

During the year and in the early parts of 2022, the Board has, as part of its annual governance programme:

- Reviewed and approved the budget and financial strategy for FY2022.
- Reviewed its Schedule of Matters Reserved for the Board and the Terms of Reference for each of the Board Committees.
- Reviewed various other governance documents, including the Division of Responsibilities between the Chair and Chief Executive.
- Reviewed and approved the half-year and full-year financial statements and the quarterly trading updates.
- Received updates on the workforce and workforce engagement.

Information and Support

Agendas and accompanying papers are distributed to the Board and Committee members in advance of each Board or Committee meeting. Where necessary, separate papers are prepared to support specific matters requiring Board decision or approval and the Non-Executives provide ongoing feedback to the CEO, CCO and Company Secretary on the content of papers to ensure they continue to support effective debate and decision-making by the Board.

Minutes of all Board and Committee meetings are taken by the Company Secretary and circulated to the Board for approval as soon as practicable following the meetings. Specific actions arising for meetings are recorded both in the minutes and on a separate tracker, thereby facilitating the effective communication of actions to those responsible and allowing the Board to monitor progress.

Any Director may instigate an agreed procedure whereby independent professional advice reasonably necessary to enable them to carry out their duties may be sought at the Company's expense. No such advice was sought by any Director during the year.

Training and Development

Directors are enrolled in mandatory training including compliance training, annual Senior Managers and Certification Regime training and diversity & inclusion training. This year Directors have also undertaken sessions provided by external providers in respect of Directors' Responsibilities and Obligations, Listing Rules and Disclosure & Transparency Rules.

A full, formal and tailored Board induction programme, which includes training, has also been developed to provide for any new Directors joining the Board, as further described in the Nomination Committee Report.

The Company Secretary also provides regular updates to the Board and Committees on regulatory and corporate governance and company law matters.

Board Evaluation and Effectiveness

At the end of the year, a formal and rigorous internal performance evaluation was conducted in respect of the Board and each of its Committees, covering processes that underpin the Board and Committee effectiveness, Board and Committee constitution and commitment, Board dynamics, culture, values and strategy and stakeholder oversight. The evaluations were conducted by way of questionnaires for each Director to complete, with responses provided to the Chair and the Company Secretary, followed by further calls with the individual Directors and the Chair. A summary of the responses was provided and discussed at the Board's meeting in November 2021.

The results of the Board evaluation indicated strong performance and effectiveness of the Board and Committees. There were a number of areas where there was strong agreement across the whole Board and in particular, the Board dynamics was identified as a real area of strength. Themes that surfaced and resulting actions that have been identified will form a development plan for the following year.

The Chair's performance was also discussed by the other Non-Executive Directors, led by the Senior Independent Director, and feedback was subsequently relayed to the Chair.

Appointment and Election

Following the Board and Committee performance evaluation conducted at the end of 2021, the Board has confirmed that it considers all Directors to be effective, committed to their roles and to have sufficient time to perform their duties.

In accordance with the Company's Articles of Association, all the Directors will be standing for appointment by Shareholders at the Company's first Annual General Meeting since their appointment as Directors, to give shareholders the opportunity to confirm this.

Current Service Contracts and Terms of Engagement

All of the Directors have service agreements or letters of appointment, details of which are set out below.

Executive Directors

Name (Position)	Date of Service Agreement	Notice Period by Company (months)	Notice period by Director (months)
Romi Savova (CEO)	16 March 2021	6 months	6 months
Jonathan Lister Parsons (CTO)	16 March 2021	6 months	6 months

Non-Executive Directors

Name	Date of Appointment	Notice Period by Company (months)	Notice Period by Director (months)
Mark Wood CBE	2 February 2021	3 months	3 months
Mary Francis CBE	2 February 2021	3 months	3 months
Michelle Cracknell CBE	2 February 2021	3 months	3 months

The Non-Executive Directors (including the Chairman) do not have service contracts, but are instead appointed by letters of appointment. Each appointment is for a fixed term ending on the Company's third annual general meeting following the Company's listing, but each Independent Non-Executive Director may be invited by the Company to serve for a further period. In any event, each appointment is subject to annual re-election by the Company at each annual general meeting, and each Non-Executive Director's appointment may be terminated at any time with three months' written notice.

Conflicts of Interest

Rules concerning Directors' conflicts of interests are set out in the Company's Articles of Association. All other significant commitments and potential conflicts of interest which a Director may have are required to be disclosed both before appointment and on an ongoing basis, and arrangements would be put in place, as and when it is considered appropriate, to manage conflicts, including any which result from significant shareholdings. All Directors are generally asked to confirm that they do not have any conflicts of interest at the beginning of each Board and Committee meeting.

Whistleblowing

The Company's Whistleblowing Policy outlines the Company's approach to whistleblowing. The policy recognises that whistleblowing is an important activity that helps firms to learn about and resolve problems before they escalate further. Whistleblowing also helps the FCA regulate the financial services sector and information provided by whistleblowers has contributed to fines, permissions changes and other interventions. The aim of the policy is to ensure the Company has a fit-for-purpose whistleblowing procedure that encourages employees to come forward with disclosures without fear of reprisal. The Company's whistleblowing champion is Michelle Cracknell CBE, Chair of the Audit and Risk Committee.

Stakeholder Engagement

The Directors recognise their duty under Section 172 of the Companies Act to consider the interests of stakeholders, and the nature of our business means that the interests of our stakeholders (including customers, employees, suppliers, shareholders, our communities, government and regulators and our planet) are front of mind in the Board's decision-making process. Further information relating to how we engage with our stakeholders, together with the Section 172 Statement, are set out on pages 32 to 40 of the Stakeholders section of the Strategic Report.

Many of the stakeholder relationships are managed by the CEO and other members of the Executive Management team, with regular updates provided to the Board and Committees as appropriate throughout the year. The Chair of the Board or Committees will offer support on any significant matters relating to their areas and direct engagement where appropriate.

Employee Engagement

The Board engaged with the wider workforce during the year via existing channels and initiatives that are in place across the Company to ensure that our employees are listened to and well represented, including:

- Weekly all-Company Show & Tell meetings with CEO and Executive Management team.
- 'Happiness!' meetings for employees to discuss their wellbeing with their manager bi-monthly.
- Annual Diversity, Inclusion and Engagement survey of all employees to seek feedback and measure progress.
- Annual manager feedback survey.
- Anonymous channels for colleagues to submit any requests, concerns, issues they may have.
- 'Diversity Champions' appointed with the aim of helping represent employees and to promote diversity and inclusion within the company.
- Qualified Mental Health First Aiders, trained to provide mental health support to our colleagues.
- Workforce engagement events with the Board.

During the course of last year, we were pleased to have initiated 'Town Hall' meetings for all employees to have the opportunity to meet and engage with the Board, addressing employees' queries and concerns. Mary Francis CBE, our Senior Independent Director and the director responsible for employee engagement, hosted our 2021 employee engagement event, facilitating discussion on themes suggested by and voted for by employees. All our events and meetings are hosted online in order to maximise participation and inclusion. We also appointed a Head of Culture, Inclusion and Wellbeing to lead a new program focused on the enhancement of our values-based culture.

The Board was kept apprised of employee matters and engagement through regular updates provided by the SID, the CEO and other members of the Executive Management team at Board and Committee meetings.

Further information relating to how we engage with our employees is set out on pages 32 to 40 of the Stakeholders section of the Strategic Report.

Relations with Shareholders

The Board is committed to proactive and constructive engagement with the Company's shareholders and is keen to ensure that shareholder views are well-understood. The Company's shareholders include many of our customers who became shareholders at the time of the IPO, together with our employees who are, or will become, shareholders in PensionBee.

Investor relations is managed by the CEO, CFO and the CCO, who regularly drive shareholder and analyst engagement. Virtual one-to-one investor meetings and roadshows are structured around the regular communication of financial and operational results, including quarterly trading statements and presentations to investors and analysts, with recordings being made available on the Company's website. Regular engagement aims to ensure that both shareholders and sell-side analysts understand the Company's investment case, strategy and performance.

Regular updates are provided to the Board so that they are well-informed of views on a variety of topics, such as financial performance and governance, that are expressed. Feedback from external advisors to the Company, including its corporate brokers and press agency, who are actively engaged with the investor and analyst communities is also given regularly. Further information relating to how we engage with our shareholders is set out on pages 32 to 40 of the Stakeholders section of the Strategic Report.

Going Concern and Viability Statement

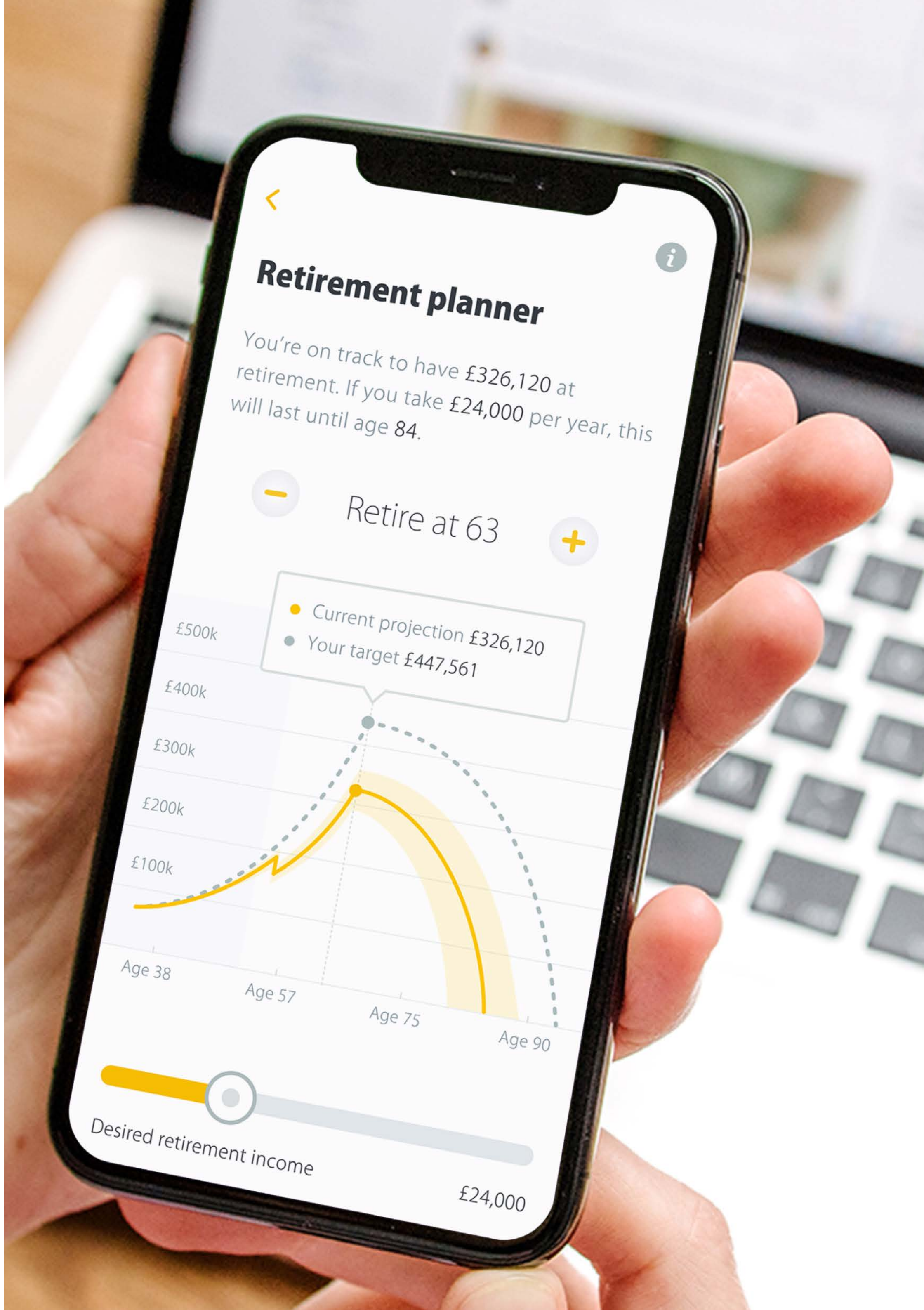
The Directors have assessed the viability of the Group over a period that exceeds the 12 months required by the going concern provision. Details of that assessment are set out in the 'Viability Statement' on page 56 of the Strategic Report.

Annual General Meeting

The Board looks forward to welcoming shareholders to the Company's first Annual General Meeting, which will be held on 18 May 2022. The Notice of the AGM will be distributed to Shareholders and made available on the Company's website, and where appropriate, by an announcement via a Regulatory Information Service, if any changes are required to be made to the AGM arrangements.

The hybrid format of our AGM will give shareholders the opportunity to participate virtually in an inclusive way, providing the Board with an opportunity to communicate directly with, and answer questions from, both retail and institutional shareholders. Shareholders will be able to view the AGM proceedings and ask questions online via a chat function. Further details will be set out in the Notice of the AGM.

Mark Wood CBE
Chairman
13 April 2022



4 Nomination Committee Report

Mark Wood CBE
Chair, PensionBee Nomination Committee

Dear Shareholder,

On behalf of the Board, as Chair of the Nomination Committee, I am pleased to present the Nomination Committee Report for the year ended 31 December 2021. This report is intended to provide shareholders with an insight into the areas considered by the Nomination Committee and nature of the work undertaken.

It has been a particularly busy year for the Company, with its listing on the Main Market of the London Stock Exchange in April 2021. Following changes to the Board made in the run up to our listing, the Committee's focus this year has been on the composition of the Board, the Board's Committees and the Executive Management team, together with succession planning and building out our Board and Committee evaluation process.

Roles and Responsibilities

The role of the Nomination Committee is set out in its terms of reference, which is available on the Company's website. The duties of the Nomination Committee include, but are not limited to the following:

Duties of the Nomination Committee
Regularly reviewing the structure, size and composition of the Board and recommending changes
Putting in place and reviewing Board and senior management succession plans and appointments
Taking an active role in setting and meeting diversity objectives and strategies and monitoring the impact
Overseeing the hiring and evaluation process for new Directors and ensuring they receive a full, formal and tailored induction
Reviewing the leadership needs of the organisation with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
Reviewing the results of the Board evaluation process that relate to the composition of the Board and succession planning
Reviewing annually the time required from Non-Executive Directors

Committee Members and Attendance

Committee Member	Position	Eligible Meetings	Attended Meetings
Mark Wood CBE	Chair of the Committee	2	2
Mary Francis CBE	Senior Independent Director	2	2
Michelle Cracknell CBE	Independent Non-Executive Director	2	2
Romi Savova	Chief Executive Officer	2	2

The Nomination Committee must comprise not less than three Directors, with the majority of members being Non-Executive Directors who are independent.

Mark Wood CBE, Michelle Cracknell CBE, Mary Francis CBE and Romi Savova were members of the Nomination Committee from the time of the Company's listing and as at 31 December 2021. Further biographical details are set out on pages 60 to 62 of the Board of Directors & Executive Management section of the Corporate Governance Report.

Meetings are held at least twice a year at appropriate times and otherwise as required. The Committee met twice from the time of the IPO until 31 December 2021, with both meetings being held by video conference. In addition to the Committee members, other regular attendees included the CTO, the CCO and the COO.

After each meeting the Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities.

Committee Key Activities

2021 Key Activities
Reviewing Board and management team updates
Reviewing Committee Terms of Reference
Reviewing Committee Work Plan for 2021 and approving Committee Program for 2022
Reviewing membership of Board and Committees
Reviewing time commitment from Non-Executive Directors
Establishing the Board succession plan
Establishing the Board Evaluation process and completion of Committee evaluation process
Considering the Board Induction Programme

Board Composition and Recruitment

Following its annual review of Board and Committee composition, the independence of Non-Executive Directors and their time commitment, the Nomination Committee confirmed to the Board that it remained satisfied that the balance of skills, experience, independence and knowledge on the Board and Committees was appropriate.

This year the Nomination Committee considered the addition of a further Executive Director to the Board during the course of 2022.

We also commenced work on agreeing the formal recruitment process for an additional Non-Executive Director, giving consideration to what the appropriate skills set and considerations around diversity at the Board level should be. We initiated work on the initial elements of the selection process, which more generally includes:

- The Committee agreeing the skill profile, knowledge and experience that are required.
- Creating and approving the role specification.
- Advertising the role externally on Workable, NED on Board and Dynamic Boards.
- In-house Talent team collating the potential candidates for review and the CEO and CCO reviewing the candidate profiles to create a shortlist of diverse candidates for the two-step interview process.
- First stage interviews with the CEO and the CCO.
- Second stage interviews with the Non-Executive members of the Committee.
- Selecting a preferred candidate and undertaking the compliance requirements of the Financial Conduct Authority's Senior Managers and Certification Regime.
- The Committee undertaking a final review of the preferred candidate (before making a decision to recommend one candidate to the Board for appointment).

In March 2022, we concluded our process and made a recommendation for the appointment of an additional Non-Executive Director to the board in connection with the Company's expected transfer to the Premium Segment, at the same time as recommending the appointmnet of an additional Executive Director to the board in 2022.

Succession Planning

In relation to succession planning, the Nomination Committee created a succession plan for the members of the Board, which primarily considered what would occur in the event of unexpected incapacity, given that there were no planned departures or retirements.

Contingency plans and process steps were agreed with regards to the incapacity of either of the Executive Directors, with the approach dependant on the anticipated period of absence.

It was agreed that if the Chairman of the Board was incapacitated, the Senior Independent Director would fill his position on an interim basis, and that if one of the Independent Non-Executive Directors was to become incapacitated, the other Non-Executive Director would cover the position of Chair of the Committees as required. If a Non-Executive became unable to perform their duties, the Company would need to ensure that the Independent Director majority was maintained, and as such, the Company would seek to appoint a recruitment specialist to assist with completing the recruitment process expediently. The Company considered that the additional appointment of another Non-Executive Director as anticipated in 2022 would further enhance the Board's ability to continue functioning effectively should an existing Non-Executive Director become unexpectedly unavailable. The Nomination Committee was satisfied that the appropriate contingency arrangements were in place in line with the Company's risk appetite and agreed that it would look to further expand the succession plan in the coming year.

Board Evaluation

As part of the work of the Nomination Committee, a process for the Company's first board evaluation post its listing was developed and agreed. A formal and rigorous internal performance evaluation was designed and conducted in respect of the Board and each of its Committees, covering processes that underpin the Board and Committee effectiveness, Board and Committee constitution and commitment, Board dynamics, culture, values and strategy and stakeholder oversight. The evaluations were conducted by way of questionnaires, with responses provided to the Chair and the Company Secretary, followed by further calls with the individual Directors and the Chair. A summary of the responses was provided and discussed at the Board's meeting in November 2021.

The results of the Board evaluation indicated strong performance and effectiveness of the Board and Committees. There were a number of areas where there was strong agreement across the whole Board and in particular, the Board dynamics was identified as a real area of strength. Themes that surfaced and resulting actions that have been identified will form a development plan for the following year including:

- Views on the skills or knowledge an additional Non-Executive Director could bring to the Board.
- Ensuring a focus on diversity at a Board level to reflect the customer base.
- A desire to strengthen knowledge in the area of ESG.
- Horizon scanning as part of the Board materials, alongside deep dive sessions on particular aspects of the business.
- Investor perceptions around the business.
- Continuing to receive concise Board papers plus other papers outside the Board cycle.

The Nomination Committee will consider adopting an externally facilitated Board evaluation in due course, aligning with the UK Corporate Governance Code requirement for FTSE 350 companies to carry out an externally facilitated evaluation of the Board at least every three years.

Committee Evaluation

As part of the process set out above in 'Board Evaluation', in early 2022, the Nomination Committee undertook an assessment of its own effectiveness and was satisfied that it is operating effectively.

