

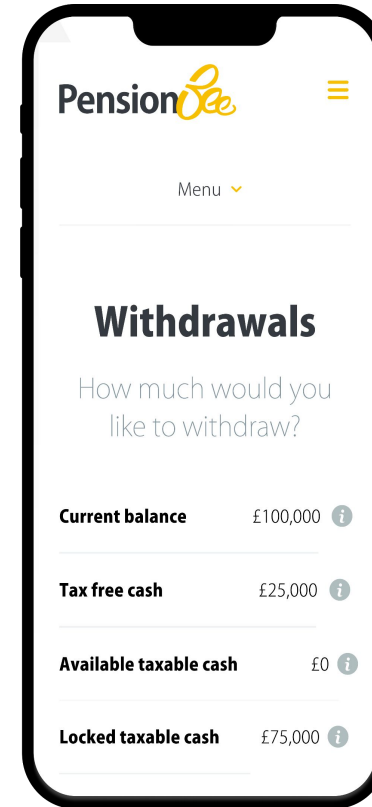
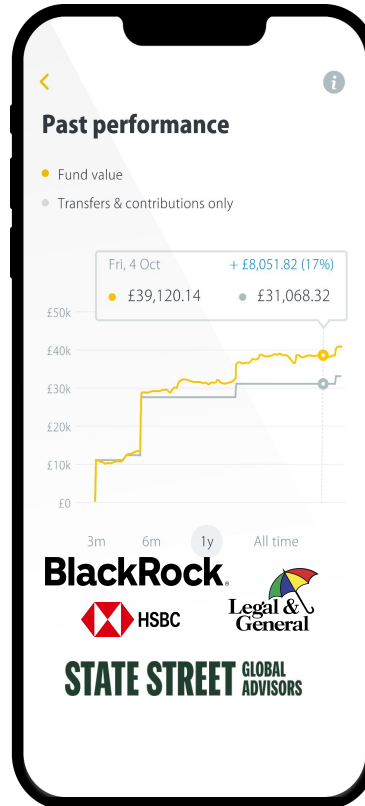
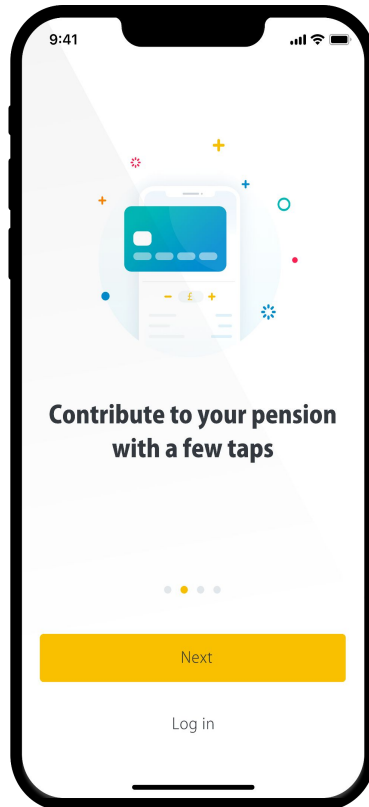
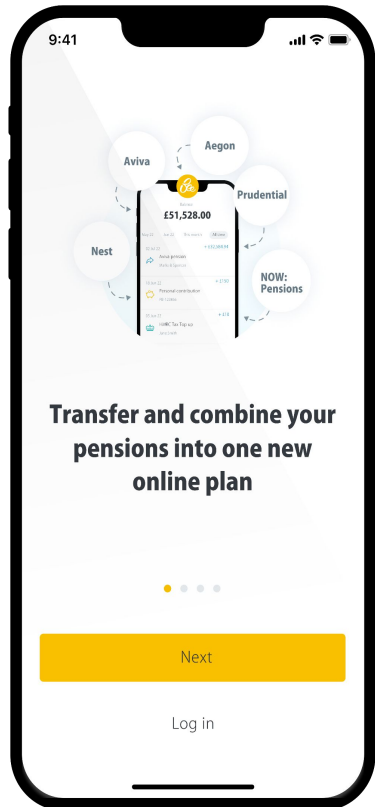
# Agenda



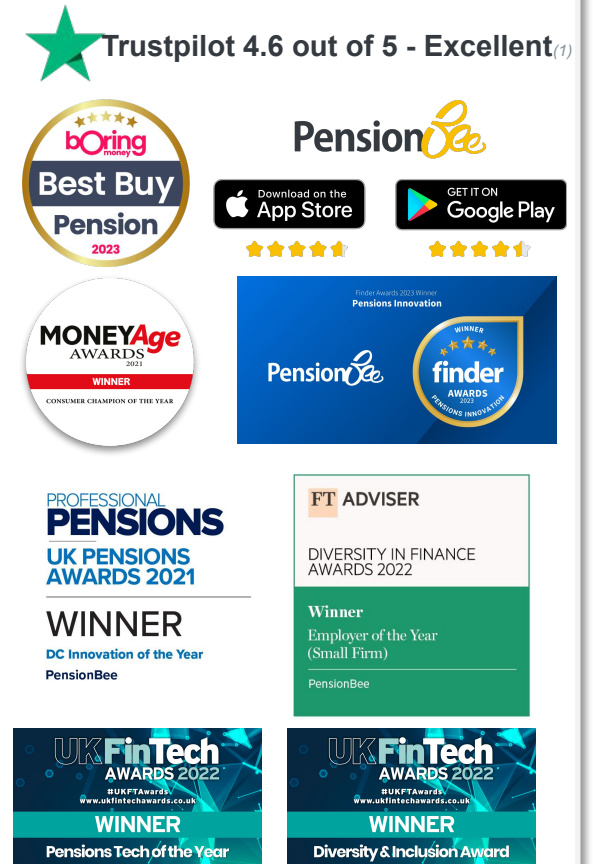
- 1 Overview of Q3 2023
- 2 Financial Update
- 3 Conclusion
- 4 Appendix

