

PensionBee Group plc

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PensionBee Group plc

Trading Update for the year ending 31 December 2022

Assets under Administration exceed £3bn On track to achieve ongoing Profitability in 2023

PensionBee Group plc ('PensionBee' or the 'Company'), a leading online pension provider, today announces a trading update for the year ending 31 December 2022.

Highlights

- Invested Customers increased 56% to 183,000 (2021: 117,000) with a Registered Customer base of 986,000 (December 2021: 658,000).
- Assets under Administration ('AUA') increased by 17% year on year to over £3.0bn (2021: £2.6bn) driven by strong inflows from new and existing customers.
- Customer Retention Rate remained high at 97% (2021: 97%).
- Revenue increased by 38% to £18m (2021: £13m), with Annual Run Rate Revenue having increased to £20m.
- On track to achieve the primary objective of ongoing Adjusted EBITDA profitability by the end of 2023, having achieved Adjusted EBITDAM profitability for the last quarter of 2022.

The Company has achieved strong growth in Assets under Administration, reaching in excess of £3bn, together with Revenue growth of c.38% year on year, driven by strong inflows from both new and existing customers and a sustained Customer Retention Rate of 97%.

Excellent momentum in the growth of the customer base has continued, with the addition of 66,000 new Invested Customers across the year as the strength of PensionBee's proposition has continued to resonate strongly with customers. New product innovations have enabled customers to make easy additional pension contributions and to better self-serve, complementing the Company's excellent customer service capabilities.

PensionBee has become a household name, having achieved prompted brand awareness of more than 50%.¹ Its proprietary data platform has continued to provide valuable insights into consumer behaviour, supporting decision-making to optimise marketing and return on investment.

The Company has continued to develop its scalable, secure technology platform, with increased automation having driven gains in operational efficiency and margin improvement.

Overall, the Company has executed on its strategy, achieving its key profitability milestones of Adjusted EBITDAM profitability for the fourth quarter of 2022 and monthly Adjusted EBITDA profitability in November.

Outlook

With PensionBee having delivered against its primary growth objectives and financial guidance, initially set out at the time of its IPO in April 2021, the Board is now pleased to provide an updated framework for guidance, confirming its short-term goals and setting out its expectations for the longer-term.

With respect to the longer-term, set against a backdrop of the substantial target market opportunity in UK Defined Contribution pensions of approximately £700bn in assets, the Company is pursuing a market share of approximately 2% over the next 5-10 years (equivalent to about 1m Invested Customers, assuming an average pension pot size of £20,000- £25,000). With an expectation of maintaining relative revenue margin stability, this translates into a long term annual Revenue opportunity of approximately £150m. The Company expects to achieve long-term EBITDA margins of more than 50%, leveraging the scalability of the technology platform

In the short to medium term, the Company remains on track to achieve monthly Adjusted EBITDA profitability by the end of 2023 and to be profitable for the full year 2024, by reducing the Cost per Invested Customer and delivering further automation through its scalable technology platform.

Having become a household brand name, the Company will continue to extend its presence, appealing to the mass market and competing to acquire more new customers with its excellent product offering and personalised customer service. The Company will also focus on enabling its customers to grow their pension balances.

Underscoring the strength of its strategy and its execution capability, PensionBee aims to deliver superior and sustained annual Revenue growth as compared to other UK financial services companies.

Romi Savova, CEO of PensionBee, commented:

“2022 was a landmark year for PensionBee, having exceeded the £3 billion Assets under Administration milestone while delivering pre-marketing profitability in line with our objectives. We’re proud to have continued growing our brand into a household name, making PensionBee synonymous with easy and effective pension management for consumers.

As we look forward to 2023, our focus remains on helping our ever increasing customer base manage their pensions through our industry-leading pension offering and personalised customer service.”