Diversity & Inclusion

The Board believes that the make-up of PensionBee's employees should reflect the diversity of the Company's customer base. The Company is committed to promoting diversity and inclusion across the business, through measures such as training, anonymised hiring and promotion cycles and inclusion in the Company's performance matrices, but also informally through its 'diversity champions', external and internal speaker events and a host of other initiatives.

The Company has publicly committed to public targets for gender and race and is working towards becoming a 'Disability Confident' employer. The Company has published its Diversity, Inclusion and Equality Policy with public targets for 2022, and continually measures its progress against these objectives.

Appointments to the Board and Committees take into consideration the individuals skills, knowledge and experience, and merit, but there is also a focus on promoting diversity among the Board & Committees so as to ensure the composition is appropriately balanced. We are also working towards increasing ethnic diversity at Board and Committee level.

This year, PensionBee achieved more than 50%[58] female representation across its entire employee base, and 50% across its Board and Executive Management levels, satisfying the Hampton-Alexander Review requirement for at least 33% female representation.[59]

Further detail is set out on pages 32 to 40 of the Stakeholders section and on pages 42 to 51 of the ESG Considerations section of the Strategic Report.

Nomination Committee Priorities for 2022

For 2022, the Committee will focus its work around the recruitment and appointment of an additional Non-Executive Director and the addition of a further Executive Director to the Board during the course of 2022. The committee will also review the Board Succession plan, broadening it to cover the Executive Management team and other key positions within the Company as appropriate, considering any actions that need to be taken with respect to increasing diversity and supporting the growing business.

Appointment of Directors

The Committee is satisfied with the Board's effectiveness and has recommended that all members of the Board be put forward for appointment at the 2022 Annual General Meeting.

Mark Wood CBE
Chair of the Nomination Committee
13 April 2022

58 Supported by PensionBee's Diversity & Inclusion Survey, completed in June 2021.
59 As of 31 December 2021.

5 Investment Committee Report

Mark Wood CBE
Chair, PensionBee Investment Committee

Dear Shareholder,

On behalf of the Board, as Chair of the Investment Committee, I am pleased to present the Investment Committee Report for the financial year ending 31 December 2021.

The report is intended to provide shareholders with an insight into the areas considered by the Investment Committee and nature of the work undertaken.

The global pandemic has brought great economic uncertainty and more than ever our customers rely on our plans to secure good retirement outcomes. The Investment Committee takes its responsibilities very seriously and has spent 2021 fastidiously monitoring the performance and risk profiles of all our plans, to ensure they continue to offer our customers value for money in a changing market. Where a plan no longer offers value for money we act, like we did with the closure of the Match and Future World Plans in 2021.

As a Committee we have continued to hold our asset managers to account, to ensure they provide the highest levels of service and security for our customers.

Finally, we are pleased to have overseen ESG integration into our investment range, to secure sustainable value for our customers, our society and our planet.

Roles and Responsibilities

The role of the Investment Committee is set out in its terms of reference, which is available on the Company's website. The duties of the Investment Committee include, but are not limited to the following:

Duties of the Investment Committee
Reviewing the available range of product options for customers, including in accumulation and decumulation
Reviewing the selection or change of plans and asset managers
Reviewing the choice architecture available to customers
Reviewing the pricing of each plan relative to peers
Reviewing the performance of each plan relative to peers
Reviewing the risk profile of each plan
Reviewing the processes around customer communication and support
Reviewing the administration, service, and core financial transactions
Reviewing the environmental, social and governance considerations
Reviewing the retirement offering
Reviewing fund manager terms and performance, including service levels, breaches and changes to terms and conditions
Overseeing the selection process for the appointment of, and ongoing relationship with, the Governance Advisory Arrangement

The Investment Committee assists the Board in discharging its oversight of PensionBee's investment proposition. The Investment Committee is responsible for reviewing the Company's product offering. This includes the range of options available to customers, the selection or change of asset managers, the pricing of the plans, as well as the performance and the risk profile of each plan. It also reviews the performance of fund managers.

The Investment Committee also assists the Board by overseeing the relationship with the Governance Advisory Arrangement (which PensionBee appointed to assess the design and implementation of its investment pathways solution), including making recommendations to the Board regarding their appointment and removal, coordinating the tender process and approving their remuneration and terms of engagement.

Committee Members and Attendance

Committee Members[60]	Position	Eligible Meetings	Attended Meetings
Mark Wood CBE	Chair of the Committee	4	3
Michelle Cracknell CBE	Independent Non-Executive Director	4	4
Mary Francis CBE	Senior Independent Director	4	4
Romi Savova	Chief Executive Officer	4	3

The Investment Committee must comprise not less than three Directors, of which at least two must be Non-Executive Directors who are independent.

Mark Wood CBE, Michelle Cracknell CBE, Mary Francis CBE and Romi Savova were members of the Investment Committee from the time of the Company's listing and as at 31 December 2021. Further biographical details are set out on pages 60 to 62 of the Board of Directors & Executive Management section of the Corporate Governance Report.

Meetings are held at least three times a year at appropriate times and otherwise as required. The Committee met four times during the year to 31 December 2021, with all meetings being held by video conference. In addition to the Committee members, other regular attendees included the Chief Engagement Officer and other members of the Executive Management team.

After each meeting the Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities.

Committee Key Activities

2021 Key Activities
Ensuring our plans and plan range offer value for money
2020 Value for Money Report
Implementation of FCA's Investment Pathways
Reviewing of Investment Pathway products
Comparing value across plans using AgeWage
Closing plans that no longer offer value for money
Monitoring fund manager performance
Assessing asset manager performance against the terms of our contract
Annual review of duties and responsibilities to report back to the Board
SSGA / FTSE index error impacting Tracker Plan customers
Reinstating all impacted customers whilst issue was investigated and resolved
Reminding all our managers of their legal obligations and liability with regard to customer funds
ESG integration
Expanding exclusionary screens on core plan range
Surveying customers to ensure our plans match their ESG views
Ensuring that all our plans can be screened

60 Joseph Suddaby resigned as a Director and the Chair of the Investment Committee in March 2021 ahead of the Company's listing. He was eligible to attend 1 meeting in 2021 and was in attendance. Mark Wood CBE was appointed as Chair of the Investment Committee subsequently.

Committee Evaluation

In November 2021 our Board evaluation process included the work of the Investment Committee.

Members strongly agreed that the Investment Committee has adequate oversight of the Group's investment proposition and effectively reviews the fund managers' performance. The Committee confirmed to the Board that it remains satisfied that the balance of skills, experience, independence and knowledge on the Board and Committees is appropriate.

Investment Committee Priorities for 2022

For 2022, the Committee will focus its work around the 2021 Value for Money report, the Governance Advisory Arrangement report, monitoring fund manager performance, further exploration of the launch of a new impact plan, and ESG integration for 2023.

Mark Wood CBE
Chair, Investment Committee
13 April 2022

6 Audit and Risk Committee Report

Michelle Cracknell CBE
Chair, PensionBee Audit and Risk Committee

Dear Shareholder,

On behalf of the Board, as Chair of the Audit and Risk Committee, I am pleased to present the Audit and Risk Committee Report for the year ended 31 December 2021.

The report highlights the work that has been performed over the year, and outlines how we have discharged the responsibilities delegated to the Committee by the Board.

During the year the Audit and Risk Committee worked with professional advisors ahead of the listing on the London Stock Exchange to ensure the Group met the listing requirements and maintained a robust control environment for the future effectiveness of the business.

Over the year, the Committee focused on its key responsibilities with assisting the Board by overseeing the Group's financial reporting, effectiveness of the financial control environment and providing oversight of the external auditor relationship and processes. The Committee also assessed the independence and objectivity of the external auditor.

The Committee also assists the Board in its oversight of risk within the Group. It has a particular focus on monitoring the effectiveness of, and improvements being made to, the Group's risk management framework. This includes the documentation and communication of the Group's policies, the activities of the first and second line of defence in managing risks in accordance with the Group's risk appetite and the external auditing activities with respect to regulatory and information security compliance. As is customary, the Board as a whole remains responsible for the Group's risk management and strategy, and for determining an appropriate risk appetite.

Further information on the Committee's activities is provided as follows.

Role and Responsibilities

The role of the Audit and Risk Committee is set out in its terms of reference, which is available on the Company's website. The duties of the Audit and Risk Committee include, but are not limited to:

Duties of the Audit and Risk Committee
Monitoring the integrity of the financial statements of the Group and reporting to the Board on significant financial reporting policies and judgements
Reviewing the content of the annual report and accounts and advising the Board on whether it is fair, balanced and understandable
Overseeing the relationship with the external auditor and making recommendations to the Board regarding the re-appointment of the external auditor
Reviewing and approving the annual audit plan
Assessing the external auditor's independence and objectivity
Assisting the Board with the definition and execution of a risk management strategy, risk policies and current risk exposure
Reviewing the adequacy and effectiveness of the Group's risk management and internal control system
Reviewing the adequacy and secuirty of the Company's whistleblowing arrangements and procedures relating to fraud, bribery and money laundering.
Reporting to the Board after each meeting on all matters within the Committee's duties and responsibilities

Committee Members and Attendance

Committee Member	Position	Eligible Meetings	Attended Meetings
Michelle Cracknell CBE	Chair of the Committee	6	6
Mary Francis CBE	Senior Independent Director	6	6

The Audit and Risk Committee must comprise not less than two Directors while the Group is considered a 'smaller company' per the UK Corporate Governance Code and subsequently three Directors, all of whom must be Non-Executive Directors who are independent. Where possible it should include at least one member of the Remuneration Committee and/or one Non-Executive Director responsible for risk.

Michelle Cracknell CBE and Mary Francis CBE were members of the Audit & Risk Committee for the year to 31 December 2021. Michelle Cracknell CBE is a qualified actuary with 30 years' experience in financial services and more than 13 years' experience as a Board Director, including five years' experience as an Audit and Risk Committee Chair. Further biographical details are set out on pages 60 to 62 of the Board of Directors & Executive Management section of the Corporate Governance Report.

Meetings are held at least four times a year at appropriate times in the financial reporting and audit cycle, and otherwise as required. The Committee met six times during 2021 with the meetings being held by video conference. In addition to the Committee members other regular attendees included the Chairman, CEO, CTO, CFO, CCO and the Finance Director. The external auditor, Deloitte LLP, also attended on most occasions.

After each meeting the Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities.

Committee Key Activities

2021 Key Activities
Financial Statements
Reviewing the half-year reporting timeline
Reviewing the interim report
Reviewing the year-end financials
Reviewing going concern and liquidity risk
External Audit
Reviewing the management representation letter
Reviewing the half-year audit programme and auditor report
Reviewing the full year audit programme and audit report
Reviewing external audit effectiveness and recommending for re-appointment
Governance
Reviewing Audit and Risk Committee 2022 meeting calendar
Reviewing Financial Prospects and Procedures post-IPO recommendations
Reviewing non-audit services policy
Undertaking the Committee evaluation
Reviewing Committee terms of reference
Considering UK Corporate Governance Code requirements
Risk Management and Internal Controls
Reviewing principal risks and uncertainties
Reviewing overall internal controls and risk management systems
Reviewing whistleblowing and anti-bribery and corruption policy
Reviewing monthly risk updates that cover policy changes, second-line control activity and reported incidents
Overseeing onboarding of new policy management software
Overseeing external regulatory audit
Overseeing external information security audit and ISO 27001 certification
Approving the 2022 Risk Plan

Financial Reporting

Group Financial Statement Reporting

One of the core responsibilities of the Audit and Risk Committee is to ensure the integrity of the financial statements of the Group. For the financial year, the Audit and Risk Committee:

- Reviewed the Interim Report and Annual Report and recommended approval to the Board.
- Reviewed the completeness of the financial reporting disclosures.
- Reviewed the application and appropriateness of accounting policies.
- Reviewed the going concern assumption and viability statement.

Significant Issues Considered by the Committee in Relation to the Financial Statements

Significant accounting policies and accounting judgements are identified by management and the external auditor and are reviewed and challenged by the Committee. The significant accounting policies and judgements considered by the Committee, and details of how they were addressed, in respect of the year ended 31 December 2021 are set out below:

Areas for Consideration	Committee Review and Conclusion
Revenue Recognition	The Committee considered the relevance, revenue streams and recognition criteria stipulated in the accounting standard. The Committee recommended the policy to the Board for approval.
Share-based Payment	The Committee considered the grant date fair value, vesting conditions, initial recognition and subsequent measurement of share options as set out in the accounting standard. The Committee recommended the policy to the Board for approval.
Research and Development	The Committee reviewed the current accounting treatment of Research and Development, the relevance, and whether an intangible asset should be recognised. The Committee reviewed the policy and recommended it to the Board for approval.

Income Taxes	The Committee considered the Group's tax position and the accounting standard requirements on recognition of a deferred tax asset. The Committee reviewed the policy and recommended it to the Board for approval.
Leases	The Committee reviewed the basis of accounting for all types of leases; short term and long term, low value and high value leases. The Committee recommended the policy to the Board for approval.
FRS 102 for PensionBee Group plc standalone financial statements	Due to practical reporting considerations, the Committee reviewed the recommendation for reporting under different accounting frameworks within the group. The Committee recommended the approval of adoption of FRS 102 by PensionBee Group plc standalone accounts to the Board.

Going Concern and Viability Statement

In addition to considering significant accounting policies and judgements, the Committee plays an important role in the production of the Annual Report and Financial Statements and Interim Results. This includes reviewing and challenging the assumptions that support the use of the going concern basis for the preparation of the financial statements and the statement given by the Directors as to the Group's longer-term viability.

The Committee reviewed detailed management analysis elaborating on the going concern assumptions and the viability statement. This included the KPIs, profit and loss, cash flow, balance sheet and capital forecasts on a monthly basis. The Committee considered additional stress tests, including a sharp decline in equity markets, the worsening of conversion and lower transferred-in pension pot sizes, all of which could potentially be caused by the Coronavirus pandemic, Brexit, the Russian invasion of Ukraine and/or interest rate rises. Furthermore, the Committee considered management mitigating actions that could be taken in the stress scenarios and the strength of the Group's capital position.

After due consideration, the Committee recommended to the Board that it was appropriate for the Group to adopt the going concern basis of accounting in the preparation of the Annual Report and Financial Statements for the year and that based on the current information, the Directors could make the Viability Statement as shown on page 56 of the Strategic Report.

Fair, Balanced and Understandable

The Audit and Risk Committee supports the Board in ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable.

The Committee considers the procedure around the preparation and review of the Annual Report and Financial Statements. It considers the narrative section of the Annual Report and Financial Statements to ensure its consistency with the information reported and that appropriate weight has been given to both positive and negative aspects of the performance of the Group.

Following its review, the Committee is satisfied that the Annual Report and Financial Statements are fair, balanced and understandable and establish the context necessary to give shareholders and other stakeholders a balanced view between successes, opportunities, challenges and risks.

The Directors' statement on a fair, balanced and understandable Annual Report and Financial Statements is set out in the Statement of Directors' Responsibilities on page 104 of the Corporate Governance Report.

Risk Management Framework

The Audit and Risk Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems. The Group's systems of internal control and risk management are designed to identify, evaluate and manage risks. Through monitoring the effectiveness of its internal controls and risk management, the Committee is able to maintain a good understanding of principal risks, key emerging areas of risk and the Executive Team's decision making process.

In 2021, Adebola Haffner joined as Senior Legal Counsel following more than a decade of experience in financial services and carried out a general review of the Company's Risk Management Policy and the risk framework and regularly engages with the Committee.

Principal Risks

The Board has identified and set out the key risks that, if they were to materialise, could have an impact on the Group's ability to meet its strategic objectives. These risks include regulatory risk, information security risk, operational risk, market risk and credit risk and are further detailed on pages 52 to 55 of the Managing our Risks section of the Strategic Report.

Risk Appetite

The Board is responsible for establishing the risk strategy and setting out the risk appetite.

Based on an assessment of the impact of the risk, the Company has outlined its risk appetite for the occurrence of the risk. With respect to most risks, the Company's risk appetite is low. The risk appetite is determined by the Company's desire to keep financial losses and reputational damage arising from its principal risks as low as possible owing to the importance of allocating capital to growth and the Company's desire to build trust in its services. The Company generally has a medium risk appetite where the risk arises as a function of the business model, for example the risks arising from fluctuations in investment markets.

Monthly Risk Reviews

The Board receives monthly updates including reports on any business areas which are, or should be, subject to further controls or additional measures to mitigate any new or changing risks that have already been identified. The report also provides an overview of policy updates, incident reporting for the month and the nature of risks the Company is witnessing operationally.

The Monthly Risk Reviews detail the monitoring activities the second line of defence has undertaken during the month. These include monthly checking of key financial processes related to the Company's financial reporting activities, such as declarations of tax irregularities, capital adequacy calculations, related party transactions and incoming supplier due diligence.

Overall, the monthly risk reviews, combined with topics raised at the Committee meetings, enable the Audit and Risk Committee to effectively oversee the Company's approach to risk management.

Policy Management Software

In 2021, PensionBee implemented Clausematch, a policy management, regulatory change and compliance platform, as its main policy management software. Clausematch facilitates an auditable process for the review and dissemination of all of the Company's policies.

Internal Audit

The Company performs internal auditing activities according to a calendar overseen by the Audit and Risk Committee. The Company employs external parties to provide third line assurance and these parties are appointed based on their sector expertise, for example, investment management, finance, compliance, regulation and information security expertise. The Audit and Risk Committee is kept up to date with the work of these parties.

The requirement for further audits will remain under consideration as part of the wider consideration of internal controls and risk management. The Company will conduct additional internal auditing activities when appropriate, where additional assurance is required or where there are considered to be risks.

The internal auditing activities are currently coordinated by the Risk Management team and the Company is satisfied that the Audit and Risk Committee can oversee the implementation of third line assurance and gain the required assurance over internal controls through the use of external parties.

External Regulatory Audit

The Group began the regular auditing of the discharge of its regulatory obligations, including the Senior Managers and Certification Regime, required training, administration standards and management information, reporting obligations, identification of risk, risk oversight, business planning, products and internal governance. The Committee was informed of the progress and satisfactory completion of the initial audit, which was conducted by an external party. Regular auditing activities will continue into 2022 and beyond.

Information Security and ISO 27001 Certification

In early 2021, PensionBee was subject to an audit by a third party of its information security practices, resulting in the Company receiving ISO 27001 certification. PensionBee had previously received the Gold Standard in the IASME Governance Framework. PensionBee intends to continue completing the annual ISO 27001 recertification process.

External Audit

Deloitte is PensionBee's external auditor, with 2021 being the fourth financial year to be audited by them. Kieren Cooper has fulfilled the role as lead audit partner for the 2021 year, having taken over from David Rozier who led the 2020 year audit.

The Committee oversees the audit relationship with Deloitte. The Committee's responsibilities are appointing, reappointing and removing the external auditor and overseeing their effectiveness, independence and objectivity.

During 2021, the Committee approved the reappointment of the auditor, the proposed audit fee and terms of engagement. The Committee also reviewed the audit plan presented by Deloitte. Following the initial appointment of Deloitte in 2020, and in consideration of PensionBee's listing in 2021 and the requirement for public companies to re-tender their audit every ten years, it is expected the Company's audit mandate will be re-tendered at the latest in 2031.

External Auditor Effectiveness, Independence and Objectivity

The Committee considered the effectiveness of the audit process and in early 2022, reviewed the FRC's Audit Quality Inspection report and challenged Deloitte on the findings. Furthermore, the Committee conducted a performance review for the 2021 financial year, by seeking feedback from Committee members and the Executive Management team on the quality of the audit team and the audit delivery as well as the challenges demonstrated by Deloitte in its work and interactions with management. The Committee was satisfied that the services provided by the external auditor met the required quality standards.

The Chair of the Committee has regular interactions with the external audit partner outside of Committee meetings and without attendance of the management team. Furthermore, a meeting of the Committee members was also held with the auditors without the Executive Management team.