# 1 Overview of Q3 2023

# A Leading Online Pension Provider in the UK: Solving Genuine Problems for Consumers



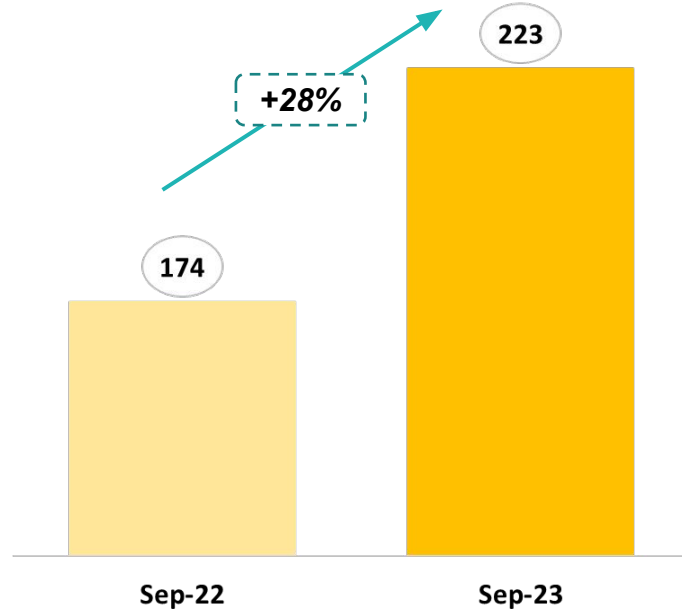
## Award-winning offering



# Significant Continued Growth in Q3 2023

## Growth in Invested Customers

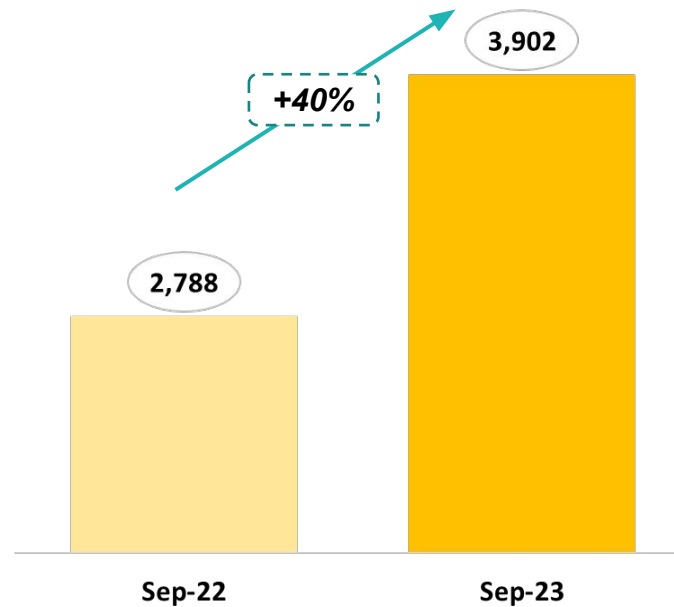
(Invested Customers, 000s)



Excellent momentum in customer growth, **adding c.40k new Invested Customers year to date**, resulting in a **total Invested Customer base of c.223k**.

## Translates into Increasing AUA Base

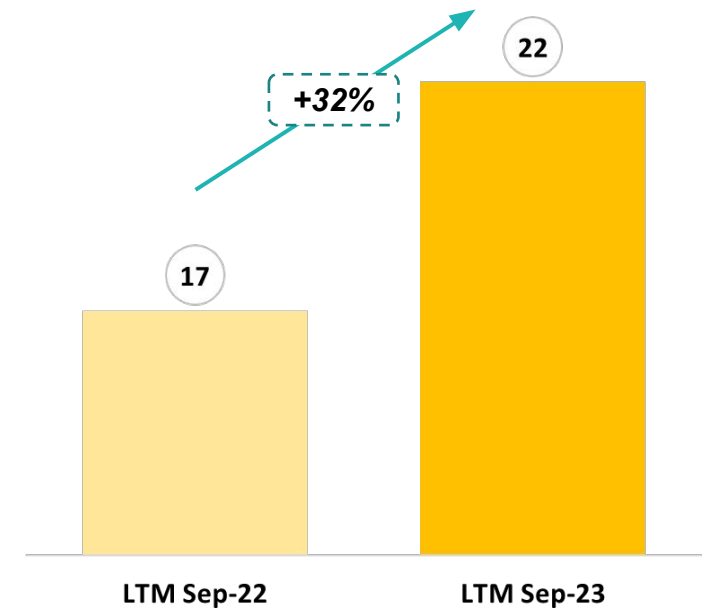
(AUA, £m)



**AUA increased by 40% year on year to £3.9bn**, driven by strong net flows from new and existing customers, as well as exceptional **customer and AUA retention rates (>95%)**.

## Driving Revenue Growth

(LTM Revenue, £m)



**LTM Revenue to 30 September 2023 was £22m, growing by 32% year on year.<sup>(1)</sup>**

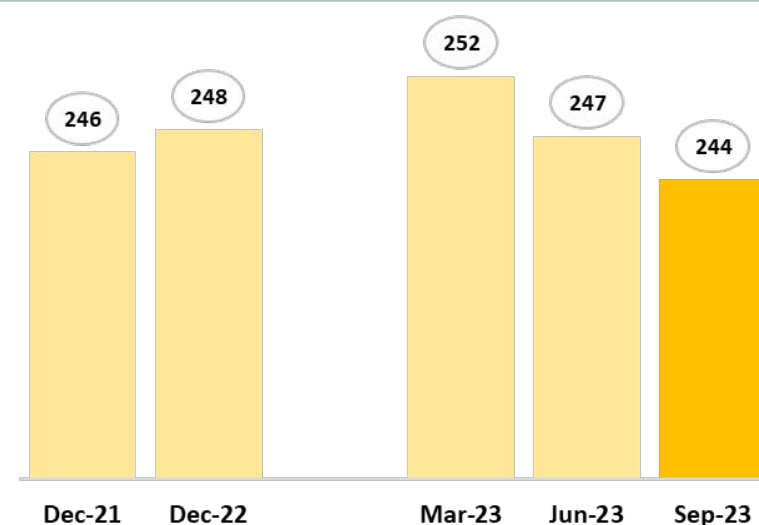
Annual Run Rate Revenue of £24m<sup>(2)</sup>  
9 months to 30 September Revenue of £17m

# Achievements against our Strategic Goals (1/2)

## 1 Efficient investment in customer acquisition and brand awareness

- £9m marketing expenditure year to date has maintained brand awareness and driven new customer growth.
- Focus on reaching millions of consumers through effective brand advertising on digital channels (YouTube and TikTok); additionally, our podcast has been nominated for two Lovie Awards.
- Ongoing investment in data-driven performance channels, with effective targeting and insights into customer behaviour guiding budget allocations.
- Cost Per Invested Customer<sup>(1)</sup> continues to demonstrate a downward trajectory.