Analyst and Investor Presentation

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

Financial Summary*

	As at Period End			YoY change
	Dec-2020	Dec-2021	Dec-2022	
AUA (£m)²	1,358	2,587	3,025	17%
AUA Retention Rate (% of AUA) ³	96%	96%	97%	stable
Registered Customers (thousands) ⁴	403	658	986	50%
Active Customers (thousands) ⁵	119	172	273	59%
Invested Customers (thousands) ⁶	69	117	183	56%
Customer Retention Rate (% of IC) ⁷	97%	97%	97%	stable
Cost per Invested Customer (£) ⁸	232	246	248	as guided
Same Year RC:IC Conversion (% of RC) ⁹	17%	18%	19%	1 ppt
Contractual Revenue Margin (% of AUA) ¹⁰	0.69%	0.69%	0.69%	stable

	For the Period Ending			YoY change
	Dec-2020	Dec-2021	Dec-2022	
Revenue (£m)¹¹	6	13	18	38%
Annual Run Rate (ARR) Revenue ¹²	9	16	20	20%
Adjusted EBITDA (£m) ¹³	(10)	(16)	(19)	-19%
Adjusted EBITDA Margin (% of Revenue) ¹⁴	(166)%	(129)%	(110)%	19 ppt

	For the Period Ending			YoY change
	Dec-2020	Dec-2021	Dec-2022	
Opening AUA (£m)²	745	1,358	2,587	91%
Gross Inflows (£m)	593	1,099	1,060	-4%
Gross Outflows (£m)	(70)	(145)	(197)	36%
Net Inflows (£m)	523	955	863	-10%
Market Growth and Other (£m)	90	275	(424)	n/m
Closing AUA (£m)²	1,358	2,587	3,025	17%

Notes:

* Financial results for FY2022 are unaudited.

- 1 Source: PensionBee brand tracker, January 2023. Prompted brand awareness measured through a consumer survey asking 'Which of the following have you heard of?' with respect to UK financial services brands: Aviva 83%, Scottish Widows 77%, Standard Life 66%, Royal London 55%, PensionBee 52%, Hargreaves Lansdown 36%, Vanguard 32%, Fidelity 30%, Nutmeg 30%, AJ Bell 21%, Interactive Investor 9%.
- 2 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.
- 3 AUA Retention measures the percentage of retained PensionBee AUA from Transfer Outs over the average of the trailing twelve months. High AUA retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction.
- 4 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. *Note: This metric will be retired from the Company's ongoing regular reporting framework for the FY2023 onwards, with a continued focus on the Invested Customer metric.*
- 5 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. *Note: This metric will be retired from the Company's ongoing regular reporting framework for the FY2023 onwards, with a continued focus on the Invested Customer metric.*
- 6 Invested Customers ("IC") means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans.
- 7 Customer Retention Rate measures the percentage of retained PensionBee Invested Customers over the average of the trailing twelve months. High customer retention provides more certainty of future Revenue. This measure can also be used to monitor customer satisfaction.
- 8 Cost per Invested Customer ("CPIC") means the cumulative advertising and marketing costs incurred since PensionBee commenced trading up until the relevant point in time divided by the cumulative number of Invested Customers at that point in time. This measure monitors cost discipline of customer acquisition. PensionBee's desired CPIC threshold is £200-£250.
- 9 Same Year RC:IC Conversion percentage is calculated by dividing the number of Invested Customers as at the end of the period by the number of Registered Customers at the end of the period. This measure monitors PensionBee's ability to convert

customers through the acquisition funnel. *Note: This metric will be retired from the Company's ongoing regular reporting framework for the FY2023 onwards.*

- 10 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.
- 11 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.
- 12 Annual Run Rate ("ARR") Revenue is calculated using the Recurring Revenue for the relevant month, multiplied by 12. *Note: This metric will be retired from the Company's ongoing regular reporting framework for the FY2023 onwards.*
- 13 Adjusted EBITDA is the profit or loss for the period before taxation, finance costs, depreciation, share based compensation and transaction costs.
- 14 Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of Revenue for the relevant period.

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About PensionBee

PensionBee is a leading online pension provider, making pension management easy for its customers while they save for a happy retirement.

PensionBee helps its customers combine their old pension pots, make flexible contributions, invest in line with their goals and values and make withdrawals from the age of 55 (increasing to 57 in 2028). PensionBee offers a range of investment plans, including fossil fuel free options, from some of the world's largest asset managers.

Operating in the £1 trillion market of Defined Contribution pension assets, PensionBee has grown rapidly through its direct-to-consumer marketing activities, creating a household brand name for the mass market.

The Company has over £3.0bn in Assets Under Administration and 183,000 Invested Customers as at 31 December 2022. PensionBee has consistently maintained a Customer Retention Rate in excess of 95% and an Excellent Trustpilot rating, reflecting its commitment to outstanding customer service.