The Committee considered the independence and objectivity of the external auditor. This consideration was done for both the audit firm and the audit team. This was based on the significance of the audit fees from PensionBee on the total revenue generated by Deloitte, other engagements with PensionBee on which the audit team members are involved and the relationship between the audit team members and management. The Committee also considered the Revised Ethical Standard compliance in light of non-audit services provided in 2021. Lastly, the Committee approved the Non-Audit Services Policy to ensure auditor independence, in particular requiring Committee approval for any potential non-audit services sought by management.

Non-Audit Services Policy

The Committee reviewed and approved the non-audit services ('NAS') policy in 2021. The policy is reviewed annually by the Committee to safeguard the ongoing independence of the external auditor and to ensure compliance with the FRC's Ethical Standard.

The Committee acknowledged the benefits that can be leveraged in using the external auditor for non-audit services due to their understanding of the business. In the circumstance where Deloitte is engaged to provide non-audit services, the policy governs the provision of these services and ensures they do not impair the external auditor's independence and objectivity.

Before proceeding with a non-audit service, the fee comparative to the audit, types of services, and external auditor independence are considered. The Committee's approval has to be achieved before the external auditor is engaged to provide non-audit services. For permitted non-audit services that are deemed to not be material, the Committee has pre-approved the use of the external auditor for cumulative amounts totalling less than £50,000. The threshold up to £20,000 requires the approval of the CFO and/or the CEO. Non-audit fees within the threshold of £20,001 to £50,000 require the approval of the CFO and CEO.

Non-audit fees paid to the external auditor should not exceed 70% or more of the average audit fees for three consecutive financial years starting from the IPO. The cap will become effective from April 2024, after the three year grace period as a public interest entity ('PIE') from the time of the IPO.

The external auditor undertook non-audit work in relation to the IPO Reporting Accountant and Tax Structuring processes and was paid a total fee of £801k during the 2021 financial year which can be found in the table that follows.

The Committee is satisfied that the external auditor's independence has not been impaired by their provision of non-audit services.

External Auditor Fee

An overview of the total fees paid to Deloitte are shown in the table that follows.

Item	Amount (£ 000)
Other Assurance Services	633
Tax Structuring Services	167
Audit Related Services	42
Financial Statements Audit Services	128

Non-audit fees paid to the external auditor during the year exceeded audit fees by 558%. The non-audit fees cap will become effective from April 2024 after the three year grace period as a PIE from the time of the IPO. Non-audit fees paid to the external auditor will not exceed 70% or more of the average audit fees for three consecutive financial years starting from the IPO.

Details of the fees paid to Deloitte during the year are shown in Note 9 of the Financial Statements.

Compliance, Whistleblowing, Anti-Bribery and Corruption and Financial Crime

The Group maintains a robust set of compliance policies that are documented and managed on the Clausematch platform.

Whistleblowing

The Company's Whistleblowing Policy outlines the Company's approach to whistleblowing. The policy recognises that whistleblowing is an important activity that helps firms to learn about and resolve problems before they escalate further. The aim of the policy is to ensure the Company has a fit-for-purpose whistleblowing procedure that encourages employees to come forward with disclosures without fear of reprisal. The Company's whistleblowing champion is Michelle Cracknell CBE, Chair of the Audit and Risk Committee.

Anti-Bribery and Corruption

The Company has a zero-tolerance for bribery and corrupt activities, as outlined in its Anti-Bribery and Corruption Policy. The aim of the policy is to help PensionBee uphold all laws relating to anti-bribery and corruption. The anti-bribery policy applies to all Directors, officers, employees, consultants, contractors, interns, or any other person or persons associated with the Company (including third parties), no matter where they are located (within or outside of the UK).

Financial Crime

PensionBee has a regulatory and legal responsibility to assist the authorities in countering the perpetration of financial crimes. Financial crimes include but are not limited to money laundering, terrorist financing and fraud. Financial crime is perpetrated by individuals and therefore this policy is closely linked to the Company's Know Your Customer Policy. Fraud can lead to highly damaging outcomes for customers and is particularly relevant when transactions are being processed out of the PensionBee Personal Pension. Fraud risks are therefore also closely linked to the Transfer Out Policy and the Banking Policy, which covers the risks of making inaccurate payments.

Audit and Risk Committee Priorities for 2022

For 2022, the key focuses for the Audit and Risk Committee are expected to include oversight of the external information security audit and the ISO 27001 re-certification process, a review of the Financial Prospects and Procedures with consideration to the recommendations made post the Company's listing, and a review of the documentation and reports as required in anticipation of the Company's expected transfer to the Premium Segment.

Committee Evaluation

During 2021 an internal evaluation of the Board and Committees was carried out, the details of which can be found on pages 69 to 71 of the Nomination Committee Report within the Corporate Governance Report. The Committee conducted an effectiveness review as part of the evaluation process and was satisfied that the Committee composition is appropriate, there is an adequate balance of skills and experience, and the Non-Executive Directors remained independent. The effectiveness review confirmed that the Committee is operating effectively.

Michelle Cracknell CBE
Chair of the Audit and Risk Committee
13 April 2022

7 Directors' Remuneration Report[61]

Annual Statement by the Chair of the Remuneration Committee

Mary Francis CBE

Chair, PensionBee Remuneration Committee

Dear Shareholder,

I am pleased to present our first Directors' Remuneration Report for the year ended 31 December 2021, which has been prepared by the Remuneration Committee and approved by the Board.

The Directors' Remuneration Report comprises three sections:

- This statement, being my annual report on the activities of the Remuneration Committee during the year.
- The Directors' Remuneration Policy (the 'Policy') which will be subject to a binding vote at the 2022 Annual General Meeting ('AGM').
- The Annual Report on Remuneration, which explains how the Directors have been rewarded in the period from IPO to end of the financial year and will be subject to an advisory vote at the AGM.

Roles and Responsibilities

The role of the Remuneration Committee is set out in its terms of reference, which is available on the Company's website. The duties of the Remuneration Committee include, but are not limited to the following:

Duties of the Remuneration Committee
Determining the Company's framework and policy for executive remuneration
Setting remuneration for all Executive Directors and reviewing remuneration for senior management
Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture
Considering remuneration arrangements with respect to the UK Corporate Governance Code requirements for clarity, simplicity, risk mitigation, predictability and proportionality

Committee Members and Attendance

Committee Members	Position	Eligible Meetings	Attended Meetings
Mary Francis CBE	Chair of the Committee	3	3
Michelle Cracknell CBE	Independent Non-Executive Director	3	3
Mark Wood CBE	Independent Non-Executive Chairman	3	3

The Remuneration Committee must comprise not less than three Directors, all of whom are Non-Executive Directors who are independent. The Chair of the Remuneration Committee must not be the Chair of the Company, and should have served on a remuneration committee for at least 12 months prior to being appointed.

Mary Francis CBE, Michelle Cracknell CBE and Mark Wood CBE were members of the Remuneration Committee from the time of the Company's listing and as at 31 December 2021. Further biographical details are set out on pages 60 to 62 of the Board of Directors & Executive Management section of the Corporate Governance Report.

61 The Directors' Remuneration Report that follows has been prepared in accordance with the Listing Rules, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Companies Act 2006.

Meetings are held at least twice a year at appropriate times and otherwise as required. The Committee met three times from the time of the IPO until 31 December 2021, with all meetings being held by video conference.

The CEO, COO and CCO and other members of the Executive Management team attended meetings by invitation to provide valuable input. However, no member of management plays any part in determining his or her remuneration.

After each meeting the Chair of the Committee reports to the Board on the Committee's proceedings in respect of all matters within its duties and responsibilities.

Context of Remuneration

2021 was a pivotal year for PensionBee as we transitioned from private to listed status. The Remuneration Committee has worked hard to ensure that we have remuneration arrangements that underpin our Company's strategy and people needs, which are determined through rigorous governance, and which are transparent to our shareholders and stakeholders.

PensionBee has achieved this development at the same time as navigating the challenges presented by the COVID-19 pandemic. I am pleased to say that the Company has not taken any Government financial assistance during this time and has continued to support its employees as they adjust to new ways of working.

As Remuneration Committee Chair, I am glad to talk with investors and their representatives at any time. I am also responsible for the Board's engagement with employees, and the Committee takes careful account of remuneration developments across the Company as a whole. Further details on employee engagement and how we support our employees' health and wellbeing are set out on pages 45 to 49 of the ESG Considerations section in the Strategic Report.

Company Policy Review

Before the IPO, we conducted a thorough review of the remuneration policy across the Company as a whole. The arrangements in place provided a conservative and sound starting point, with remuneration levels in line with, or in some cases below, equivalent market levels, and performance-linked elements mainly in option awards. The Company's need to conserve cash for investment and growth was thus very much respected. We concluded that the policy going forward should be to ensure that rewards are fair with respect to both market and internal relativities, so that our Company can continue to recruit and retain high quality employees. This led us to approve increases in base salaries for 2021 at a number of levels across the Company; to introduce an annual performance-based bonus scheme in line with market practice; and to formalise annual grants of restricted shares to incentivise long-term performance. The first such grants, with a performance underpin, will be made during 2022. In total, performance-related remuneration for Executive Directors and their direct reports will continue to be geared toward equity, which we consider to be appropriate for a Company that is investing for growth.

The Company's Remuneration Policy is underpinned by a philosophy that delivers on the Company's duty of fairness to its:

- **Customers** - Remuneration should maintain the appropriate culture that enables the Company to do what is best for its customers. It is important that remuneration is always considered fair by the Company's customers and that employees are motivated first and foremost by the Company's vision to live in a world where everyone can look forward to a happy retirement.

- **Employees** - Remuneration should recognise that the time commitment and level of responsibility tend to increase with seniority, which should be reflected in the remuneration structure. Pay should not encourage any undue risk taking.

Directors' Remuneration Policy

Following the review of remuneration across the business, we reviewed the more specific application for Executive Directors which forms the Directors' Remuneration Policy (the 'Policy'). We are seeking shareholders' approval for our Directors' Remuneration Policy at the 2022 AGM, for a three-year period. We will keep overall remuneration levels under careful review during this time within the parameters of the Policy, and we are confident that our approach will support the delivery of the Company's key objectives during its initial years as a public company.

The Policy is set out in detail on pages 83 to 93 but the main features include:

- Below-market salaries, fixed for 2021 and 2022, noting that the bonus and restricted share awards are also set by reference to these salaries.
- Pension alignment with the wider workforce.
- Annual performance-related bonus of up to 100% of salary, with at least 75% of the bonus being deferred into shares.
- A restricted share award of up to 125% of salary subject to performance underpin, vesting over 3-5 years and with a post-vesting holding period until the fifth anniversary of grant.
- Shareholding guidelines of 200% of salary which continue to apply in full for a period of two years post the cessation of employment.
- Comprehensive malus and clawback provisions.

Performance-Related Bonus Reward for 2021

The annual bonus plan includes a mix of financial and non-financial performance measures. Financial measures account for at least 50% of total payout, together with personal, strategic, operational and risk control measures. Similar factors provide an underpin to the annual awards under the restricted share plan. The Company is committed to delivering the best possible outcomes for our customers and the Committee considers the Company's approach to risk management and other ESG factors when assessing the appropriateness of the out-turn both in terms of the assessment of personal performance and also the gateways to the bonus plan (and will also consider these factors under the Restricted Share Plan underpin).

As detailed on pages 24 to 28 of the Operating and Financial Review section of the Strategic Report, the Company delivered strong top line growth across its core performance indicators, including Assets under Administration (£2.6bn), Revenue (£12.8m) and Invested Customers (117,000). Simultaneously, through appropriate cost discipline and technological investments in productivity, the Company demonstrated increasing operating leverage through the improvement of the EBITDA margin, reaffirming its expectation of profitability by the end of 2023. Overall, the Company met or exceeded the guidance given to the market at the time of the Initial Public Offering ('IPO'). These financial outcomes were achieved against a backdrop of strong customer satisfaction rates, as demonstrated by PensionBee's Trustpilot score (Excellent), its app ratings (4.7 on average) and its Net Promoter Score (63 based on internal measurement)[62], as well as effective risk management. While the number of Invested Customers grew by 70% and in line with the Company's financial guidance provided at the time of the IPO, this outturn was marginally out of line with threshold internal forecasts, so that component of the bonus did not pay out. Overall, this led to a bonus out-turn for the Executive Directors at 75% of maximum.

Having considered all these factors, the Committee confirmed the formulaic out-turn without the exercise of discretion.

Implementing the Policy for FY2022

As set out in the Prospectus, base salary for each of the Executive Directors will remain unchanged for 2022 (with a planned increase to £200,000 in 2023).

The first restricted share award under the Omnibus Plan was granted in March 2022 following the announcement of the results.

The annual bonus structure will remain broadly unchanged, with a combination of financial performance measures accounting for 50% of the total and including Revenue and Adjusted EBITDA Margin, together with personal performance (accounting for 25% of the total) and a Customer Love Composite metric (also accounting for 25% of the total and including the equally weighted subcomponents of the Company's Invested Customers, Trustpilot score, App Reviews, Complaints Ratio and Net Promoter Score). These metrics are considered to provide a balanced scorecard of the Executive Directors' responsibilities to key stakeholders.

Advisors

The Committee appointed FIT Remuneration Consultants LLP as their independent advisor during the year following a competitive tender process. FIT advised on all aspects of our Directors' Remuneration Policy and practice and reviewed remuneration structures against corporate governance requirements. FIT is a member of the Remuneration Consultants' Group and complies with its Code of Conduct which sets out guidelines to ensure that its advice is independent and free of undue influence. FIT carries out no other work for PensionBee or its subsidiaries. The Remuneration Committee is satisfied that the advice is objective and independent taking into account that during the year FIT was paid time-based fees of approximately £59,000 plus VAT.

Committee Evaluation

During 2021, an internal evaluation of the Board and Committees was carried out, the details of which can be found on pages 69 to 71 of the Nomination Committee Report within the Corporate Governance Report.

In early 2022, the Remuneration Committee undertook an assessment of its own effectiveness and was satisfied that it is operating effectively.

Conclusion

I am grateful to my fellow Directors on the Committee, Mark Wood CBE and Michelle Cracknell CBE, for their hard work throughout 2021, and to the whole Executive Management team and our professional advisors for their support and input.

We look forward to engaging with our shareholders and other stakeholders on an ongoing basis. I would welcome any feedback or comments on the Directors' Remuneration Report more generally. I will be available at the Annual General Meeting to answer any questions about the work of the Remuneration Committee for the year.

Mary Francis CBE
Chair of the Remuneration Committee
13 April 2022

62 PensionBee's externally measured NPS is 75. Source: Boring Money, 2022.

Directors' Remuneration Policy

The Directors' Remuneration Policy (the 'Policy') is submitted for approval at the 2022 Annual General Meeting ('AGM'), and subject to shareholder approval will take binding effect from the close of that meeting. The Remuneration Committee intends that the new Policy will operate for three years. In drafting the Policy, the Committee was advised that each element of pay should include a cap. The included numbers are set to comply with this requirement and do not form an aspiration.

The Policy was reviewed and approved by the Remuneration Committee. As part of the process input was collected from management and our external advisors.

Objectives of the Policy

The proposed Directors' Remuneration Policy, effective post shareholder approval from the date of the 2022 AGM, has been designed to meet the following objectives:

Clarity	Simplicity	Risk
• The Policy is designed to be simple and support long-term, sustainable performance. • The Policy is in line with standard UK listed company practice and is well understood by participants and shareholders alike. • The Policy clearly sets out the limits in terms of quantum, the performance measures which can be used and discretion which could be applied if appropriate.	• Our arrangements include a market standard annual bonus and a single long-term incentive plan. • The details of each are clearly set out in our Policy. • There are no complex or artificial structures required to deliver the Policy.	• Appropriate limits are set out in the Policy and within the respective plan rules. • The Committee retains discretions to override formulaic outturns. • When considering performance measures and target ranges, the Committee will take account of the associated risks and liaise with the Audit and Risk Committee as necessary. • The long-term nature of a large proportion of pay (through significant annual bonus deferral, post-vesting holding periods and post-cessation shareholding requirements) encourages a long-term, sustainable mindset. The use of restricted shares rather than more geared forms of long-term incentives also mitigates the risk of undue focus on those targets. • Clawback and malus provisions are in place across all incentive plans.
Predictability	**Proportionality**	**Alignment to Culture**
• The Policy contains appropriate caps in place for each component of pay. • The potential reward outcomes are easily quantifiable and are set out in the illustrations provided in the Policy. • Performance can be reviewed at regular intervals to ensure there are no surprises in outcomes at the end of the performance period.	• Incentive outcomes are contingent on successfully meeting stretching performance targets which are aligned to the delivery of the Company's strategy. • Performance will be assessed on a broad basis, including a combination of financial and operational metrics. The use of different measures ensures there is no undue focus on a single metric which could be at the detriment of other stakeholders. • The Committee retains discretions to override formulaic outturns.	• The Policy encourages high performance delivery which is aligned to the culture within the business. However, this performance focus is always considered within an acceptable risk profile. • Overall pay levels are modest with base salaries below-market reflecting the pre-profit state of the Company's evolution. • The measures used in the variable incentive plans reflect the KPIs of the business.

Remuneration Policy for Executive Directors

The following table summarises each element of the remuneration policy for the Executive Directors, explaining how each element operates and links to the corporate strategy.

Base Salary	
Purpose	• To recruit and retain high-calibre Executive Directors. • Recognise knowledge, skills and experience as well as reflect the scope and size of the role.
Operation	• Normally reviewed annually in February (with any changes usually effective from May). An out of cycle review may be conducted if the Committee determines it is appropriate. • When setting base salaries, the Committee takes into account a number of factors including (but not limited to) skills and experience of the individual, the size and scope of the role, salary increases across the Group as well as salary levels for comparable roles in other similarly sized companies. • Currently salary levels are considerably below market levels reflecting the pre-profit state of the Company. The Company set out in the Prospectus a plan to increase the CEO and CTO's salaries to £200,000 from 2023 and then to review against benchmarks from 2024. This may lead to a higher level of increase than would normally be the case.
Maximum Potential Value	• The maximum salary level is £500,000. • Salary increases are normally considered in relation to the wider salary increases across the Group, albeit recognising the unusually low starting position in the current remuneration policy. • Above workforce increases may be necessary in certain circumstances such as when there has been a change in role or responsibility or where, as was the case at IPO, an Executive Director has been appointed on an initial salary which is lower than the desired market positioning. • The current base salaries for the Executive Directors are set out on page 92.
Performance Metrics	• Individual performance, as well as the performance of the Group, is taken into consideration as part of the annual review process.

Pension	
Purpose	• To provide cost-effective retirement benefits.
Operation	• The Executive Directors may participate in the Company's pension scheme or receive a cash allowance in lieu if HMRC caps apply. • Pension contributions and allowances are normally paid monthly and are not bonusable.
Maximum Potential Value	• The Company pension contributions to defined contribution retirement arrangements or cash allowances are capped at those of the wider workforce (currently 5% of qualifying salary). • This applies to current and any future Executive Directors.
Performance Metrics	• Not applicable.

Benefits	
Purpose	• To provide competitive, cost-effective benefits which help to recruit and retain Executive Directors.
Operation	• Benefits may include various insurances such as life, disability, medical and other benefits provided more widely across the Group from time to time. • Other benefits, such as relocation expenses or expatriate arrangements may be provided as necessary. • Reasonable business-related expenses (including any tax thereon) will be reimbursed.
Maximum Potential Value	• The value of benefits will vary based on the cost to the Company of providing the benefits.
Performance Metrics	• Not applicable.