CPIC continues to decline<sup>(1)</sup>



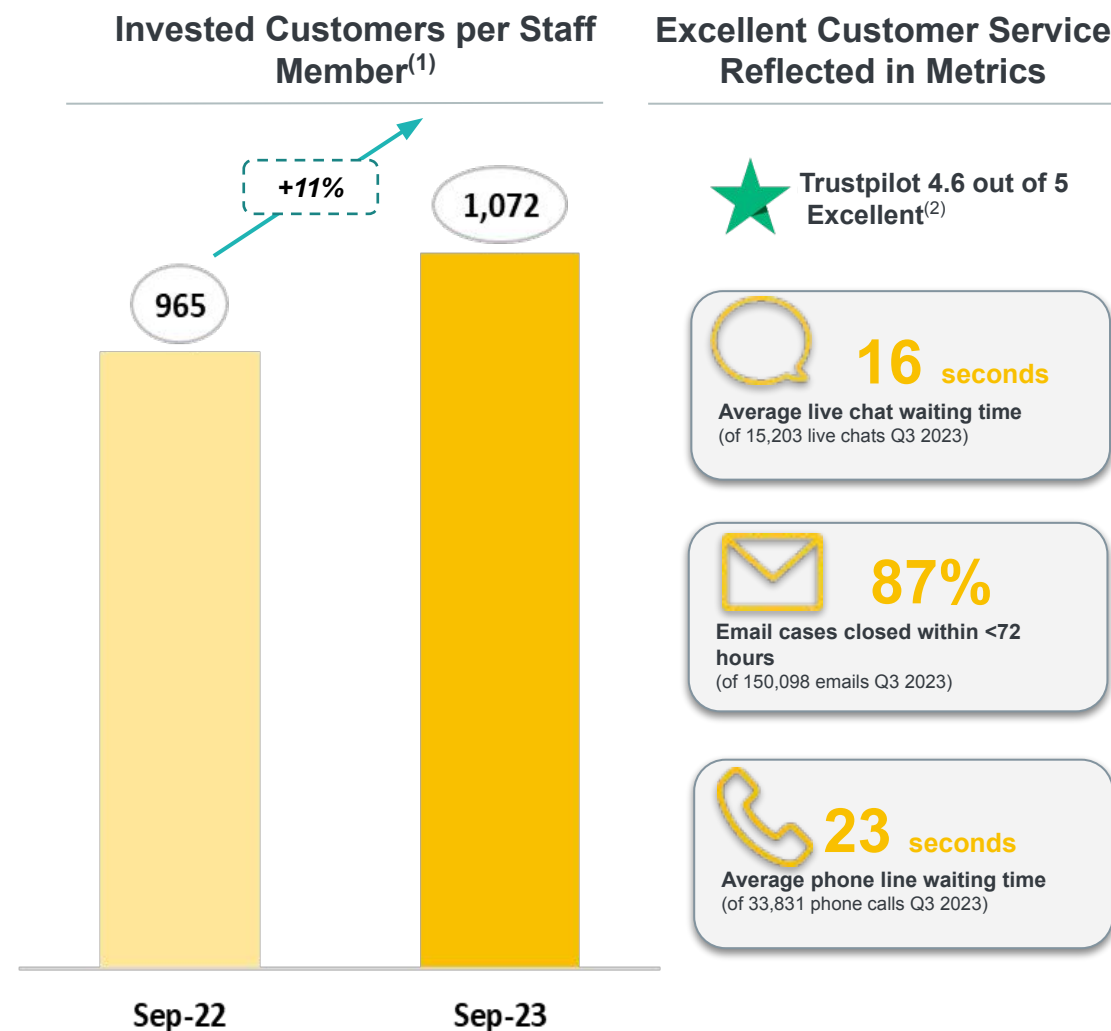
## 2 Leadership in product innovation

- Continued development of customised in-app content delivering useful insights to customers, with our podcast now available in-app.
- LifeSearch partnership continues to demonstrate positive demand, providing customers with additional retirement planning tools.
- Enhancement of withdrawal process through continued user experience improvements and automation.
- Ongoing investment in tools and content to enable customers to plan for retirement.



# Achievements against our Strategic Goals (2/2)

- 3 Continued investment in and development of an industry leading technology platform
  - Consistent focus on automation to support productivity, including streamlining provider communications.
  - Ongoing improvement in productivity reflected in the Invested Customers per Staff Member metric.
  - Continued focus on cyber security with two-factor authentication now mandatory for all users.
- 4 Continued focus on excellent customer service
  - High customer retention of >95%, driving recurring revenue.
  - Excellent Trustpilot rating maintained with over 9,600 reviews.
- 5 Continued focus on investment solutions designed for customers
  - Ongoing monitoring of value for money from a performance, cost and service perspective.
  - Emphasis on investment clarity with our updated plan descriptions enhancing customer understanding.



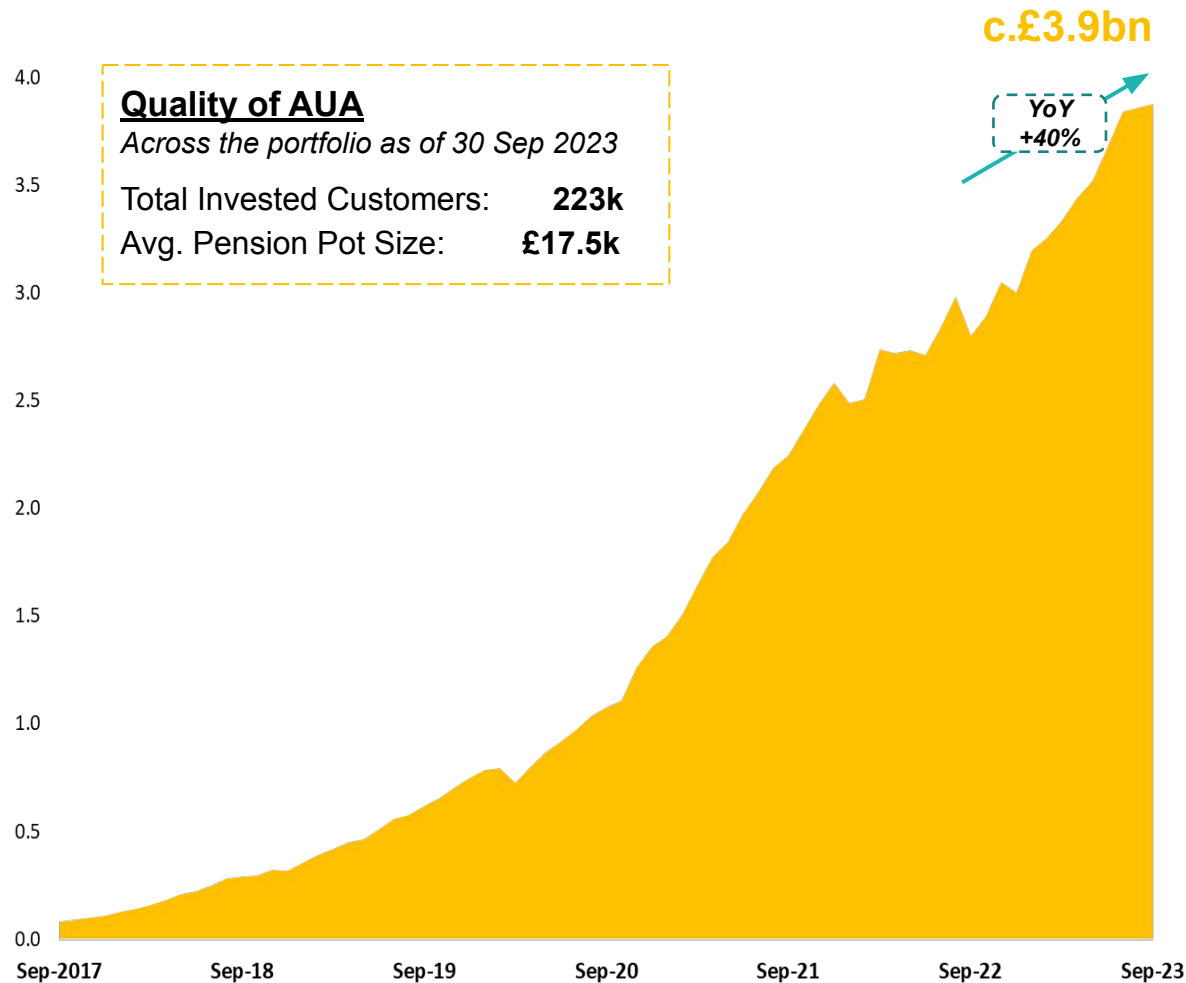
## 2 Financial Update



# £900m AUA Growth Driven by New and Existing Customers

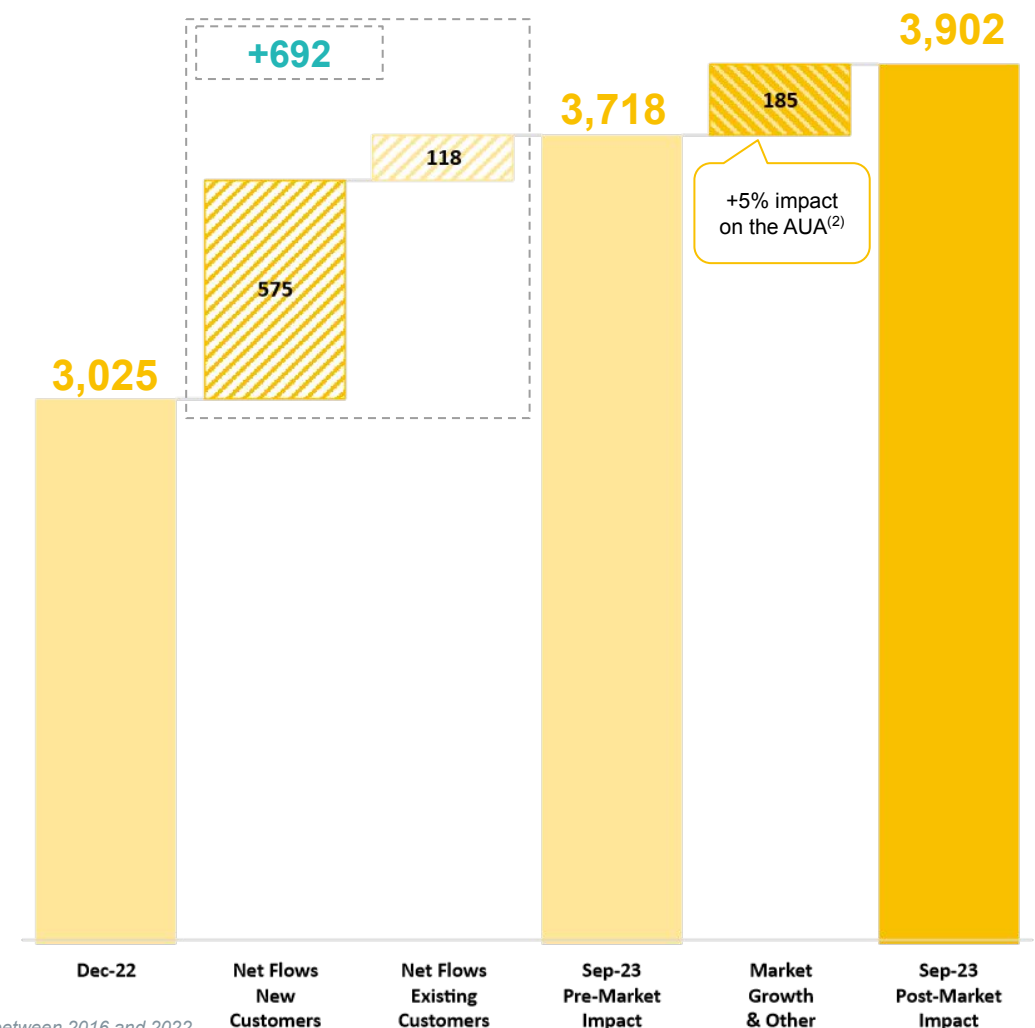
## AUA Growth Underpinned by New and Existing Cohorts

(AUA, £bn)



## Strong Net Flows Year to date<sup>(1)</sup>

(Net Flows, £m)



(1) New Customers refers to customers acquired between 1 January and 30 September 2023 while Existing Customers refers to customers acquired between 2016 and 2022.

(2) The market impact on the AUA is based on the average AUA between 31 December 2022 and (pre-market impacted) 30 September 2023.