Annual Bonus	
Purpose	• To incentivise and reward for the delivery of suitably stretching annual corporate targets to align with shareholders' and wider stakeholders' interests.
Operation	• The Annual Bonus is subject to performance measures and objectives set by the Committee for the financial year. • At the end of the performance period the Committee assesses the extent to which the performance targets have been achieved and approves the final outcome. • At least 75% of any bonus earned will be deferred in shares, normally for a total of three years, with a third vesting and becoming exercisable in the first, second and third year respectively. • Dividend equivalents may apply to the extent such deferred awards vest. • Malus and clawback provisions apply as set out on page 88. • Bonus awards are non-pensionable and are payable at the Committee's discretion.
Maximum Potential Value	• The annual bonus policy maximum is 100% of base salary. • The target annual bonus opportunity is normally set at 50% of the maximum. • The threshold annual bonus opportunity is up to 25% of the maximum.
Performance Metrics	• The Committee will determine the relevant measures and targets each year taking into account the key strategic objectives at that time. • Performance measures may include financial, strategic, operational, ESG, and/or personal objectives. • At least 50% of the bonus will be linked to financial measures. • The Committee sets targets that are challenging, yet realistic in the context of the business environment at the time and by reference to internal business plans and external consensus. Targets are set to ensure there is an appropriate level of ambition associated with achieving the top end of the range but without encouraging inappropriate risk taking. • The performance measures for FY22 are set out on page 92.

Long-Term Incentives	
Purpose	• To incentivise and reward for the delivery of long-term performance and shareholder value creation. • To align with shareholders' interests and to foster a long-term mindset.
Operation	• An annual award of restricted shares under the 2021 PensionBee Group PLC Omnibus Plan which normally vest after a period of not less than three years (expected to be one-third on each of the third, fourth and fifth anniversaries of grant for Executive Directors) subject to continued employment and the achievement of a performance underpin. • Vested awards are subject to a further holding period applying at least until the fifth anniversary of grant during which they may not ordinarily be sold (other than to pay relevant tax liabilities due). • Dividend equivalents may accrue over the period from grant until the later of vesting and the expiry of any holding period. • Malus and clawback provisions apply as set out on page 88.
Maximum Potential Value	• The maximum annual award is 125% of salary and the Committee expects to normally grant awards at this level to the Executive Directors.
Performance Metrics	• The nature of restricted shares is that they are not based primarily on performance conditions, although the Committee will apply an underpin and may reduce vesting levels if overall performance is not considered to warrant the full vesting level having regard to financial performance, the development of the strategy and the management of risk and other ESG factors.

All-Employee Share Plans	
Purpose	• To encourage wider share ownership across all employees, including the Executive Directors. • To align with shareholders' interests and to foster a long-term mindset. • The Company does not currently intend to deploy the all-employee share plans. Disclosure around the plans has been included for future flexibility as required.
Operation	• Executive Directors may participate in all employee schemes on the same basis as other eligible employees. • This includes the Share Incentive Plan ('SIP') and the Save As You Earn ('SAYE') which have been adopted but are not currently in operation. • Both plans have standard terms, which are HMRC approved and allow participants to either purchase or be granted shares (SIP) or enter into a savings contract (SAYE) in a tax-efficient manner.
Maximum Potential Value	• Limits are in line with those set by HMRC (or at a lower level if so determined by the Remuneration Committee).
Performance Metrics	• Not applicable as per market standard.

Shareholding Requirements	
Purpose	• To align with shareholders' interests and to foster a long-term mindset.
Operation	• Executive Directors will normally be expected to retain shares, net of sales to settle tax, until they have met the required shareholding. • Progress towards the guideline will be reviewed by the Committee on an annual basis. • In addition, Executive Directors are expected to hold shares after cessation of employment to the full value of the shareholding requirement (or the existing shareholding if lower at the time) for a period of two years.
Maximum Potential Value	• The shareholding requirement for Executive Directors is 200% of base salary.
Performance Metrics	• Not relevant.

Fees Policy for Chairman and Non-Executive Directors (the 'NEDs')

The following table summarises the fees policy for the Chairman and the NEDs.

Fees	
Purpose	• To provide a competitive fee to attract NEDs who have the requisite skills and experience to oversee the implementation of the Company's strategy.
Operation	• Fees for the Chairman are set by the Committee (with the Chairman himself absent from such discussion). • Fees for the other NEDs are set by the Board excluding the NEDs. • Fees are reviewed, but not necessarily increased, annually. Fee increases are normally effective from May. • Fee levels are determined based on an estimate of the expected time commitments of each role and by reference to comparable fee levels in other companies of a similar size and complexity. • Additional fees are payable to the Senior Independent Director and Chairs of the Audit and Remuneration Committees to reflect their additional responsibilities. The Employee Engagement Lead will also be eligible for an additional fee. • Higher fees may be paid to a NED should they be required to assume executive duties on a temporary basis. • The NEDs and the Chairman are not eligible to receive benefits or incentive plans. Business expenses incurred in respect of their duties (including any tax thereon) are reimbursed.
Maximum Potential Value	• Determined within the overall aggregate annual limit of £1m.
Performance Metrics	• Not eligible to participate in any performance-related elements of remuneration.

Pension	
Purpose	• To provide cost-effective retirement benefits.
Operation	• The NEDs may participate in the Company's pension scheme given its central role in the activities of the Company. • Pension contributions and allowances are normally paid monthly.
Maximum Potential Value	• The Company pension contributions to defined contribution retirement arrangements or cash allowances are capped at that of the wider workforce (currently 5% of qualifying fees). • This applies to current and any future NEDs.
Performance Metrics	• Not applicable.

Discretions Retained by the Committee in Operating the Incentive Plans

The Committee administers the Omnibus Plan in line with its rules and in accordance with HMRC and Listing rules where relevant. To ensure the efficient operation of these plans, the Committee may apply certain discretions which include (but are not limited to) the following:

- The participants in the plan.
- The timing of grants and/or payments under the plan.
- The size of grants and/or payments (albeit within the limits set out in the policy table for Executive Directors).
- Any performance measures and targets for the incentive plans for each year.
- Any use of discretion to amend the outcome, as appropriate.
- Determining leaver status and the appropriate treatment under the incentive plan.
- Determining the treatment of awards in the event of a change of control.
- Determining any necessary technical adjustments in certain circumstances (e.g. corporate restructuring events, variation of capital and special dividends).

The Committee has the discretion to vary the performance conditions applying to outstanding awards in exceptional circumstances if an event occurs (e.g. a material acquisition or divestment) which causes the Committee to believe that the original condition is no longer appropriate. Any change in performance conditions will not be materially less challenging than the original condition would have been but for the event in question.

Legacy Arrangements

The Committee will honour any commitments entered into with current directors prior to the Company's IPO or to internally promoted future Executive Directors prior to their appointment to the Board. This includes any outstanding awards under historic share option plans. Details of the historic share option plans are available in the Company's Prospectus on its website.

Recoupment (Malus and Clawback)

Malus and clawback may be applied at any time before an award vests (or would have vested but for the operation of any holding period) or for 3 years after vesting in the following circumstances:

- Material misstatement of the results of the Company.
- Errors or inaccuracies or misleading information leading to incorrect grant or vesting of the award.
- Gross misconduct.
- Material failure of risk management by the Company.
- Corporate failure (e.g. administration or liquidation).
- Any other circumstance which in the opinion of the Remuneration Committee could have a significantly adverse impact on the Company's reputation.

Malus permits the Company to reduce the amount of any unvested award, including awards in holding periods. Clawback permits the Company to reduce the amount of any vested award or any future salary or bonus and also require the employee to pay back amounts.

Selection of Performance Measures and Targets

The Remuneration Committee selects the performance measures applying to the Annual Bonus based on the strategic priorities of the Group at the time. The measures and their weightings may change from year to year to reflect the needs of the business.

Measures used may include financial (such as Revenue and Adjusted EBITDA margin), operational, strategic, ESG, personal or shareholder value creation outcomes. The use of such measures is intended to ensure performance is assessed on a rounded basis and is appropriately aligned to the Group's KPIs.

The targets for the Annual Bonus are set after considering the annual business plan, external analyst consensus, relevant economic indicators and any regulatory changes. The target range is set so that it is appropriately challenging, yet realistic and does not incentivise undue risk taking. The annual bonus plan for FY22 is set out on page 92.

The RSP award will be subject to a performance underpin. The Remuneration Committee will assess whether vesting is appropriate, taking into consideration the Company's current share price, its financial performance over the vesting period and the participant's adherence to the Company's values and its standards on risk and environmental, social and governance considerations. On the basis that the RSP awards are intended to provide greater certainty of vesting in return for a lower quantum, the default will be for vesting to occur, unless the Remuneration Committee decides otherwise.

Statement of Consideration of Shareholder Views

Prior to the Company's IPO, the views of the major shareholders were considered when determining the Policy. The Committee will consider shareholder feedback received in relation to the AGM each year and guidance from shareholder representative bodies more generally.

If the Committee considered it appropriate to make material changes to the Policy, it would be subject to prior consultation with major shareholders as necessary.

Differences in Remuneration Policy for Executive Directors and Employees in General

All employees participate in the Annual Bonus scheme, which is operated on similar terms to those for the Executive Directors albeit with performance measures which are appropriate to their area of responsibility. Bonus deferral of the corporate achievement element is operated for all employees.

RSP awards are granted to approximately 28% of the workforce on similar terms to those for the Executive Directors. All employees are able to participate in PensionBee's equity ownership schemes, which further helps to drive engagement and an ownership mentality.

Statement of Consideration of Employment Conditions Elsewhere in the Group

The Committee is kept informed of pay and employment conditions throughout the Company. This will include information on base salary banding and increases, annual bonus outcomes and share usage across the workforce. The Company's Talent team conducts an annual benchmarking exercise that informs the overall remuneration package at each level of employee seniority. The annual benchmarking exercise pays due regard to job roles and seniority. The remuneration package for each level of employee seniority is documented in the Company's Remuneration Policy, which is transparently shared with all employees. The Company's Remuneration Policy documents the Company's desire to take an industry-leading approach to reducing and eliminating gender and ethnicity pay gaps, as well as excessive differences in remuneration between the highest and lowest paid employees.

The input from the director responsible for employee engagement will also be considered as part of the Committee's deliberations. Findings from regular employee engagement surveys will also be provided to the Committee.

The Committee has not, to date, formally consulted with employees on matters of the Company's Remuneration Policy. However, the Chair of the Remuneration Committee held a Town Hall session to understand employees' attitudes to benefits in November 2021 and will hold further Town Hall sessions in due course, during which there will be the opportunity to discuss remuneration matters as appropriate.

Executive Directors' External Appointments

Executive Directors may accept an external appointment as a Non-Executive Director with the prior approval of the Board. Any fees payable for such an appointment can be retained by the Executive Director.

Recruitment of Executive Directors - Approach to Remuneration

The ongoing remuneration package for any new Executive Director will be set in accordance with the terms of the Policy in place at the time of appointment. The principles which will be applied are set out as follows.

Element of Pay	Recruitment Policy
Base Salary	• Set on appointment at a level which takes into account the skills and experience of the individual and the nature of the role. • The initial base salary may be set at a level below the desired market position to reflect experience. Thereafter, increases may be above those of the wider workforce to align the salary with the market level in accordance with the individual's development in the role.
Benefits	• Will be in line with those offered to current Executive Directors. The Committee will have the discretion to pay certain relocation expenses as deemed necessary.
Pension	• Will be in line with the pension provision offered to the wider workforce.
Annual Bonus	• Will be operated in line with the terms of the Policy table. Any bonus for the year of appointment will be pro-rated based on service rendered. It may be necessary to use alternative performance measures for the remainder of the initial performance period, depending on the timing and circumstances of the appointment.
Restricted Share Plan	• An award may be made shortly after appointment, in line with the Policy table.
Buy-out Awards	• Additional awards may be offered in the form of cash and /or share based elements to compensate an individual for remuneration forfeit on leaving their previous employment. To be clear, the value of any buy-out arrangements will be limited to an assessment of the value forfeit. The structure of awards will normally be delivered on a like-for-like basis where possible, replicating the form, time horizons and any performance requirements attached to the awards forfeited.
Legacy Arrangements	• For an internal appointment, any existing pay or contractual arrangements agreed prior to the Executive Director being appointed to the Board may be allowed to continue on its original terms, adjusted as relevant to take into account the new appointment.

Recruitment of Directors - Approach to Remuneration of Non-Executive Directors

On appointment of a new Chairman of the Board or Non-Executive Director, the fees will be set taking into account the experience and calibre of the individual and the prevailing rates of other Non-Executive Directors at the time.

Service Contracts and Letters of Appointment

Each Executive Director's service agreement will be terminable by either the Company or the Executive Director on not less than 6 months' written notice. Each Executive Director will continue to be eligible to participate in the Company's discretionary year-end bonus plan and will be eligible to participate in such long-term incentive plans as the Company may establish in the future. Any incentives or remuneration payable to the Executive Directors will be subject to limitation or modification to the extent reasonably deemed necessary by the Remuneration Committee, including to remain consistent with the Company's shareholder-approved remuneration policy from time to time. Each Executive Director is entitled to 25 days' paid holiday per annum (excluding public holidays). Each Executive Director is entitled to contributions by the Company of 5% of qualifying salary to the Company pension scheme. The contracts are available for inspection (alongside NED letters of appointment) at the Company's registered office. The date of each service contract is noted in the table below:

	Date of Service Contract
Romi Savova	16 March 2021
Jonathan Lister Parsons	16 March 2021

The service contract of any new appointment is expected to be consistent with that of current Executive Directors.

The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the most recent re-appointment and the length of service for each Non-Executive Director are shown in the table below:

	Date of Appointment
Mark Wood CBE	2 February 2021
Mary Francis CBE	2 February 2021
Michelle Cracknell CBE	2 February 2021

Each appointment is for a fixed term ending on the Company's third annual general meeting following the Company's listing, but each Independent Non-Executive Director may be invited by the Company to serve for a further period. In any event, each appointment is subject to annual re-election by the Company at each annual general meeting, and each Non-Executive Director's appointment may be terminated at any time with three months' written notice.

Policy on Payment for Departure from Office

The Company will be entitled to terminate an Executive Director's service agreement with immediate effect by payment in lieu of notice equal to the basic annual salary the Executive Director would have been entitled to receive during the notice period, payable in equal monthly instalments which are reduced if the Executive Director secures alternative employment/engagement within that period (the Executive is contractually obliged to use his/her best endeavours to secure alternative employment/ engagement).

The Committee will take into account the contractual entitlements, rules of the incentive plans, the specific circumstances for the departure and the interests of shareholders when determining the termination treatment:

Component of Pay	Voluntary Resignation or Termination for Cause	'Good Leaver' (e.g. Death, Ill Health, Disability)
Annual Bonus	Leaving employment part way through the bonus year will normally result in no bonus being paid	Leaving employment part way through bonus year or after the year end but prior to the normal bonus payment date will result in cash and deferred bonus being paid on a time pro-rated basis for the portion of the year worked. Bonus outcomes will continue to be based on the performance achieved.
DSBP Awards	Unvested DSBP awards will lapse	Awards will normally continue to vest on their original vesting date unless the Committee determines they should vest earlier.
RSP Awards	Unvested RSP awards will lapse	RSP will normally be retained by the individual for the remainder of the vesting period and remain subject to the relevant performance underpin, with the award time pro-rated. The Committee will retain discretion to assess the performance underpin and allow awards to vest at an earlier date if considered appropriate (and to disapply time pro-rating if considered appropriate).

Any outstanding SIP and/or SAYE awards will be treated in line with HMRC regulations.

The Committee will have the authority to settle any legal claims against the Company, if considered to be in the best interests of shareholders. The Committee may also reimburse legal costs and provide a contribution towards outplacement support if felt appropriate.

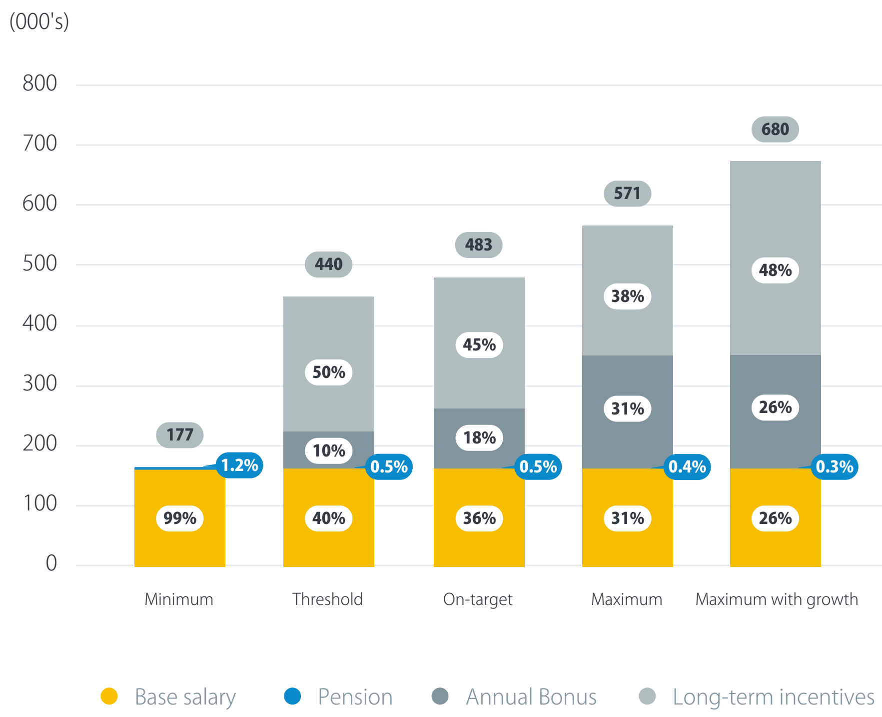
If there is a change of control or similar event, outstanding awards may vest early (subject to any performance criteria assessment) subject to time pro-rating (unless the Committee believes it is not appropriate).

On termination, at any time, a Non-Executive Director is entitled to any accrued but unpaid director's fees but not to any other remuneration.

Illustration of Remuneration Policy

The charts that follows sets out the potential values of the remuneration package for FY22 under various performance scenarios for the Executive Directors.

Executive Director's Remuneration



Notes:

- Salary represents annual salary for 2022. Benefits have been included based on 2021 figures.
- Pension represents the value of the annual pension allowance for Executive Directors of 5% of salary.
- Minimum performance comprises salary, benefits and pension only with no bonus awarded and no RSP vesting (i.e. assumes the RSP performance underpin is not met).
- Threshold performance comprises annual bonus payouts at threshold level (25% of maximum) with the RSP awards vested in full (no share price appreciation).
- Target performance comprises annual bonus payouts at target level (50% of maximum) and with the RSP awards vested in full (no share price appreciation).
- Maximum performance comprises annual bonus awarded at maximum level (100% of maximum) and with the RSP awards vested in full (no share price appreciation).
- Maximum + share price growth comprises the above plus an assumed increase of 50% in the value of the RSP award to take account of potential share price appreciation.

Annual Report on Remuneration

Implementation of Policy for FY22

Component of Pay	Implementation for FY22
Base Salaries	As set out in the Prospectus at IPO, salaries unchanged: • CEO £175,000 • CTO £175,000 It remains the intention, as set out in the Prospectus, to increase these salaries to £200,000 in 2023 and then to review against market levels after that.
Benefits and Pension	No changes to benefits. Pension provision remains at 5% of qualifying salary.
Annual Bonus	Maximum bonus of 100% of salary with at least 75% deferred into shares which will vest in equal instalments across the first, second and third anniversary of grant, which is aligned to the treatment throughout the organisation. In respect of 2021 bonuses, the Executive Directors' deferred bonus will be deferred for three years. For 2022 onwards, it is expected to be released in three equal annual tranches to align with colleagues generally. The performance measures are: • Financial measures, weighted at 50% and consisting of two sub-metrics each accounting for 25% of the total bonus: Revenue (£), Adjusted EBITDA Margin (%) • Customer composite metric, weighted at 25% and consisting of five sub-metrics each accounting for 5% of the total bonus: Invested Customers, Trustpilot score, App store ratings, NPS and complaints ratio • Personal performance, weighted at 25% of the total bonus Consistent with market practice, the Committee considers the targets themselves to be confidential and will disclose them in next year's report.
Restricted Share Plan Award	A restricted share award of 125% of salary which vests in equal instalments on the third, fourth and fifth anniversary of grant and released following the fifth anniversary. The awards are subject to a performance underpin whereby the Remuneration Committee will assess whether vesting is appropriate, taking into consideration the Company's current share price, its financial performance over the vesting period and the participant's adherence to the Company's values and its standards on risk and environmental, social and governance factors. On the basis that the RSP awards are intended to provide greater certainty of vesting in return for a lower quantum, the default will be for vesting to occur, unless the Remuneration Committee decides otherwise.
NED Fees	Remain unchanged: • Chairman fee £125,000 • NED base fee £45,000 • Senior Independent Director fee £25,000 • Board Committee Chair fee £10,000 • Employee engagement lead fee £10,000 NEDs are eligible to participate in the Company's automatic enrolment pension plan.