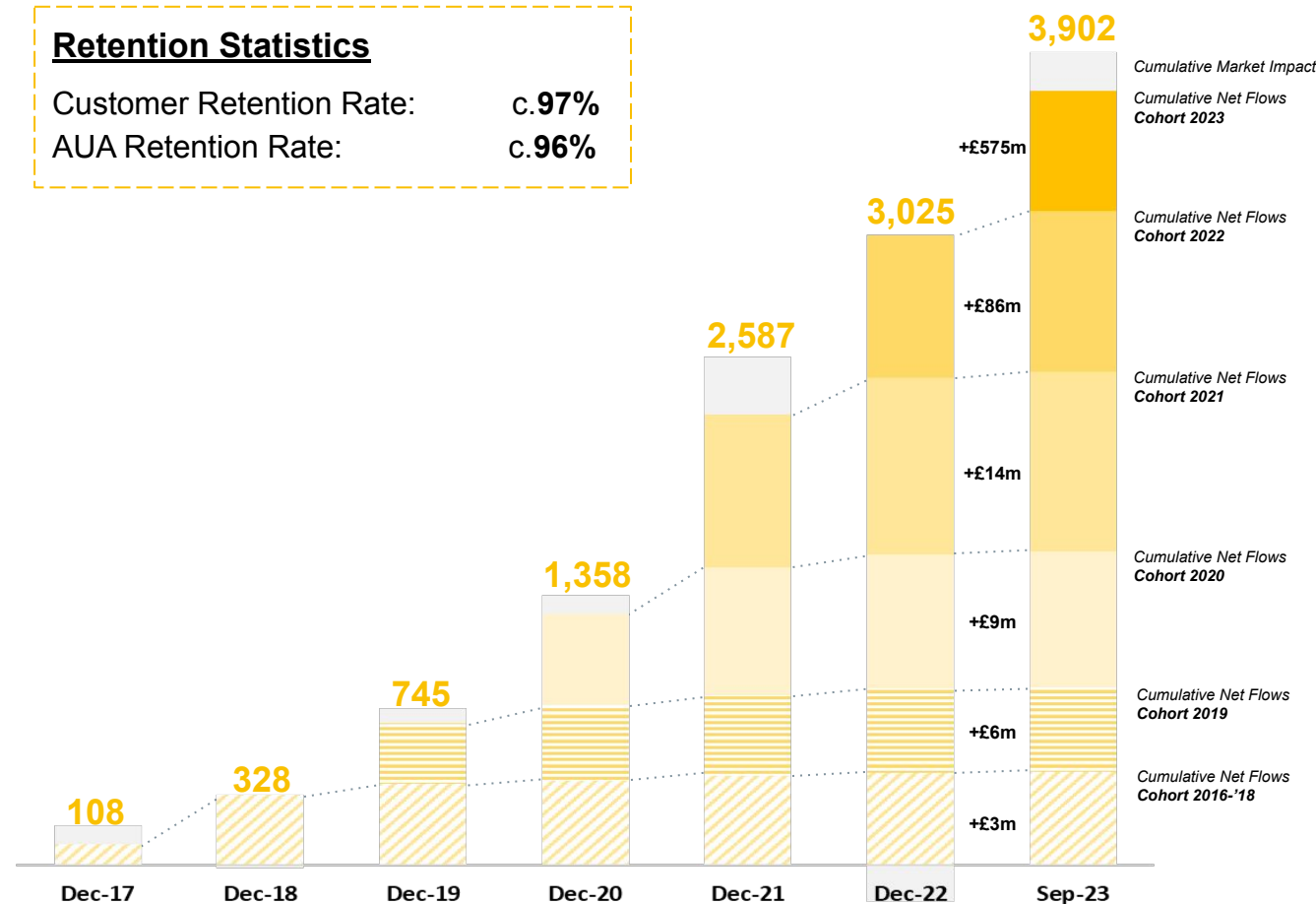
# High Retention Rates Compound AUA and Drive Revenue

## High Customer and AUA Retention Rates Compound AUA ...

(AUA Breakdown into Net Flow Cohorts and Market Impact, £m)

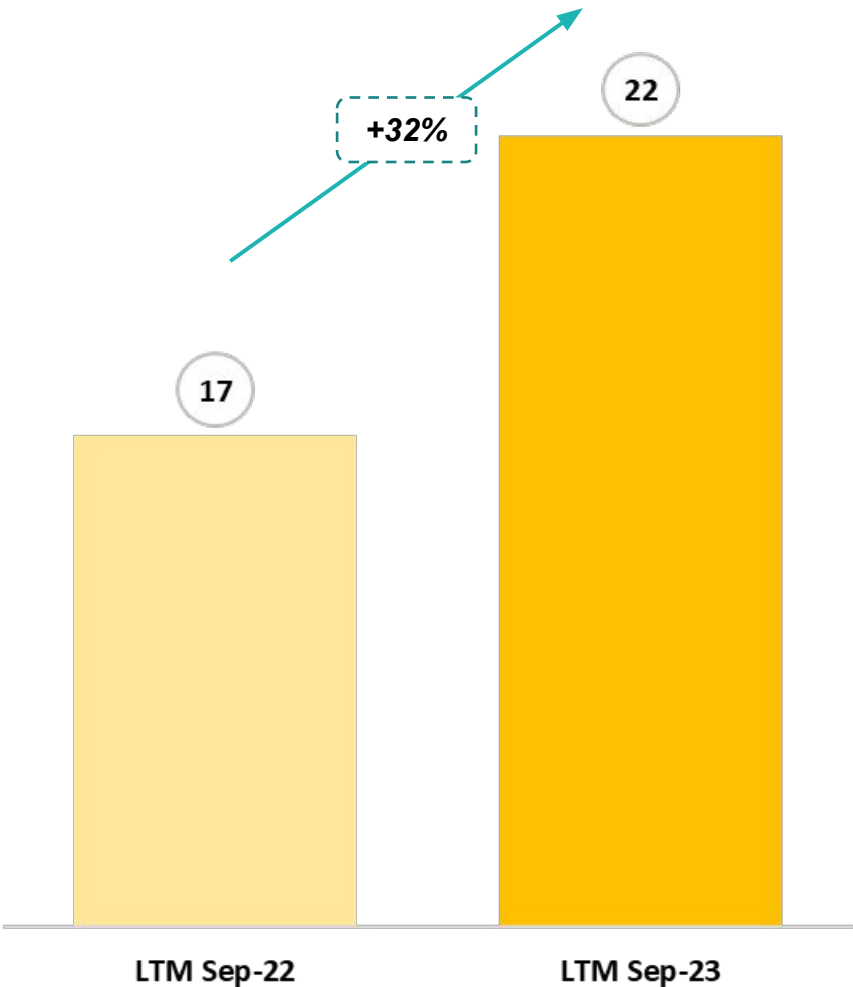
### Retention Statistics

Customer Retention Rate: c.97%  
AUA Retention Rate: c.96%



## ... and Drive Recurring Revenue

(LTM to September Revenue <sup>(1)</sup>, £m)

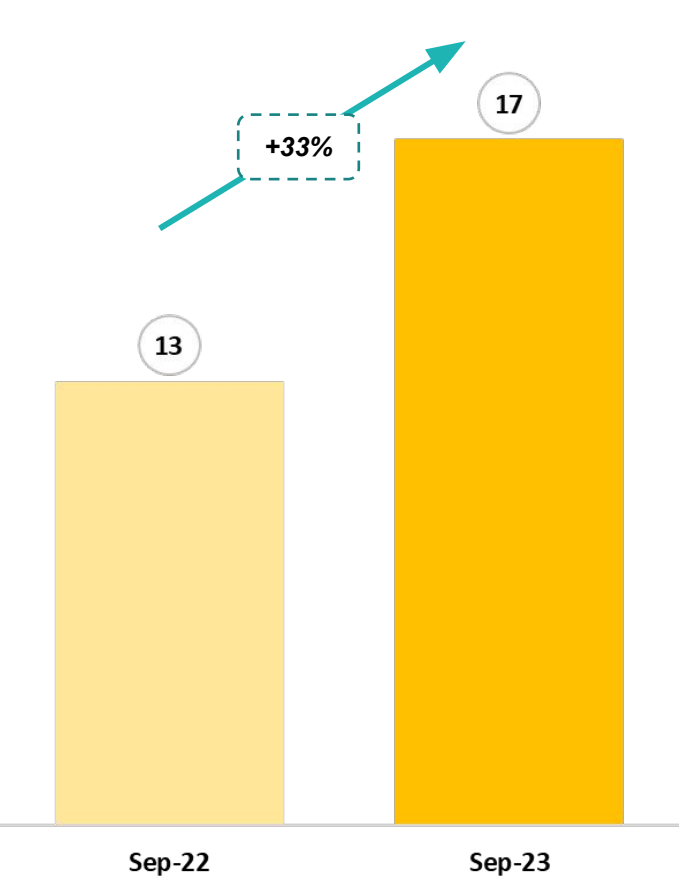


(1) LTM refers to the last twelve months to 30 September 2022 and 30 September 2023

# Scalable Cost Base Creates Strong Position for YE Profitability

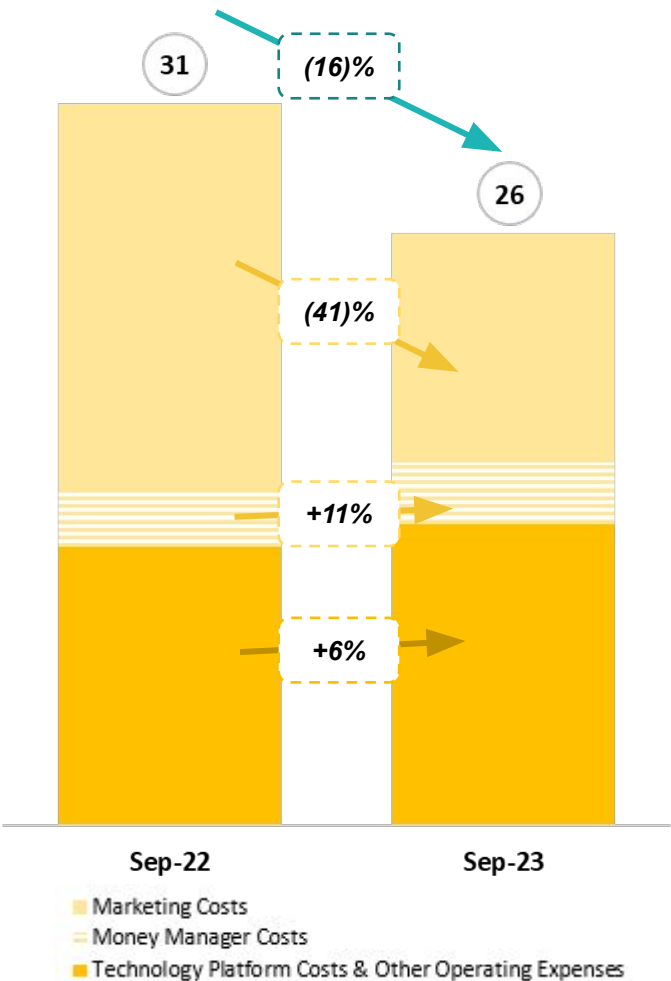
## Revenue ...

(9 months to September Revenue, £m)