Single Total Figure of Remuneration (Audited)

The figures included in the table represent the remuneration in the period from Admission to 31 December 2021.

		Romi Savova	Jonathan Lister Parsons	Mark Wood CBE	Mary Francis CBE	Michelle Cracknell CBE
Fixed Pay	**Base Salary/Fees**	£116,667	£116,758	£83,333	£60,000	£36,667
	Benefits	n/a	n/a	n/a	n/a	n/a
	Pension	£1,468	£1,468	n/a	n/a	£1,468
Variable Pay	**Annual Bonus**	£131,250	£131,250	n/a	n/a	n/a
	Long-Term Incentives	£264,000	£264,000	n/a	n/a	n/a
Total		**£513,384**	**£513,476**	**£83,333**	**£60,000**	**£38,134**
Total Fixed Remuneration		**£382,135**	**£382,226**	**£83,333**	**£60,000**	**£38,134**
Total Variable Remuneration		**£131,250**	**£131,250**	**n/a**	**n/a**	**n/a**

Notes to the Table

Base Salary

At IPO the annual base salaries for the CEO and CTO were set at £175,000 per annum. The table reflects the pro rata base salary for the relevant period.

Benefits

The Executive Directors did not receive benefits from the Company, but are eligible to participate in company-wide schemes from time to time.

Pension

The Executive Directors received pension benefits equivalent to 5% of qualifying earnings.

Annual Bonus

The bonus for FY21 was subject to performance measures which consisted of the equally weighted measures of: Revenue (25%), Adjusted EBITDA (25%), Invested Customers (25%), Personal performance (25%).

The personal performance is based on a competency matrix that rewards each Executive Director for their achievements over the course of the year in line with their accomplishments and embodiment of the Company's values of Love, Quality, Honesty, Innovation and Simplicity. The competency matrix refers to the Executive Director's achievements with respect to furthering the Company's culture, the Company's approach to diversity and inclusion, the Company's operational performance, strategic initiatives and risk management controls, including the timely submission of policies and risk assessments, the minimisation and effective resolution of risk incidents and adherence to budgetary cost controls.

In particular, the CEO's personal objectives included delivering on the continued growth of the Company in the context of excellent customer service with a specific requirement to deliver industry-leading response times to customers. Specific measurable goals were set, including maintaining the Cost Per Invested Customer within the budgetary objectives (£246 outcome), excellent App review scores (4.7 average score), excellent Trustpilot reviews (score of 4.6/4.7 throughout the year) and the percentage of employees recommending the Company as a place to work (92%).

In particular, the CTO's personal objectives included leadership in product innovation, development of an industry leading technology platform with increased velocity and quality, and the development of mechanisms to analyse real time marketing data and customer experience, each of which were fully met. He was also subject to a number of similar measurable targets to those for the CEO above including the App review scores and also information security certification outcomes under ISO 27001.

The table below summarises the performance outcomes:

	Threshold	Target	Max	Actual	Outturn
Revenue	£11.3m	£11.7m	£12.2m	£12.8m	100%
Adjusted EBITDA	£(18.6)m	£(18.2)m	£(17.8)m	£(16.4)m	100%
Invested Customers	126k	127k	128k	117k	0%
Personal Performance	25%	50%	100%	100%	100%

The Committee considered that the overall performance and the experience of stakeholders was appropriately reflected in the overall bonus outcome and therefore no discretion was required to amend the result.

For FY21, 100% of any bonus linked to Company-wide performance and 40% of any bonus linked to individual performance is deferred, resulting in 90% deferral for Executive Directors. For this year the deferred bonus vests on the third anniversary of grant.

Consistent with the approach adopted for all equity awards, participants are required to bear any employers' NICs on those awards which means that the headline level of deferred bonus and RSP awards overstates their commercial value by approximately 14% compared with other listed companies where the company itself bears this charge. This reflects the pre-profit status of the Company and this will be kept under review for subsequent grants.

	Cash Bonus (£)	Deferred Bonus (£)	Total Bonus (£)	Total Bonus (% Max)
CEO	£17,500	£113,750	£131,250	75%
CTO	£17,500	£113,750	£131,250	75%

Awards Vesting in the Year

Prior to the IPO, both the Executive Directors received share awards which were subject to performance conditions that were met on the IPO. While these will only vest and become exercisable over time, the regulations require these to be included in the year any performance condition is met, so the reported £264,000 reflects the aggregate of 160,000 shares multiplied by the IPO price of 165p.

Awards Granted in the Year

There were no share awards made to Executive Directors from Admission to the end of the financial year.

Other Statutory Requirements[63]

Shares Interests and Incentives	Shares Owned Outright	Awards Unvested and Subject to Performance Conditions	Options Unvested and Not Subject to Performance Conditions	Options Vested and Not Subject to Performance Conditions	Shareholding Requirement Met
Romi Savova	80,000,000	0	120,000	40,000	Yes
Jonathan Lister Parsons	13,232,800	0	120,000	40,000	Yes
Mark Wood CBE	2,827,200	0	0	0	n/a
Mary Francis CBE	31,200	0	0	0	n/a
Michelle Cracknell CBE	0	0	0	0	n/a

Our middle market share price at the close of business on 31 December 2021 was 133.7p and the range of the middle market price during the year since IPO was 127.2p to 185p.

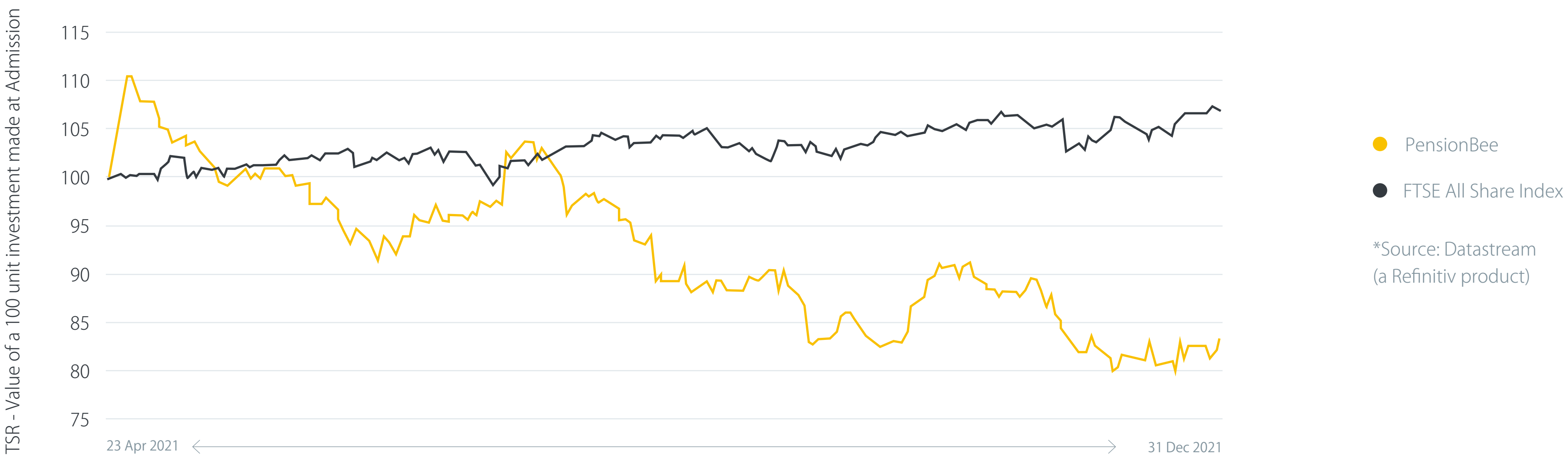
Since the year-end there have been no other changes in the shareholdings.

63 All numbers are unaudited unless otherwise stated.

Change in CEO Total Remuneration

The chart below shows the value of £100 invested in the Company on Admission at the IPO price, compared with the value of £100 invested in the FTSE All Share Index at the same date and the movement in value until 31 December 2021. We have chosen the FTSE All Share Index as it provides the most appropriate and widely recognised index for benchmarking the Company's corporate performance since IPO.

Total Shareholder's Return*



*Source: Datastream
(a Refinitiv product)

CEO Single Figure History	FY21, for the period since Admission
Total Remuneration[64]	£513,384
Annual Bonus as % of Max	75%
Long-term Incentive Shares Vesting as % of Max	100%

CEO Pay Ratio[65]

The table below shows the multiple of our CEO's pay ratio to median, lower quartile and upper quartile pay at the Company in the UK. The calculations are based on methodology Option A as defined by the regulations and calculating the pay and benefits of all UK employees on a full-time equivalent basis. The CEO pay ratio is based on comparing the CEO's pay to that of PensionBee's UK-based employee population. For the CEO the FY21 figure is based on the single figure total of £513,384.

Methodology	25th Percentile	50th Percentile	75th Percentile
Option A	18:1	9:1	7:1
Total Pay	£27,925	£57,376	£75,771
Salary Component	£17,017	£20,108	£24,091

The Committee will continue to monitor trends in the CEO pay ratio over the longer term.

Relative Importance of Spend on Pay

Since the Company only listed in April 2021, there is no comparable year-on-year change to disclose. Full disclosure will be presented in the Annual Report on Remuneration for FY22.

	2021
Total Employee Costs (Note 5 of the Financial Statements)	£7.4m
Distributions to Shareholders	£0

64 The table Single Total Figure of Remuneration outlines detailed components of the CEO's Total Remuneration
65 All numbers are unaudited unless otherwise stated.

Percentage Change in Director Pay

Since the Company only listed in April 2021, there is no comparable year-on-year change to disclose. Full disclosure will be presented in the Annual Report on Remuneration for FY22.

Payments for Loss of Office and/or Payments to Former Directors

No payments for loss of office, nor payments to former Directors were made during the year under review.

This report was approved by the Board of Directors and signed on its behalf by:

Mary Francis CBE
Chair of the Remuneration Committee
13 April 2022

8 Directors' Report

The Directors present their annual report on the affairs of the Group, together with the consolidated financial statements and Auditor's report for the financial year ended 31 December 2021.

Additional Disclosures

Information required to be included within the Directors' Report either by statute, by Listing Rule 9.8.4R or by the DTRs, can be found either in this section or elsewhere in this document, as indicated in the table below. All information located elsewhere in this document is incorporated into this Directors' Report by reference:

Disclosure	Location
Future Business Developments	Our Strategy, pages 16-18
Research and Development	Note 2 of the Financial Statements, pages 116-121
Financial Instruments	Note 22 of the Financial Statements, pages 129-131
Financial Risk Management Objectives and Policies	Note 22 of the Financial Statements, pages 129-131
Exposure to Price, Credit and Liquidity Risk	Managing our Risks, pages 52-55 Note 22 of the Financial Statements, page 129-131
Environmental Impact	Stakeholders, pages 32-40 ESG Considerations, pages 42-51
People, Values and Culture and Employee Engagement	About Us, page 9-15 Stakeholders, pages 32-40 ESG Considerations, pages 42-51
Section 172 Statement	Stakeholders, pages 32-40
Stakeholder Engagement	Stakeholders, pages 32-40 ESG Considerations, pages 42-51
Statement of Directors' Responsibility	Statement of Directors' Responsibility, page 104
Directors' Interests	Directors' Remuneration Report, pages 80-96
Details of Long-Term Incentive Schemes	Directors' Remuneration Report, pages 80-96

Principal Activity

PensionBee is a leading online pension provider in the UK, a direct-to-consumer financial technology company with a mission to make pensions simple, so that everyone can look forward to a happy retirement. The Company is registered as a public limited company under the Companies Act 2006 and is listed on the Main Market of the London Stock Exchange.

Review of Business

A review of the Group's results and activities is covered on pages 4 to 56 within the Strategic Report. This includes the Chairman's Statement and the Chief Executive Officer's Review, which include an indication of likely future developments.

Key Performance Indicators

Key performance indicators in relation to the Group's activities are continually reviewed by Executive Management and are presented on pages 31 to 32 of the Strategic Report.

Results and Dividends

The results for the year are set out in the consolidated Income Statement on page 112 of the Financial Statements. The Directors are not proposing a final dividend for the year ended 31 December 2021.

Corporate Governance

During the year to 31 December 2021, since the Company's listing on the Main Market of the London Stock Exchange in April 2021, we have applied the principles contained in the UK Corporate Governance Code 2018 (the 'Code'), a copy of which can be found at www.frc.org.uk.

The Corporate Governance Statement is set out on pages 63 to 68 of the Corporate Governance Report. The information in that section incorporated into this Directors' Report by reference is deemed to form part of this report and so fulfils the requirements of the Corporate Governance Statement for the purposes of DTR 7.2.1.

We have set out in the Corporate Governance Statement how we have applied the Principles of the Code and have included cross references throughout it as to where further supporting information may be contained. The Board and the Committees believe that they have upheld the Code through their work and are able to report no instances of non-compliance against the Code from the Company's listing to 31 December 2021.

Directors

In Office	Position
Mark Wood CBE	Independent Non-Executive Chairman
Mary Francis CBE	Senior Independent Director
Michelle Cracknell CBE	Independent Non-Executive Director
Romi Savova	Chief Executive Officer
Jonathan Lister Parsons	Chief Technology Officer

The biographies of the Directors who were in office post the Company's listing and as at 31 December 2021 are set out on pages pages 60 to 62 of the Board of Directors and Executive Management section of the the Corporate Governance Report.

Directors' Powers

The powers of the Directors are set out in the Articles of Association and the Companies Act 2006 (the 'Act') and are subject to any directions given by special resolution. The Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company whether relating to the management of the business or not. The Directors may also, subject to the Articles, delegate any of their powers, authorities and discretions as they see fit.

The Articles give the Directors power to appoint and replace Directors. Unless otherwise determined by the Company by ordinary resolution, the number of directors (other than alternate directors) must not be less than two and must not be more than thirteen.

Appointment and Replacement of Directors

The rules governing the appointment and replacement of Directors are set out in the Company's Articles and are governed by the Code, the Act and related legislation. Directors may be appointed by ordinary resolution at a general meeting, by a decision of the Directors or by the sole Director if the Company has only one Director.

At the Company's first Annual General Meeting, all the Directors who have held office since the Company's IPO will offer themselves for appointment by the members to the Company's Board.

Articles of Association

The Articles may be amended by a special resolution of the Company's shareholders. They were last reviewed and updated at the time of the Company's IPO in April 2021. As well as setting out the rules governing the appointment and replacement of Directors, the Articles also set out, amongst other matters, the Directors' general authority, rules on decision-making by the Directors, as well as in full the powers of the Directors in relation to issuing shares and buying back the Company's own shares. A copy of the Company's Articles can be found on the Company's website.

Directors' Interests

Directors' interests in the Ordinary shares of PensionBee Group plc as at 31 December 2021 are set out on page 92 of the Directors' Remuneration Report within the Corporate Governance Report.

During the period covered by this report, no Director had any material interest in a contract to which the Company or any of its subsidiary undertakings was a party (other than their own service contract) that requires disclosure under the requirements of the Companies Act 2006.

Directors' Insurance and Indemnities

The Company's Articles provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company and the Group in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers.

Directors' and Officers' liability insurance cover is maintained by the Company and is in place in respect of all the Company's Directors at the date of this Annual Report. The Company will review its level of cover on an annual basis.

Compensation for Loss of Office

The Company does not have any agreements with any Executive Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's historic EMI Option Scheme and Non tax-qualifying Option Scheme may cause options and awards outstanding under such schemes to vest on a takeover.

RSP awards will vest subject to the measurement of the underpin at the time of the event and, unless the Remuneration Committee determines otherwise, time pro-rated DSBP awards will vest in full.

Further information is provided on page 92 of the Directors' Remuneration Report within the Corporate Governance Report.

Share Capital

Details of the Company's authorised and issued share capital, together with movements during the year, are set out in Note 15 of the Financial Statements. As at 31 December 2021, the Company's issued share capital consisted of 221,564,716 Ordinary shares with a nominal value of £0.001 each. Since the financial period end the Company's issued share capital has increased to 221, 646, 089 due to the exercise of vested options granted under the historic pre-IPO EMI Option Scheme and Non tax-qualifying Option Scheme.

The Company has one class of Ordinary Share. There are no specific restrictions on the size of the holding nor on the transfer of shares, which are both governed by the general provisions of the Articles and prevailing legislation.

Lock-Up Arrangements

As part of the Company's IPO, lock-up arrangements were put in place in respect of the Company's shares held by the pre-IPO investors. Specifically, they included:

- The shareholdings[66] of the Executive Directors at the time of admission were, and remain, subject to lock-up arrangements expiring on 26 April 2023.
- The shareholdings[67] of all the Executive Management team, the Independent Non-Executive Directors and pre-IPO shareholders[67] owning more than 3% of the Company's issued share capital at the time of admission were, and remain, subject to lock-up arrangements expiring 90 days following the date of publication of the Company's trading update for the three-month period ending 30 September 2022. This Q3 trading update is expected to be published on or around 20 October 2022, meaning an expiry date of 20 January 2023.
- The shareholdings[67] of all other pre-IPO shareholders owning less than 3% of the Company's issued share capital at the time of admission and all other pre-IPO option holders, were, and remain, subject to lock-up arrangements ending 90 days following the date of publication of the Company's trading update announcement for the three-month period ending 31 March 2022. This Q1 trading update is expected to be published on or around 21 April 2022, meaning an expiry date of 21 July 2022.

Further details of the lock-up arrangements are set out in the Company's Prospectus, a copy of which is available on the Company's website at https://www.pensionbee.com/investor-relations/ipo-centre.

66 Includes the shareholding at the point of the admission to the High Growth Segment, together with any shares received subsequently for the duration of the relevant lock-up period as a result of the exercise of any options granted pre-IPO.
67 Includes State Street Global Advisors, Inc, together with Mr. Joseph Suddaby's aggregate holding of shares held directly by him and indirectly through his self-invested personal pension.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Authority to Purchase Its Own Shares

The Company is permitted pursuant to the terms of its Articles to purchase its own shares subject to shareholder approval. The Company was granted authority at a general meeting of the Company in April 2021, ahead of its listing, to make purchases of up to 10% of its share capital. No shares were purchased under this authority in the year from listing to 31 December 2021 and up to the date of this report.

Significant Interests

The interests in shares notified to the Company in accordance with the Disclosure Guidance and Transparency Rules as at 31 December 2021 are set out below.

Name of shareholder	Number of Ordinary Shares of £0.001 each Held	Percentage of Total Shares Outstanding/ Total Voting Rights
Romina Savova	80,000,000	36.11%
Jonathan Lister Parsons	13,232,800	5.97%
State Street Global Advisors, Inc.	8,757,600	3.95%

Between 31 December 2021 and 13 April 2021 (the latest practicable date for inclusion in this report), there were no changes to the interests above. During this timeframe, Norges Bank notified the Company of its interest, being 7,457,930 Ordinary Shares, representing approximately 3.37% of the current Total Shares Outstanding/Total Voting Rights.

Romi Savova and Jonathan Lister Parsons are deemed to be acting in concert, together with certain other shareholders who represent, in aggregate, approximately 1,022,600 shares or 0.5% of the Company's Total Shares Outstanding/Total Voting Rights.