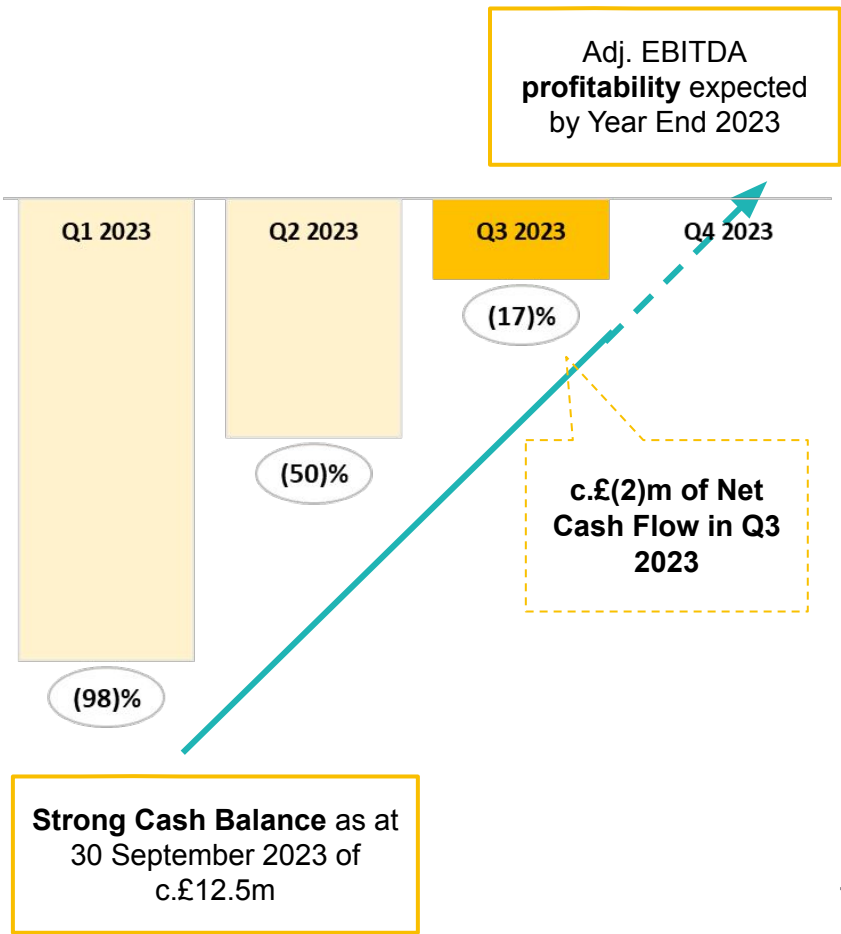
## ... Coupled with Scalable Cost Base ...

(9 months to September Cost Base, £m)



## ... Creates Strong Position for YE Profitability

(9 months to September Adj. EBITDA, £m)



# Expectations of Long Term Growth and Profitability

Objective	Guidance	Long Term Illustration
Revenue	<ul style="list-style-type: none"> <li>Aim to deliver <b>sustained high annual Revenue growth</b>.</li> <li>Continue appealing to the mass market, acquiring more new customers and growing customers' pension balances.</li> <li>Our ambition is to pursue a <b>c.2% market share</b> of the substantial <b>£700bn UK transferable pensions market<sup>(3)</sup></b> over the next 5-10 years, equivalent to <b>c.1m Invested Customers</b> (assuming an average pension pot size of £20,000-£25,000).</li> <li>Expect to maintain relative Revenue margin stability, translating into a <b>long term annual Revenue ambition of c.£150m</b>.</li> </ul>	<p><b>AUA and Revenue</b></p>
Profitability	<ul style="list-style-type: none"> <li>On track to achieve <b>ongoing Adjusted EBITDA<sup>(1)</sup> profitability by the end of 2023</b> and to be <b>Adjusted EBITDA<sup>(1)</sup> profitable for the full year 2024</b>.</li> <li>Ambition to achieve <b>long-term Adjusted EBITDA<sup>(1)</sup> Margins of over 50%</b>, leveraging the scalability of the technology platform and maintaining our high quality of service.</li> <li>Will achieve this by steadily continuing to reduce the Cost per Invested Customer and focusing on the scalability of PensionBee's technology platform through further automation.</li> </ul>	<p><b>Adj. EBITDA Margin (%)</b></p>

(1) Adjusted EBITDA Margin is defined as earnings for the financial year before taxation, finance costs, depreciation, share based compensation and non-recurring items including transaction costs / Revenue.

(2) All guidance assumes relative market stability.

(3) £700bn transferable pensions market figure refers to date over the 2018-2020 period/ mid-point 2019, which is expected to continue to grow - Source: Office of National Statistics, Wealth in Great Britain: Pension Wealth, February 2022.

# 3 Conclusion

# Key Investment Highlights

- 1 UK's Leading Online Pension Provider: Solving Genuine Problems for Consumers
- 2 Mass Market Opportunity presented by £1 trillion DC Pensions Market underpinned by Structural Growth Drivers
- 3 Household Brand Name Status supports Effective, Data-led Marketing Strategy to Acquire Customers
- 4 Scalable Technology Platform developed over Past Decade underpins Sustainable Competitive Advantage
- 5 Simple, Long-Term Business Model demonstrates Growth in Recurring Revenue and Margins

# Further Updates

- Year-end trading update on Thursday 25 January 2024
- Full-year results on Thursday 14 March 2024
- Publication of Annual Report on Thursday 11 April 2024

# Q3 2023 Highlights

KPIs		As at Period End		
		<u>Sep-2022</u>	<u>Sep-2023</u>	<u>YoY</u>
AUA	(£m)	2,788	3,902	40%
AUA Retention Rate	(% of AUA)	>95%	>95%	Stable
Invested Customers	('000)	174	223	28%
Customer Retention Rate	(% of IC)	>95%	>95%	Stable
Cost per Invested Customer	(£)	253	244	(4)%
Realised Revenue Margin	(% of AUA)	0.64%	0.65%	+1bp

Levels of AUA		Over the 9-month Period Ending		
		<u>Sep-2022</u>	<u>Sep-2023</u>	<u>YoY</u>
<b>Opening AUA</b>	<b>(£m)</b>	<b>2,587</b>	<b>3,025</b>	<b>17%</b>
Gross Inflows	(£m)	838	923	10%
Gross Outflows	(£m)	(150)	(231)	54%
Net Inflows	(£m)	688	692	1%
Market Growth and Other	(£m)	(487)	185	n/a
<b>Closing AUA</b>	<b>(£m)</b>	<b>2,788</b>	<b>3,902</b>	<b>40%</b>