Capital Management

PensionBee Limited, a subsidiary of PensionBee Group plc, is a FCA regulated business and subject to holding a Liquid Capital requirement under IPRU (INV) 5.9. As of December 2021, the capital resources stood at £31.7m (unaudited) as compared to a capital resource requirement of £0.9m (unaudited), resulting in a coverage of 33.7x.

Research and Development

The Company's research and development is contained in Note 2 of the Financial Statements.

Political and Charitable Contributions

During the financial year ending 31 December 2021, the Company did not make any charitable donations, nor any political contributions.

Change of Control - Significant Agreements

There are a number of agreements that may take effect after, or terminate upon, a change of control of the Company, such as commercial contracts and property lease arrangements. None of these are considered to be significant in terms of their likely impact on the business as a whole.

Diversity and Inclusion

The Directors believe that the make-up of PensionBee's employees should reflect the diversity of the Company's customer base. The Company is committed to promoting diversity and inclusion across the business, through measures such as formal training, anonymised hiring and promotion cycles and inclusion in the Company's performance matrices, but also informally through its 'diversity champions', external and internal speaker events and a host of other initiatives.

The Company has publicly committed to public targets for gender and race and is working towards becoming a 'Disability Confident' employer. The Company has published its Diversity, Inclusion and Equality Policy with public targets, and continually measures its progress against these objectives.

Further detail is set out on pages 32 to 40 of the Stakeholders section and on pages 42 to 51 of the ESG Considerations section of the Strategic Report.

Employee Engagement

The Directors place great importance and value on employee engagement. The Board has engaged with the wider workforce during the year via existing channels and initiatives that are in place across the Company to ensure that employees are listened to and well represented. Mary Francis CBE, the Senior Independent Director with responsibility for employee engagement, hosted the Company's 2021 employee engagement event, facilitating discussion on themes suggested by and voted for by employees.

The Board is kept apprised of employee matters and engagement through regular updates provided by the SID, the CEO and other members of the Executive Management team at Board and Committee meetings.

Further information relating to how we engage with our employees is set out on pages 32 to 40 of the Stakeholders section of the Strategic Report.

Engagement with Other Stakeholders

Details of how the Company engages with its key stakeholders, including its shareholders, are set on pages 32 to 40 of the Stakeholders section of the Strategic Report and on pages 63 to 68 of the Corporate Governance Statement within the Corporate Governance Report.

Streamlined Energy & Carbon Reporting

The section below includes our first year of reporting under the new Streamlined Energy and Carbon Reporting ('SECR') requirements. The reporting period is the same as the Group's financial year, 1 January 2021 to 31 December 2021. The Group was listed on the Stock Exchange from April 2021 and therefore qualifies for SECR as a quoted company.

Organisation Boundary and Scope of Emissions

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2018. These sources fall within the Group's consolidated financial statements.

An operational control approach has been used in order to define our organisational boundary. This is the basis for determining the Scope 1 and Scope 2 emissions for which the Group is responsible.

Methodology

For the Group's SECR reporting, the Group has employed the services of a specialist advisor, Verco, to quantify and calculate the Greenhouse Gas ('GHG') emissions and energy use associated with the Group's operations.

The total energy use is the total electricity consumption for the reporting year. Electricity was the only emissions source reported for the Group's SECR. The total electricity consumption has been calculated from the monthly metre readings and consumptions in kWh provided by Great Portland Estates.

The following methodology was applied by Verco in the preparation and presentation of this data:

- The Greenhouse Gas Protocol published by the World Business Council for Sustainable Development and the World Resources Institute (the 'WBCSD/WRI GHG Protocol').
- Application of appropriate emission factors to the Group's activities to calculate GHG emissions.
- Scope 2 reporting methods - application of location-based and market-based emission factors for electricity supplies.
- Inclusion of all the applicable Kyoto gases, expressed in carbon dioxide equivalents, or CO2e.
- Presentation of gross emissions as the Group does not purchase carbon credits (or equivalents).
- Where data was missing or over the period required, values were estimated using an extrapolation of available data.

Absolute Emissions

The total Scope 1 and 2 GHG emissions from the Group's operations in the year ending 31 December 2021 were:

- 8.4 tonnes of CO2 equivalent (tCO2e) using a 'location-based' emission factor methodology for Scope 2 emissions; and
- 0.0 tonnes of CO2 equivalent (tCO2e) using a 'market-based' emission factor methodology for Scope 2 emissions.

Scope 1 - The Group does not use any onsite combustion of natural gas, fuels, fuels used in fleet/ company-owned vehicles and refrigerant gas losses. Therefore, emissions are reported as zero.

Scope 2 - Emissions from purchased electricity using the location-based and market-based method.

Intensity Ratio

As well as reporting the absolute emissions, the Group's GHG emissions are reported below in tonnes of CO2 equivalent per £m revenue. This was decided as the most appropriate metric for the Group.

The intensity ratio has been calculated as follows:

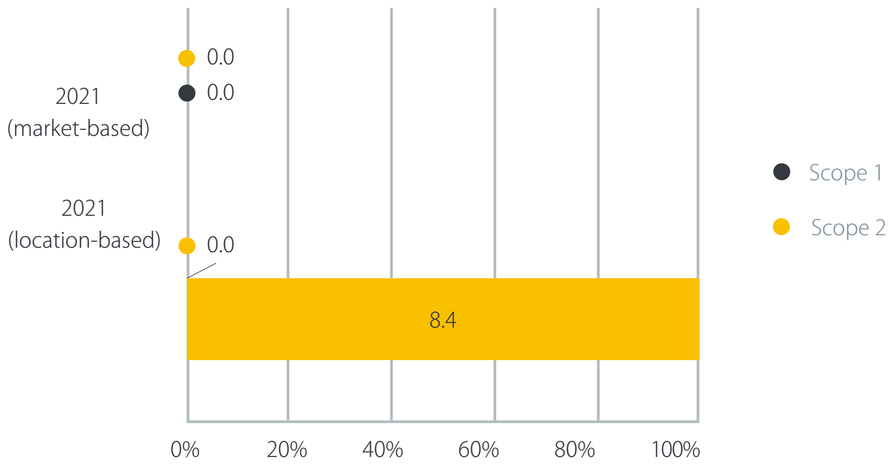
- 0.003 tCO2e per £m revenue using the location-based method.
- 0.0 tCO2e per £m revenue using the market-based method.

Target and Baselines

The Group's objective is to maintain or reduce its GHG emissions per £m revenue each year and will report each year whether it has been successful in this regard.

Key Figures

PensionBee Group plc - Breakdown of Emissions by Scope



GHG emissions	2021	
	Tonnes CO2e	tCO2e/£m Revenue[4]
Scope 1[1]	-	-
Scope 2[2]	8.4	0.64
Scope 3[3]	-	-
Total GHG emissions (Location-based)	8.4	0.64
Total GHG emissions (Market-based)	-	-

1 Scope 1 being emissions from the Group's combustion of fuel and operation of facilities.
2 Scope 2 being electricity (from location-based calculations), heat, steam and cooling purchased for the Group's own use.
3 Scope 2 being electricity (from market-based calculations), heat, steam and cooling purchased for the Group's own use.
4 Intensity Ratio: Revenue £13m (FY2021).

Total Energy Use

The total energy use for the Group for FY2021 was 39,361 kWh.

Energy Efficiency Actions

The Group moved out of its premises on 7 January 2022. The premises are to be demolished in 2022. Due to this, there was no business case for energy efficiency measures in 2021.

The Group moved to its new premises in Blackfriars on 14 February 2022. The new premises has the following in place:

- The building uses 100% REGO sustainable green electricity and its energy intensity is much lower than relevant industry benchmarks such as the Better Building Partnership's Real Estate Environment Benchmarks (REEB).
- The property management team is Planet Mark certified, meaning they commit to reducing their carbon emissions every year.

The building has a number of private rooms to be used for virtual meetings allowing the Group to continue its hybrid working policy and limit the need for business travel.

Internal Control and Risk Management

The Board is ultimately responsible for establishing the risk appetite and the risk management framework at PensionBee. The Audit and Risk Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal control and risk management systems.

The Group's systems of internal control and risk management are designed to identify, evaluate and manage risks. Through monitoring the effectiveness of its internal controls and risk management, the Committee is able to maintain a good understanding of principal risks, key emerging areas of risk and the Executive Team's decision making process. In 2021, the Senior Legal Counsel carried out a general review of the Company's Risk Management Policy and framework and he engages regularly with the Audit and Risk Committee.

Further detail is set out on pages 52 to 55 of the Managing Our Risks section of the Strategic Report and on pages 74 to 79 of the Audit and Risk Committee Report within the Corporate Governance Report.

Market Abuse Regulation

The Company has in place its own internal dealing policies which apply to all employees and which encompass the requirements of the Market Abuse Regime.

Going Concern and Viability Statement

The Consolidated Financial Statements have been prepared on a going concern basis. After making enquiries and considering the Group's financial position, its business model, strategy, financial forecasts and regulatory capital together with its principal risks and uncertainties, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for at least 12 months from the date of signing this report. The going concern basis of preparation is discussed within Note 22 of the Financial Statements.

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the going concern provision. Details of the assessment can be found on page 56.

Post Balance Sheet Events

Other than as disclosed in the Strategic Report, there have been no material post balance sheet events involving the Company or any of the Company's subsidiaries as at the date of this report. Details of significant events since the reporting date are contained in Note 24 of the Financial Statements.

Disclosure of Information to Auditor

Each of the Directors at the date of the approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the reasonable steps that they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP has indicated their willingness to continue in office and resolutions to reappoint them as auditor and to authorise the Audit and Risk Committee to determine the auditor's remuneration will be proposed at the forthcoming Annual General Meeting to be held on 18 May 2022.

Annual General Meeting

The Company's Annual General Meeting will be held on 18 May 2022 and will be held as a hybrid meeting as detailed on page 68 of the Corporate Governance Statement. The Notice of the AGM will be distributed to Shareholders and made available on the Company's website, and where appropriate, by an announcement via a Regulatory Information Service, if any changes are required to be made to the AGM arrangements.

Approved by the Board on 13 April 2022 and signed on its behalf by:

Romi Savova
Chief Executive Officer
13 April 2022

9 Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, they are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK in conformity with the requirements of the Companies Act 2006 and have elected to prepare the Parent Company Financial Statements in accordance with UK Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of their profit or loss for that period.

In preparing each of the Group and Parent Company Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant, reliable and prudent;
- For the Group Financial Statements, state whether they have been prepared in accordance with IFRS as adopted by the UK;
- For the Parent Company Financial Statements, state whether Financial Reporting Standard 102 has been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements;
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's operations and disclose with reasonable accuracy at any time the financial position of the Company and that enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance report that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approved by the Board of Directors on 13 April 2022 and signed on its behalf by:

Romi Savova
Chief Executive Officer
13 April 2022

Financial Statements

1 Independent Auditor's Report to the Members of PensionBee Group plc

Report on the Audit of the Financial Statements

1 Opinion

In our opinion:

- the financial statements of PensionBee Group plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards.
- The Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Parent Company Statements of Financial Position;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows;
- the related Notes 1 to 25 to the Consolidated Financial Statements; and
- the related Notes 1 to 9 of the Parent Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and the United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and the United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('United Kingdom Generally Accepted Accounting Practice').

2 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in Note 9 of the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3 Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: Revenue Recognition
Materiality	The materiality that we used for the Group financial statements was £255k which was determined on the basis of 2% of Group revenue.
Scoping	We identified two significant components which were subject to full scope audits. These components account for 100% of the Group's profit before tax, 100% of the Group's revenue and 100% of the Group's net assets.

4 Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included the following:

- We evaluated management's going concern assessment in light of COVID-19; this included obtaining evidence such as underlying business plans and forecasts to support key assumptions.
- We obtained and inspected correspondence between the Group and its regulator, the FCA, to identify any items of interest which could potentially indicate non-compliance with legislation or potential litigation or regulatory action held against the Group.
- We assessed management's reverse stress testing and the likelihood of the various scenarios that could adversely impact upon the Group's liquidity.
- We have assessed the appropriateness of the disclosures made in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5 Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Revenue Recognition

Key audit matter description	• The sole material revenue stream for the Group is fees from fund administration. These fees are earned for administering the customer pension schemes and are charged based on a fixed percentage of the value of a customer's pension scheme. The revenue recognition key audit matter identified relates to the fee percentages applied by management when calculating the administration fees as a small change in these fees may have a material impact on the overall year-end result reported. Revenue recognised in the period ended 31 December 2021 was £12,753k; further details are included within Note 2 and 4 to the financial statements.
How the scope of our audit responded to the key audit matter	• We obtained an understanding and tested the relevant controls relating to the percentages used in calculation of the administration fees. • We tested the appropriateness of the fee percentage applied by management on customer pension schemes in the period by performing a 100% recalculation of the 2021 administration fee revenue based on customer transactional data. • We have tested the completeness and accuracy of the underlying transactional data used within recalculation of the administration fee.
Key observations	• Based on the work performed we have determined the revenue recognised is appropriate.

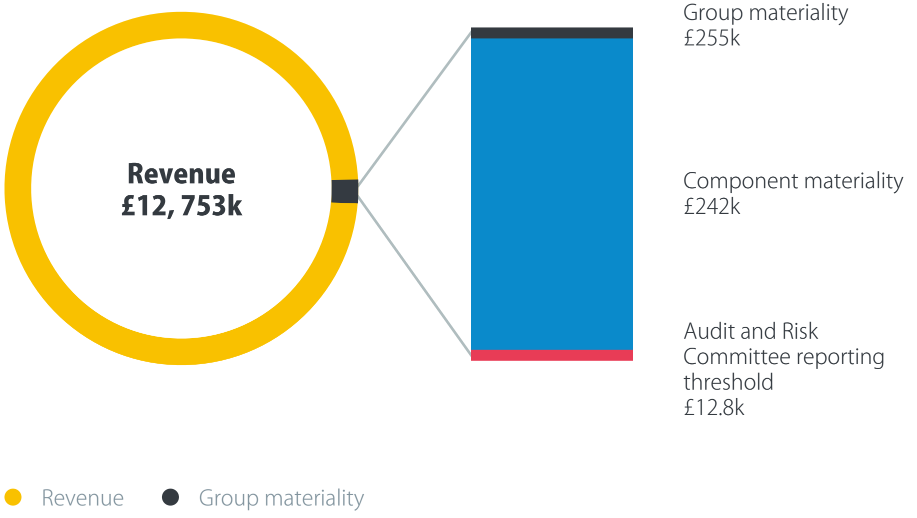
6 Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£255k	£242k
Basis for determining materiality	2% of Revenue	1% of net assets capped at 95% of Group materiality
Rationale for the benchmark applied	Revenue has been determined as the most appropriate benchmark due to the fact that that it is a key balance used for determining future profitability and stability of the Group.	The Parent Company primarily exists as the holding company which carries investments in Group subsidiaries and is the issuer of listed securities. We consider net assets to be the critical benchmark for this company.



6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	65% of Group materiality	65% of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered factors including: • The fact that PensionBee Group plc is a publicly listed entity where there is exposure to significant media coverage. • The quality of the control environment.	

6.3 Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £12.8k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7 An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including controls over revenue, and assessing the risks of material misstatement at the Group level. The two financially significant components of the Group which were identified are PensionBee Limited and the PensionBee Group plc parent entity.

Both of these significant components were subject to a full-scope audit, audited to component materiality level set at £157k.

The components within full scope audits account for 100% of the Group's profit before tax, 100% of the Group's revenue and 100% of the Group's net assets.

Audit work to respond to the risks of material misstatement was performed directly by the Group audit engagement team.

7.2 Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group continues to develop its assessment of the potential impacts of environmental, social and governance ('ESG') related risks, including climate change, as outlined in ESG Considerations on pages 42-51.

As a part of our audit, we have obtained management's climate-related risk assessment and held discussions to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions.

8 Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9 Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11 Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;

- results of our enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud is within the recognition of revenue. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence, regulatory solvency requirements and the regulations imposed by the Financial Conduct Authority.

11.2 Audit response to risks identified

As a result of performing the above, we identified revenue recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter. In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing the supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Financial Conduct Authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other Legal and Regulatory Requirements

12 Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13 Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006, we are also required to report if, in our opinion, certain disclosures of directors' remuneration have not been made, or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14 Other matters which we are required to address

14.1 Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on the 23 June 2021 to audit the financial statements for the Group for the period ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 year, covering the period ending 31 December 2021.

14.2 Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15 Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority ('FCA') Disclosure Guidance and Transparency Rule ('DTR') 4.1.14R, these financial statements form part of the European Single Electronic Format ('ESEF') prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Kieren Cooper FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
13 April 2022

2 Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	12,753	6,268
Employee Benefits Expense (excluding Share-based Payment)	5	(7,447)	(4,475)
Share-based Payment	5, 21	(3,939)	(2,174)
Depreciation Expense	12, 13	(256)	(240)
Advertising and Marketing		(12,865)	(8,223)
Other Expenses	7	(8,862)	(3,991)
Listing Costs	25	(2,947)	(637)
Operating Loss		**(23,563)**	**(13,472)**
Finance Costs	8	(1,416)	(11)
Loss before Tax		**(24,979)**	**(13,483)**
Taxation	10	348	220
Loss for the year		**(24,631)**	**(13,263)**
Total Comprehensive Loss for the year wholly attributable to Equity Holders of the Parent Company		**(24,631)**	**(13,263)**
Loss per Share (pence per Share)			
Basic and Diluted	11	(11.86)	(7.67)

The above results were derived from continuing operations.

The notes on pages 116 to 132 form an integral part of these financial statements.

3 Consolidated Statement of Financial Position

As at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Assets			
Non-current Assets			
Property, Plant and Equipment	12	127	195
Right of Use Assets	13	692	118
		819	**313**
Current Assets			
Trade and Other Receivables	14	3,171	1,506
Cash and Cash Equivalents		43,518	6,736
		46,689	**8,242**
Total Assets		**47,508**	**8,555**
Equity and Liabilities			
Equity			
Share Capital	15	**221**	**-**
Share Premium	16	53,218	30,322
Share-based Payment Reserve	16, 21	8,317	4,378
Retained Earnings	16	(17,976)	(28,245)
Total Equity		**43,780**	**6,455**
Non-current Liabilities			
Lease Liability	17	560	-
Provisions	18	43	-
		603	-
Current Liabilities			
Lease Liability	17	97	109
Trade and Other Payables	19	3,028	1,991
		3,125	**2,100**
Total Liabilities		**3,728**	**2,100**
Total Equity and Liabilities		**47,508**	**8,555**

The notes on pages 116 to 132 form an integral part of these financial statements.
Approved by the Board on 13 April 2022 and signed on its behalf by:

Romi Savova
Chief Executive Officer

4 Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Share Capital £ 000	Share Premium £ 000	Share-based Payment Reserve £ 000	Retained Earnings £ 000	Total £ 000
At 1 January 2020		-	23,111	2,204	(14,982)	10,333
Loss for the Year		-	-	-	(13,263)	(13,263)
Total Comprehensive Loss		-	-	-	(13,263)	(13,263)
Issue of Shares		-	7,211	-	-	7,211
Share-based Payment Transactions		-	-	2,174	-	2,174
At 31 December 2020		**-**	**30,322**	**4,378**	**(28,245)**	**6,455**

		Share Capital £ 000	Share Premium £ 000	Share-based Payment Reserve £ 000	Retained Earnings £ 000	Total £ 000
At 1 January 2021		-	30,322	4,378	(28,245)	6,455
Income/(Loss) for the Year		-	-	-	(24,631)	(24,631)
Total Comprehensive Loss		-	-		(24,631)	(24,631)
Share-based Payment Transactions		-	-	3,939	-	3,939
Issue of Share Capital in PensionBee Limited		-	4,765	-	-	4,765
Group Reorganisation	15	180	(35,088)	-	34,908	-
Issue of Share Capital in PensionBeeGroup plc	15	33	54,967	-	-	55,000
Transaction Costs on Issue of Shares	15	-	(1,748)	-	-	(1,748)
Exercise of Share Options	15	8	-	-	(8)	-
At 31 December 2021		**221**	**53,218**	**8,317**	**(17,976)**	**43,780**

The notes on pages 116 to 132 form an integral part of these consolidated financial statements.

5 Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Cash Flows used in Operating Activities			
Loss for the Year		(24,631)	(13,263)
Adjustments to Cash Flows from Non-cash Items			
Depreciation		256	240
Loss on Disposal of Equipment	7	10	7
Finance Costs	8	1,416	11
Share-based Payment Transactions		3,939	2,174
Taxation	10	(348)	(220)
Operating Cash Flows before movements in Working Capital		(19,358)	(11,051)
Working Capital Adjustments			
Increase in Trade and Other Receivables	14	(1,277)	(627)
Increase in Trade and Other Payables	19	997	831
Cash used in Operations		(19,638)	(10,847)
Income Taxes Received	10	-	406
Net Cash Flow used in Operating Activities		(19,638)	(10,441)
Cash Flows used in Investing Activities			
Acquisition of Equipment	12	(69)	(75)
Direct cost for acquiring Right of Use Asset		(6)	-
Net Cash Flow used in Investing Activities		(75)	(75)
Cash Flows from Financing Activities			
Revolving Credit Facility Fees		(1,409)	-
Proceeds from Issue of Ordinary Shares		59,765	7,211
Transaction Costs on Issue of Shares		(1,748)	-
Payment of Principal and Interest of Lease Liabilities	17	(113)	(150)
Net Cash Flows from Financing Activities		56,495	7,061
Net Increase/(Decrease) in Cash and Cash Equivalents		**36,782**	**(3,455)**
Cash and Cash Equivalents at 1 January		**6,736**	**10,191**
Cash and Cash Equivalents at 31 December		**43,518**	**6,736**

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes have been disclosed in Note 17 to the financial statements.

The notes on pages 116 to 132 form an integral part of these consolidated financial statements.

6 Notes to the Financial Statements

For the year ended 31 December 2021

1. General Information

PensionBee Group plc (the 'Company') is the parent company of PensionBee Limited (the "Subsidiary") (together the 'Group'). The Company is a public company, whose shares were traded on the High Growth Segment of the London Stock Exchange ('LSE') and is incorporated and domiciled in England and Wales.

The address of its registered office is:
209 Blackfriars Road
London
SE1 8NL
United Kingdom

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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the UK in conformity with the requirements of the Companies Act 2006. The financial statements are prepared on the historical cost basis and on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The financial statements are presented in GBP and all values are rounded to the nearest thousand (£'000), except when otherwise indicated. The functional currency of the Company is GBP because it is the primary currency in the economic environment in which the Company operates.

Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2021.

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction ('Group reorganisation'). For every issued share in PensionBee Limited, 800 shares of PensionBee Group plc were issued. PensionBee Group plc issued 180,054,400 ordinary shares of £0.001 each. The newly issued ordinary shares were accounted for at their nominal value. As part of the Group reorganisation, the Company reduced its share premium to create additional distributable reserves. 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 cancellation and replacement of share options was accounted for as a modification with no impact on the vesting conditions and the share options valuation.

The comparative amounts for the year ended 31 December 2020 and the statement of financial position as at 31 December 2020 represent PensionBee Limited prior to the formation of the Group. The amounts for the year ended 31 December 2021 and the statement of financial position as at 31 December 2021 represent the Group.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company reassesses whether it controls an entity if facts and circumstances indicate there are changes to one or more elements of control.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiary, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Summary of Significant Accounting Policies

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, unless otherwise stated.

Going Concern

The Directors have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future and are satisfied that the Group can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Group has strong cash reserves and forecasts growth that should see the financial results improve in the future years.

The COVID-19 pandemic has been considered in the Directors' assessment of going concern. The Group has been operationally resilient as proven by consistent operational efficiencies that have been maintained during remote working times. The Directors concluded that the COVID-19 pandemic will not impact the Group's ability to continue as a going concern. The impact of Russia's invasion of Ukraine on the markets and on the world more generally has also been considered in the Directors' assessment of going concern. While the Group's own exposure to Russia in terms of investments is minimal, rounding to 0%, broader market volatility could impact Assets under Administration and the Directors will continue to monitor the rapidly developing situation.

Stress testing was done by considering severe and unlikely but possible scenarios. The Group has adequate resources to survive macroeconomic downturns and the Directors concluded that the Group has sufficient financial resources to remain in operational existence. For these reasons, the Directors adopt the going concern basis of preparation for these financial statements.

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.

New Standards, Interpretations and Amendments not yet Effective

The new standards which are not yet effective will not have a material impact on the financial statements.

Standard	Effective Date, Annual Period beginning on or after
Amendments to IAS 16 - Proceeds before intended use	1 January 2022
Annual improvements 2018 - 2020 Cycle	1 January 2022
Amendments to IAS 37 - Costs of Fulfilling Contract (Onerous Lease Assessments)	1 January 2022
Amendments to IAS 1 - Classification	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Deciding which Accounting Policies to Disclose	1 January 2023
Amendments to IAS 8 - Distinguishing between Accounting Policies and Accounting Estimates	1 January 2023
Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets	1 January 2023

Revenue Recognition

Revenue represents amounts receivable for services net of VAT. Revenue is derived from administration of our customers' retirement savings and the provision of one-off ancillary services to customers. The Group operates a service to combine and transfer customers' old pensions into new online plans, which are subsequently managed by third party money managers. The Group has applied the 5-step model outlined in IFRS 15 Revenue from contracts with customers as is set out below:

Identification of the contract with a customer - During account opening, the customer is made aware of the promises the Group is making. Rights and obligations of each party are outlined. The point at which the customer agrees to the terms and conditions is the point at which both the Group and the customer have approved the contract.

Identification of the performance obligations in the contract - The Group makes one promise to its customers, the administration of the customers' retirement savings through its third-party money managers. The Group performs administrative tasks during the process of on boarding its customers to its technology platform which are necessary for the fulfilment of administration of the customers' retirement savings. The Group does not consider these administrative tasks to be a separate performance obligation. As a result, it is considered that the Group has a single performance obligation, which is the administration of the customers' retirement savings.

Determination of the transaction price – The money managers inv?≥st customers' retirement savings in funds ("Group Plans") that match each customer's selection. The Group charges an annual management fee that is charged daily against the units held by each customer. The annual management fee is based on a fixed percentage (%) which varies for each of the Group Plans; the fees range from 0.50% to 0.95%. There is a further fixed discount of 50% provided to customers who have over £100,000 in their pension pots. The discount is applied to the incremental amount over and above £100,000.

Allocation of the transaction price - As there is only one performance obligation, the whole transaction price is allocated to this performance obligation.

Recognition of revenue when a performance obligation is satisfied - The administration of customers' retirement savings is continuous until the customer draws down their pension pot or transfers it to another UK registered provider. Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs them. Revenue is calculated daily as a percentage (basis points) of the value of Assets under Administration ('AUA') as agreed by the customer.

Consideration Payable to Customers

The Group runs a number of incentive-linked marketing campaigns. Under these campaigns, a customer becomes entitled to either a pension contribution or cash back once they make their first live pension transfer. This consideration payable to the customer is not in exchange for a distinct good or service that the customer transfers to the Group. Therefore, it is accounted for as reduction to the transaction price. The full consideration is accounted for as revenue reduction in the year it is payable because the difference between spreading it over the contract life and recognising it in full in the year it is incurred is not material. Materiality assessment is done annually.

Recurring Revenue

The Group's revenue is recurring in nature as the annual charges are calculated daily as a percentage (basis points) of the value of AUA and will continue to be earned on an ongoing basis whilst the Group administers those assets. Recurring revenue is derived from management fees and is recognised based on daily accruals of customers' pension balances as the performance obligation, being the provision of pension scheme administration services to customers, is met. These management fees are charged daily and collected by the Group on a monthly basis.

Other Revenue

Other Revenue relates to one-off ancillary and ad-hoc services including pension splitting on divorce, early withdrawals owing to ill-health, and full draw-down within one year of becoming an Invested Customer. For this revenue stream, the performance obligation is the execution of the requested task. There are fee structures in place which are used to determine the transaction price. Revenue is recognised at a point in time when the requested task is executed (when the service is provided to the customer).

Foreign Currency Transactions and Balances

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

For the purpose of presenting consolidated financial statements, transactions in foreign currencies are translated to the Group's presentation currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the presentation currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. There are no material foreign exchange transactions in the financial statements.

Tax

Tax on the loss for the year comprises research and development credit. There was no current or deferred tax charge for the year (2020 £nil). Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the United Kingdom where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes liabilities where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Property, Plant and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Group assesses at each reporting date whether there are impairment indicators for tangible fixed assets.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Asset Class	Depreciation Method and Rate
Computer Equipment	three years straight line
Furniture and Fittings	four years straight line
Leasehold Improvements	straight line over life of the lease
Right of Use Assets	straight line over life of the lease

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment of non-Financial Assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated based on future cashflows with a suitable range of discount rates and the expectations of future performance. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss is recognised in the statement of comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short term highly liquid deposits with a maturity of less than 3 months.

Trade Receivables

Trade and other receivables are recognised initially at the transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables and other receivables.

Trade Payables

Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method. Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Initial Recognition and Measurement

The Group initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the group's initial direct costs (e.g., commissions) and an estimate of restoration, removal, and dismantling costs.

Subsequent Measurement

After the commencement date, the Group measures the lease liability by:

a. Increasing the carrying amount to reflect interest on the lease liability.
b. Reducing the carrying amount to reflect the lease payments made; and
c. Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the statement of comprehensive income, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises. Repayment of lease liabilities within financing activities in the cashflow statement include both the principal and interest.

Short Term and Low Value Leases

The Group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The Group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is worth £5,000 or less (i.e., low value leases).

Lease payments on short term and low value leases are accounted for on a straight-line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the statement of comprehensive income.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined Contribution Pension Obligation

The Group operates a defined contribution plan for its employees, under which the Group pays fixed contributions into the PensionBee Personal Pension. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in creditors as a liability in the statement of financial position. The assets of the plan are held separately from the Group.

Share-based Payment

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using the market price of the shares at a point in time adjacent to the issue of the award. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Group (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the statement of comprehensive income, with a corresponding entry in equity under the Share-based Payment reserve.

Where the terms of an equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity (Share-based Payment reserve), with any excess over fair value expensed in the statement of comprehensive income.

The Company has established a Share-based Payment Reserve but does not transfer any amounts from this reserve on the exercise or lapse of options. On exercise, shares issued are recognised in share capital at their nominal value. Share premium is recognised to the extent the exercise price is above the nominal value. Where the Company is settling part of the exercise price, a transfer is made from retained earnings to share capital.

Research and Development

Research and development expenditure is recognised as an expense as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, how the asset will generate future economic benefits, the availability of resources to complete development of the asset and the ability to measure reliably the expenditure during development. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. No development expenditure has been capitalised during the years 2020 and 2021, on the basis that the specified criteria for capitalisation has not been met, as costs spent on the development phase of projects cannot be reliably estimated. All research and development costs are therefore recognised as an expense as incurred.

Impairment of Financial Assets

Measurement of Expected Credit Losses

Expected credit losses (‘ECLs’) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade and other receivables, the Group applies a simplified approach in calculating the ECLs. Therefore, the Group recognises a loss allowance based on lifetime ECLs at each reporting date.

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 Group does not have any critical accounting judgements or key estimation uncertainties.

4. Revenue

The analysis of the Group’s Revenue for the year from continuing operations is as follows:

	2021 **£ 000**	**2020** **£ 000**
Recurring Revenue	12,592	6,155
Other Revenue	161	113
	12,753	**6,268**

Recurring Revenue relates to revenue from the annual management fee charged to customers. There are no individual revenues from customers which exceed 10% of PBL 's total Revenue for the year.

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 being attributable to this single reportable business segment.

Further, the Group operates in a single geographical location only, being the United Kingdom.

5. Employee Benefits Expense

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and Salaries	6,477	3,957
Social Security Costs	767	385
Pension Costs, Defined Contribution Scheme	203	133
	7,447	4,475
Share-based Payment Expense	3,939	2,174
	11,386	**6,649**

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Executive Management	9	5
Technology and Product	30	23
Marketing	9	6
Customer Service	85	60
Legal, Compliance and Risk	7	5
Administration and Other	15	11
	155	**110**

6. Directors' Remuneration

The Directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	569	288
Group Contributions paid to Defined Contribution Pension Schemes	6	5
	575	**293**

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Members of Defined Contribution Pension Schemes	3	3

In respect of the highest paid Director:

	2021 £ 000	2020 £ 000
Remuneration	168	98
Group Contributions to Defined Contribution Pension Schemes	2	2

Exercise of Share Options:

	2021 £ 000	2020 £ 000
Amount of Gains made on the Exercise of Share Options	198	-

7. Other Expenses

Arrived at after charging:

	2021 £ 000	2020 £ 000
Loss on Disposal of Equipment	10	7
Auditor's Remuneration	187	70
Money Manager Costs	2,300	940
Other Expenses	6,365	2,974
	8,862	**3,991**

Included in Other Expenses is technology and platform costs, professional services fees, irrecoverable VAT, and general and administrative costs.

8. Finance costs

	2021 £ 000	2020 £ 000
Interest Expense on Lease Liabilities	7	11
Revolving Credit Facility Fees	1,409	-
Total Finance Costs	**1,416**	**11**

9. Auditor's Remuneration

	2021 £ 0000	2020 £ 0000
Audit of the Company's Financial Statements	33	-
Audit of the Company's Subsidiary Financial Statements	95	70
Total Audit Fees	**128**	**70**
Tax Advisory Services	167	38
Audit Related Assurance Services	42	-
Other Assurance Services	633	315
Total Non-Audit Fees	**842**	**353**

Auditor's remuneration has been shown net of VAT. Except for £28,000 (2020: £Nil) relating to the half year review of the Group's financial statements and contained in Audit Related Assurance Services, all non-audit fees are attributed to services received in preparation for admission to the London Stock Exchange and have been recorded in listing costs. No services were provided pursuant to contingent fee arrangements.

10. Tax

Tax charged/(credited) in the statement of comprehensive income:

	2021 £ 000	2020 £ 000
Current Taxation		
UK Corporation Tax	(348)	(194)
Deferred Taxation		
Arising from Origination and Reversal of Temporary Differences	-	(29)
Arising from Tax Rate Changes	-	3
Total Deferred Taxation	-	(26)
Tax Credit in the Statement of Comprehensive Income	(348)	(220)

The tax on loss for the year was computed at the standard rate of corporation tax in the UK (2020 – at the standard rate of corporation tax in the UK) of 19% (2020 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Loss before Tax	(24,979)	(13,483)
Corporation Tax at Standard Rate	(4,746)	(2,562)
Increase from effect of different UK Tax Rates on some Earnings	-	3
Increase from effect of expenses not deductable in determining Taxable Profit (Tax Loss)	1,464	636
Deferred tax expense (credit) from unrecognised Tax Loss or Credit	3,282	1,897
Decrease from effect of adjustments in Research Development Tax Credit	(348)	(194)
Total Tax Credit	**(348)**	**(220)**

	2021 £ 000	2020 £ 000
Fixed Assets	(13)	(24)
Temporary Difference Trading	-	6
Total Deferred Tax Liability	(13)	(18)
Losses available for offsetting against Future Taxable Income	13	18
Total Deferred Tax Asset	13	18
Net deferred tax	-	-

The Group has £38,629,000 of non-expiring carried forward tax losses at 31 December 2021 (2020: £21,419,000) against which no deferred tax has been recognised. A deferred tax asset has not been recognised on the basis that there is insufficient certainty over the recovery of these tax losses in the near future.

11. 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.

	2021	2020
Number of Potential Ordinary Shares	3,911,235	15,293
Loss Attributable to Equity Holders of PensionBee Group plc (£)	(24,631,000)	(13,263,000)
Weighted Average Number of Shares Outstanding during the Year	207,743,435	216,058
Basic and Diluted Earnings/(Loss) per Share (pence per Share)	(11.86)	(6,138.63)

Basic Earnings per Share was (11.86)p for 2021 (2020: (6,138.63)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 2020 EPS for the impact of the IPO gives a comparable EPS of (7.67)p.

Determination of the Comparable EPS

	2021	2020
Number of Potential Ordinary Shares*	3,911,235	12,234,400
Loss Attributable to Equity Holders of PensionBee Group plc (£)	(24,631,000)	(13,263,000)
Weighted Average Number of Shares Outstanding during the year*	207,743,435	172,846,400
Basic and Diluted Earnings/(Loss) per Share (pence per Share)	(11.86)	(7.67)

*Through Group reorganisation, every issued share in PensionBee Limited was exchanged for 800 shares in PensionBee Group plc. Every share option was cancelled and replaced by 800 share options.

12. Property, Plant and Equipment

	Fixtures and Fittings £ 000	Leasehold Improvements £ 000	Computer Equipment £ 000	Total £ 000
Cost				
At 1 January 2020	69	128	133	330
Additions	-	8	67	75
Disposals	-	(8)	(2)	(10)
Transfers	2	(2)	-	-
At 31 December 2020	71	126	198	395
At 1 January 2021	71	126	198	395
Additions	-	-	69	69
Disposals	(6)	-	(7)	(13)
Transfers	(5)	-	5	-
At 31 December 2021	60	126	265	451
Depreciation				
At 1 January 2020	28	10	43	81
Charge for year	15	63	44	122
Eliminated on Disposal	-	(2)	(1)	(3)
At 31 December 2020	43	71	86	200
At 1 January 2021	43	71	86	200
Charge for the year	12	55	60	127
Eliminated on Disposal	-	-	(3)	(3)
Transfers	(4)	-	4	-
At 31 December 2021	51	126	147	324
Carrying amount				
At 31 December 2021	**9**	**-**	**118**	**127**
At 31 December 2020	**28**	**55**	**112**	**195**
At 1 January 2020	**41**	**118**	**90**	**249**

13. Right of Use Asset

	£ 000
At 1 January 2020	295
At 31 December 2020	295
At 1 January 2021	295
Additions	703
Disposals	(295)
At 31 December 2021	703
Depreciation	
At 1 January 2020	59
Charge for year	118
At 31 December 2020	177
At 1 January 2021	177
Charge for the year	129
Eliminated on Disposal	(295)
At 31 December 2021	11
Carrying Amount	
At 31 December 2021	**692**
At 31 December 2020	**118**
At 1 January 2020	**236**

14. Trade and Other Receivables

	2021 £ 000	2020 £ 000
Trade Receivables	1,335	708
Prepayments	887	360
Accrued Income	-	11
Other Receivables	949	427
	3,171	**1,506**

Trade and other receivables are measured at amortised cost and management assessed that the carrying value is approximately their fair value due to the short-term maturities of these balances.

15. Share Capital

Allotted, Called Up and Fully Paid Shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary of £0.001 each	221,565	221	221	-
	221,565	**221**	**221**	**-**

Shares at 31 December 2020 represent those of PensionBee Limited, shares at 31 December 2021 represent those of PensionBee Group plc.

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction. Every issued share in PensionBee Limited was exchanged for 800 shares in PensionBee Group plc. Every share option was cancelled and replaced by 800 share options. Through the Group reorganisation, PensionBee Group plc issued 180,054,400 ordinary shares of £0.001 each and reduced its share premium to create additional distributable reserves. On 26 April 2021, PensionBee Group plc issued 33,333,333 ordinary shares of £0.001 each as part of its Initial Public Offering ('IPO'). Each share was issued at £1.65. Transaction costs incurred and directly attributable to the issuance of shares for the IPO amounted to £1,748,000. These costs were recognised as a reduction to the share premium. During the year, PensionBee Group plc issued further ordinary shares from share options exercised totaling 8,138,194 ordinary shares of £0.001 each. The exercise price for each exercised share options was £0.001.

Each ordinary share carries one vote per share and ranks pari passu with respect to dividends and capital.

16. Reserves

Share Premium

The share premium account represents the excess of the issue price over the par value on shares issued, less transaction costs arising on the issue.

Share-based Payment Reserve

The Share-based Payment Reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Retained Earnings

The balance in the retained earnings account represents the distributable reserves of the Group.

17. Leases

At 31 December 2020, the Group had a single property lease which was exited during 2021 on exercise of the break option. On inception, the lease liability was determined using a discount rate linked to London office rental yields, adjusted for risk premium for certain company specific factors. The discount rate was 6%.

In December 2021, the Group entered into a new property lease with a 5-year lease term ending in December 2026 with an option to terminate the lease after three years. The Group is reasonably certain that this option will not be exercised therefore the lease term was determined to be five years. On inception, the lease liability was determined using a discount rate linked to London office rental yields, adjusted for risk premium for certain company specific factors as well as taking into consideration the interest rate associated with the revolving credit facility entered in March 2021 and cancelled in September 2021. The discount rate was 7%.

The carrying amounts of right-of-use assets recognised and the movements during each year are set out in Note 13. Set out below are the carrying amounts of lease liabilities and the movements during the year

	2021 £ 000	2020 £ 000
As at 1 January	109	248
Additions	654	-
Accretion of interest	7	11
Payments	(113)	(150)
As at 31 December	**657**	**109**

Lease Liabilities included in the Statement of Financial Position:

	2021 £ 000	2020 £ 000
Non-current	560	-
Current	97	109
	657	**109**

The following are the amounts recognised in the Statement of Comprehensive Income:

	2021 £ 000	2020 £ 000
Depreciation on Right of Use Asset	129	118
Interest on Lease Liability	7	11
Low Value Leases	-	6
Payments	**136**	**135**

18. Provisions

	Dilapidations £ 000	Total £ 000
At 1 January 2021	-	-
Additional Provisions	43	43
At 31 December 2021	43	43
Non-current Liabilities	**43**	**43**

The Group is required to restore the leased premises of its offices to their original condition at the end of the lease term. The lease term ends on 2 December 2026. A provision has been recognised at the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the Right of Use Asset and are amortised over the useful life of the asset.

19. Trade and Other Payables

	2021 £ 000	2020 £ 000
Trade Payables	356	749
Accrued Expenses	1,873	1,200
Social Security and Other Taxes	83	-
Other Payables	716	42
	3,028	**1,991**

Trade and other payables are measured at amortised cost and management assessed that the carrying value is approximately their fair value due to the short-term maturities of these balances.

20. Pension and Other Schemes

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £203,000 (2020 £133,000).

Contributions totaling £Nil (2020 £34,000) were payable to the scheme at the end of the year and are included in trade payables.

21. Share-based Payment

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 the Group. 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 31 December 2020 all options had been fully exercised and there is no intention to issue any further options under this scheme.

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 the Group. The exercise price of all share options is £0.001 per share.

The share options vest in tranches, 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 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 on the date of grant by reference to the prevailing share price. Before the Company was listed, the fair value was determined by reference to the price paid by external part of periodic funding rounds.

The weighted average fair value of share options during the year of grant was £1.65 in 2021 (2020 £1,081). These two values are not directly comparable due to a change in share capital as part of the reorganisation ahead of the IPO. Adjusting the 2020 fair value for the impact of the IPO gives a comparable fair value of £1.35.

Prior to the Company being listed, share options could only be exercised upon the occurrence of an exit event, a takeover, reconstruction, liquidation and sale of the business, to the extent they had vested. In the event that there was no exit event before the tenth anniversary of the date of grant, the Directors could determine that an option holder may exercise their option in the 30-day period before such anniversary. The exercise period is up to ten years from the grant date.

Following the listing of the Company during the year, share options can be exercised upon satisfying the service condition.

The movements in the number of share options during the year were as follows:

	2021 Number	2020 Number
Outstanding, start of the year	15,293	11,059
Outstanding after Reorganisation*	12,234,400	-
Granted during the year	312,000	4,394
Exercised during the year	(8,463,383)	-
Expired during the year	(171,782)	(160)
Outstanding, end of the year	**3,911,235**	**15,293**

The weighted average share price on date of exercise of share options exercised during the year was £1.64 (2020: £Nil) and the weighted average remaining contractual life is two years and five months (2020 one year and nine months).

*Following the reorganisation ahead of IPO, each share option was split into eight hundred share options.

Deferred Share Bonus Plan

Scheme Details and Movements

Under the PensionBee Deferred Share Bonus Plan ('DSBP') awards are granted to eligible employees who are or were an employee (including an Executive Director) of the Group and have been granted a bonus. DSBP awards are granted at the end of the financial year once the annual bonus outturn has been determined. The exercise price of all DSBP awards is £nil per award.

For the two Executive Directors that were in office at year end their DSBP awards cliff vest on the third anniversary of the date of grant. For the rest of the employees their DSBP awards vest in three equal installments over a service period of three years from grant date . DSBP awards vest upon satisfying the service condition.

The fair value of the DSBP awards is the share price on grant date. DSBP awards can be exercised to the extent they have vested.

No DSBP awards were granted during the year (2020: Nil).

Charge/Credit arising from Share-based Payment

The total charge for the year for the Share-based Payment was £3,939,000 (2020: £2,174,000), all of which related to equity-settled share-based payment transactions

22. Financial Risks Review

This note presents information about the Group's exposure to financial risks and the Group's management of capital. Financial risk exposure results from the operations of the subsidiary. The Company is not trading and therefore is structured to avoid, in so far as possible, all forms of financial risk.

Financial risk management objectives

The Group has identified the financial risks arising from its activities and has established policies and procedures to manage these risks in accordance with its risk appetite. These risks included market risk, credit risk and liquidity risk. The Group does not enter or trade financial instruments, including derivative financial instruments. Assisted by the Audit and Risk Committee, the Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework and risk appetite.

The Group’s financial risk management policies are intended to ensure that risks, including emerging risks are identified, evaluated and subject to ongoing close monitoring and mitigation where appropriate. The Board of Directors regularly reviews financial risk management policies, procedures and systems to reflect changes in the business, risk horizon, markets and financial instruments used by the Group. The Group's senior management is responsible for the day-to-day management of these risks in accordance with the Group’s risk management framework.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group considers interest rate risk to be insignificant due to low debt and no interest-bearing assets.

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. On 20 September 2021, management decided to close the facility on the basis that the additional liquidity resources were no longer required. No amounts were drawn from the facility during the period in which the credit was available. Amounts charged to the income statement in respect of the cost of this facility totaled £1,409,000 for the year. However, impact on interest rate in future years is not expected to be significant due to the cancellation of the facility.

Price Risk

As the main source of revenue is based on the value of assets under administration (Assets under Administration ('AUA') is a measure of the total assets for which a financial institution provides administrative services). The Group has an indirect exposure to price risk on investments held on behalf of clients. These assets are not on the Group's statement of financial position. The risk of lower revenues is partially mitigated by asset class diversification. The Group does not hedge its revenue exposure to movements in the value of client assets arising from these risks, and so the interests of the Group are aligned to those of its clients.

A 10% change in equity markets would have an approximate 7.5% impact on revenue. The 10% change in equity markets is a reasonable approximation of possible change.

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group’s exposure to credit risk arises principally from its cash balances held with banks and trade receivables. The Group’s trade receivables are the contractual cashflow obligations that the payors must meet. The payors are BlackRock, Legal & General, and State Street Corporation which are high credit rated financial institutions whose assets they hold behalf of the Group are a small percentage of their net assets and on this basis credit risk is considered to be low. Utilising the Simplified Approach the Group has shown there is no expected credit loss due to no historic credit losses, and no material need for a lifetime loss allowance.

At the end of the reporting period no assets were determined to be impaired and there was no balance past due.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Due to the Group's financial assets primarily being trade receivables which all have an expected lifetime of less than 12 months, the Group has elected to measure the expected credit losses at 12 months only.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Days Past Due					
	Current	< 30 days	30-60 days	61-90 days	>91 days	Total
31-Dec-21	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Gross Trade Receivables	1,335	-	-	-	-	1,335
Other Receivables	348	-	-	-	601	949

	Days					
	Current	< 30 days	30-60 days	61-90 days	>91 days	Total
31-Dec-20	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Gross Trade Receivables	708	-	-	-	-	708
Other Receivables	382	-	-	-	45	427

The Group's trade receivables are concentrated in the three money managers:

	2021	2020
	%	%
BlackRock	71%	68%
State Street Corporation	16%	21%
Legal & General	13%	11%
Total	**100%**	**100%**

Other receivables comprise R&D tax credit due from HMRC, office rental deposit and funds due from a director (Mark Wood). The probability of default by these parties is deemed low. The credit risk on liquid funds financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The principal banks currently used by the Group are Barclays plc and Silicon Valley Bank, both currently have long-term credit ratings of at least BBB (Standard & Poor's). The Group's liquid funds are concentrated in Barclays plc which holds 93% of the total balance as at year end (2020: 93%).

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations to settle its liabilities. This is managed through cash flow forecasting.

Maturity Analysis

The following table sets out the remaining contractual maturities of the group's financial liabilities by type.

	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2021	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Trade and Other Payables	3,028	-	-	3,028
Lease Liabilities	140	636	-	776
	3,168	636	-	3,804

	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
2020	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Trade and Other Payables	1,991	-	-	1,991
Lease Liabilities	109	-	-	109
	2,100	-	-	2,100

Capital Risk Management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments considering changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

Externally Imposed Capital Requirements

The capital adequacy of the business is monitored on a quarterly basis as part of general business planning by the finance team. The Group conducts a capital adequacy assessment process, as required by the Financial Conduct Authority ('FCA') to assess and maintain the appropriate levels.

23. Related Party Transactions

Key Management Compensation

	2021	2020
	£ 000	**£ 000**
Salaries and Other Short-term Employee Benefits	1,428	643
Other Long-term Benefits	21	16
Share-based Payment	2,489	863
	3,938	**1,522**

Related Party - PensionBee Trustees

The following related party transactions occur between the Company and PensionBee Trustees Limited:

(i) Payment of the PensionBee Trustees Limited bank fees on a quarterly basis. During the year bank fees amounted to £15,000 (2020: £20,000). There was no outstanding balance at year end (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 year, these costs amounted to £16,000 (2020: £45,000). There was no outstanding balance at year end (2020: £nil).
(iii) Other payments to customers (e.g., referral rewards). Payments are made from the Company and invested into the customer's fund from the PensionBee Trustees account. These payments can be found in 'Other Expenses' and 'Advertising and Marketing'. During these costs amounted to £314,000 (2020: £141,000). There was no outstanding balance at year end (2020: £nil).

Transactions with Directors

During the year ended 31 Dec 2021, the Group made a payment to HMRC on behalf of Mark Wood for £105,279. Mark will reimburse the subsidiary.

24. Events After The Reporting Period

There were no events of material impact to the financial statements that occurred after the reporting date.

25. Alternative Performance Measures

The Company uses a variety of alternative performance measures ('APMs') which are not defined or specified by IFRS, in particular Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation ("Adjusted EBITDA"). The Directors use a combination of APMs and IFRS measures when reviewing the performance and position of the Company and believe that each of these measures provides useful information with respect to the Company'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 Company.

The APMs used by the Company 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 listing costs.

Adjusted EBITDAM

Adjusted EBITDAM represents loss for the year before taxation, finance costs, depreciation, advertising and marketing, share based compensation and listing costs.

	2021 £ 000	2020 £ 000
Operating Loss	(23,563)	(13,472)
Depreciation Expense	256	240
Share-based Payment (1)	3,939	2,174
Listing Costs (2)	2,947	637
Adjusted EBITDA	**(16,421)**	**(10,421)**
Marketing Costs	12,865	8,223
Adjusted EBITDA before Marketing	**(3,556)**	**(2,198)**

(1) Relates to total annual charge in relation to Share-based Payment expense as detailed in Note 21.
(2) Relates to expenses incurred in relation to preparation for admission to the London Stock Exchange.

7 Company Financial Statements

Parent Company Statement of Financial Position

As at 31 December 2021

	Note	2021 £ 000
Assets		
Non-current Assets		
Investment in Subsidiaries	3	348,089
Current Assets		
Prepayments	4	64
Cash and Cash Equivalents		12,139
		12,203
Total Assets		**360,292**
Equity and Liabilities		
Equity		
Share Capital	8	221
Share Premium	9	53,218
Share-based Payment Reserve		3,324
Retained Earnings	9	303,302
Total Equity		**360,065**
Current Liabilities		
Trade and Other Payables	5	227
Total Equity and Liabilities		**360,292**
The Company Loss for the period is £1,275,000		

The notes on pages 116 to 132 form an integral part of these financial statements.
Approved by the Board on 13 April 2022 and signed on its behalf by:

Romi Savova
Chief Executive Officer

Parent Company Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Share Capital £ 000	Share Premium £ 000	Share-based Payment Reserve £ 000	Retained Earnings £ 000	Total £ 000
Loss for the year		-	-	-	(1,275)	(1,275)
Total Comprehensive Loss		-	-	-	(1,275)	(1,275)
Share-based Payment Transactions		-	-	3,324	-	3,324
Issue of Share Capital	8	33	54,967	-	-	55,000
Group Reorganisation	8	180	-	-	304,585	304,765
Transaction Costs on Issue of Shares	8	-	(1,749)	-	-	(1,749)
Exercise of Share Options	8	8	-	-	(8)	-
At 31 December 2021		**221**	**53,218**	**3,324**	**303,302**	**360,065**

8 Notes to the Company Financial Statements

for the year ended 31 December 2021

1. Accounting Policies

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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, unless otherwise stated.

Basis of Preparation

These financial statements have been prepared using the historical cost convention.

The financial statements are presented in GBP and all values are rounded to the nearest thousand (£'000), except when otherwise indicated. The functional currency of the Company is GBP because it is the primary currency in the economic environment in which the Company operates.

Judgements and Key Sources of Estimation Uncertainty

In the process of applying the Company's accounting policies, the Directors have considered that the following key sources of estimation uncertainty at the statement of financial position date which have a significant effect on the amounts recognised in the financial statements. The Company does not have any critical accounting judgements or key estimation uncertainties.

Summary of Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

Going Concern

The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Company has strong cash reserves and forecasts growth in the subsidiary that should see the financial results improve in the future years. The Company's only investment is in the subsidiary. Therefore, the subsidiary's ability to remain in operational existence was considered.

The COVID-19 pandemic has been considered in the Directors' assessment of going concern. COVID-19 impact on the subsidiary operation was considered as the Company's only investment is in the subsidiary. The subsidiary has been operationally resilient as proven by consistent operational efficiencies that have been maintained during remote working times. The Directors concluded that the COVID-19 pandemic will not impact the Company's ability to continue as a going concern. The impact of Russia's invasion of Ukraine on the markets and on the world more generally has also been considered in the Directors' assessment of going concern. While the subsidiary's own exposure to Russia in terms of investments is minimal, rounding to 0%, broader market volatility could impact Assets under Administration and the Directors will continue to monitor the rapidly developing situation.

Stress testing was done on the subsidiary by considering severe and unlikely but possible scenarios. The subsidiary has adequate resources to survive macroeconomic downturns and the Directors concluded that the subsidiary has sufficient financial resources to remain in operational existence. For these reasons, the Directors adopt the going concern basis of preparation for these financial statements.

Tax

Tax on the loss for the year comprises research and development credit. There was no current or deferred tax charge for the year (2020: £nil). Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the United Kingdom where the Company operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes liabilities where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Investments

Investment in subsidiary is recognised at cost and an annual impairment review is undertaken.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short term highly liquid deposits with a maturity of less than 3 months.

Trade Receivables

Trade and other receivables are recognised initially at the transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade receivables.

Trade Payables

Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Impairment of Non-Financial Assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated based on future cashflows with a suitable range of discount rates and the expectations of future performance. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss is recognised in the statement of comprehensive income.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. Refer to Note 8 for the basis of accounting for the share for share transaction that was recorded during the year. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share-based Payment

The financial effect of awards by the parent company of equity-settled awards (principally, options over its equity shares) to the employees of the subsidiary undertaking are recognised by the parent company in its individual financial statements. In particular, the parent company records an increase in its investment in subsidiaries with a credit to equity equivalent to the expense for the equity-settled award recognised in the group for such awards. There are no recharges to the subsidiary undertaking for such awards.

2. Staff Numbers

The Company does not have employees.

3. Investments

Summary of the Company Investments

	2021 £ 000
Investment in subsidiaries	348,089
Cost	
Additions	348,089
At 31 December 2021	348,089
Carrying Amount	
At 31 December 2021	**348,089**

Subsidiary undertakings

Name of Subsidiary	Principle activity	Registered office	Proportion of ownership interest and voting rights held (2021)
PensionBee Limited	Pension provider	209 Blackfriars Road SE1 8NL	100%

PensionBee Limited has been included in the Group consolidated financial statements.

Impairment of investment in subsidiary

At each reporting period, the investment is subsidiary is assessed for impairment. Management has determined the recoverable amount of the investment in subsidiary by reference to the subsidiary's discounted forecast cash flows. Key assumptions included in this assessment include consideration of growth rates which drive revenue and costs, expected changes to future costs and the discount rate. The period considered was five years. The Weighted Average Cost of Capital ('WACC') used for discounting the forecast cash flows was 12% which was benchmarked against comparable companies. The recoverable amount is higher than the carrying amount therefore no impairment was identified.

4. Prepayments

	2021 £ 000
Prepayments	**64**

5. Trade and Other Payables

	2021 £ 000
Trade Payables	62
Accrued Expenses	32
Amounts due to Subsidiary	133
	227

6. Deferred Taxation

Deferred tax assets have not been recognised in respect of tax losses as there is insufficient evidence of recoverability in the near future. The Company has tax losses of £409,000 that are indefinitely available against future taxable profits of the Company for which no deferred tax has been provided.

7. Share-based Payment

Full disclosure of PensionBee's share option scheme is given in Note 21 of the Annual Report and consolidated financial statements 2021. The disclosures required in relation to Directors' emoluments and share option plans are given in Note 6 of the Annual Report and consolidated financial statements 2021.

8. Share capital

		2021
	No. 000	**£ 000**
Ordinary of £0.001 each	221,565	221
	221,565	**221**

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction. Every issued share in PensionBee Limited was exchanged for 800 shares in PensionBee Group plc. Every share option was cancelled and replaced by 800 share options. Through the Group reorganisation, PensionBee Group plc issued 180,054,400 ordinary shares of £0.001 each and reduced its share premium to create additional distributable reserves. The issued ordinary shares were accounted for at their nominal value. On 26 April 2021, PensionBee Group plc issued 33,333,333 ordinary shares of £0.001 each as part f its Initial Public Offering ('IPO'). Each share was issued at £1.65. Transaction costs incurred and directly attributable to the issuance of shares for the IPO amounted to £1,748,000. These costs were recognised as a reduction to the share premium. During the year, PensionBee Group plc issued further ordinary shares from share options exercised totaling 8,138,194 ordinary shares of £0.001 each. The exercise price for each exercised share options was £0.001.

Each ordinary share carries one vote per share and ranks pari passu with respect to dividends and capital.

9. Reserves

Share Premium

The share premium account represents the excess of the issue price over the par value on shares issued, less transaction costs arising on the issue.

Share-based Payment Reserve

The Share-based Payment Reserve represents the cumulative expense in relation to share options granted to subsidiary employees.

Retained Earnings

The balance in the retained earnings account represents the distributable reserves of the standalone company, PensionBee Group plc.


Capital at risk
Combine, contribute
& withdraw online
PensionBee
BE PENSION CONFIDENT
LC71 NFG
LT61 ZLV

PensionBee

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 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: 209 Blackfriars Road, London, SE1 8NL, United Kingdom

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