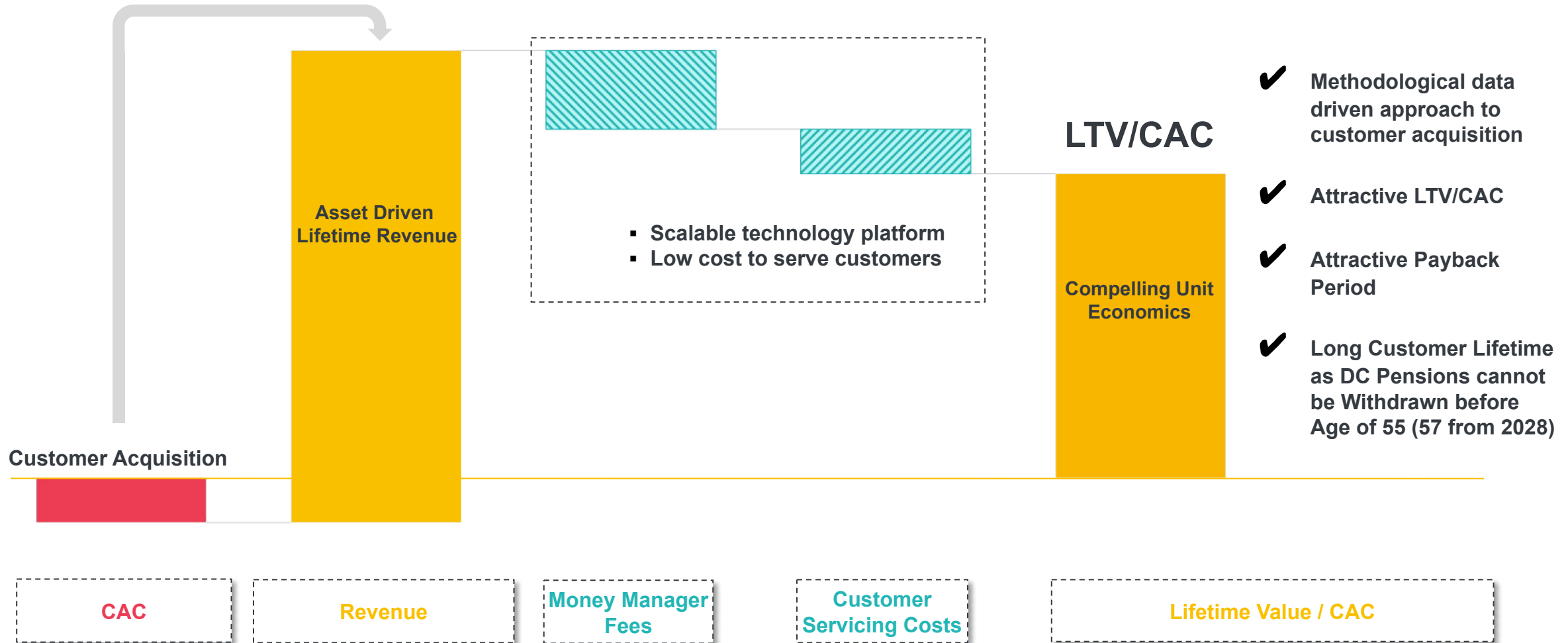
Financials		Over a Trailing 12-month Period Ending		
		<u>Sep-2022</u>	<u>Sep-2023</u>	<u>YoY</u>
LTM Revenue	(£m)	17	22	32%
LTM Adjusted EBITDA	(£m)	(23)	(10)	55%
LTM Adjusted EBITDA Margin	(% of Revenue)	(137)%	(46)%	91ppt

Financials		Over the 9-month Period Ending		
		<u>Sep-2022</u>	<u>Sep-2023</u>	<u>YoY</u>
Revenue	(£m)	13	17	33%
Cost Base	(£m)	31	26	(16)%
Adjusted EBITDA	(£m)	(18)	(9)	51%
Adjusted EBITDA Margin	(% of Revenue)	(143)%	(52)%	90ppt



# 4 Appendix

# Illustrative Unit Economics Demonstrate Attractive Returns



# Scalable Technology Platform generates Operating Leverage

KPI & Financials	Over the 9-month Period Ending		YoY (Q3 2022 to Q3 2023)	Drivers
	Sep-2022	Sep-2023		
Assets under Administration	£2,788m	£3,902m	+40%	Drivers of AUA and embedded growth include (i) efficient customer acquisition driven by strong brand of awareness c.50% (ii) retention rate >95%% and (iii) continued strong Net Flows
Revenue	£12.8m	£17.1m	+33%	Revenue driven by recurrence and robustness of underlying AUA and stable revenue margin
Realised Revenue Margin	0.64%	0.65%	+1bps	Stable Realised Revenue Margin reflects demand for customer value proposition
Operating Costs (excl. Marketing)	£(16.0)m	£(17.1)m	+7%	Scalable technology platform generates operating leverage over time
of which Money Manager Costs	£(2.2)m	£(2.4)m	+11%	Money Manager costs are variable costs and remained historically within 15-20% of Revenue
of which Tech Platform Costs	£(13.9)m	£(14.7)m	+6%	Scalability of tech platform demonstrated thanks to automation and customer self-service features
Marketing Costs	£(15.1)m	£(9.0)m	(41)%	Improvement in marketing efficiency drives future long-term recurring Revenue growth
Adj. EBITDA Margin	£(18.3)m (143)%	£(9.0)m (52)%	+51% +90ppt	As a result of recurring Revenue and its scalable technology platform, PensionBee is well positioned to drive long term operating leverage

See glossary for definitions

# Glossary

<b>Annual Run Rate (ARR)</b>	Revenue Annual Run Rate (ARR) Revenue is calculated using the Recurring Revenue for the relevant month multiplied by 12.
<b>Assets under Administration (AUA)</b>	Assets under Administration (AUA) is the total invested value of pension assets within PensionBee Invested Customers' pensions. It measures the new inflows less the outflows and records a change in the market value of the assets. AUA is a measurement of the growth of the business and is the primary driver of Revenue.
<b>AUA Retention Rate (% of AUA)</b>	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.
<b>Invested Customers (IC)</b>	Invested Customers (IC) means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans.
<b>Customer Retention Rates (% of IC)</b>	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.
<b>Cost per Invested Customer (CPIC)</b>	Cost per Invested Customer (CPIC) 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.
<b>Net Cash Flow</b>	Net Cash Flow is the sum of cash generated by operations, investments and financing activities, less cash used in operations, investments and financing activities.
<b>Realised Revenue Margin</b>	Realised Revenue Margin is calculated by using the last twelve months of Recurring Revenue over the average quarterly AUA held in PensionBee's investment plans over the period.
<b>Revenue</b>	Revenue means the income generated from the asset base of PensionBee's customers, essentially annual management fees charged on the AUA and is recurring in nature, together with a minor revenue contribution from other services.
<b>Cost Base</b>	Cost Base is the total operating costs, including Money Manager Costs, Advertising and Marketing Expenses and Technology Platform Costs & Other Operating Expenses, for the relevant period.
<b>Adjusted EBITDA</b>	Adjusted EBITDA is the profit or loss for the period before taxation, finance costs, depreciation, share based compensation and transaction costs.
<b>Adjusted EBITDA Margin</b>	Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of Revenue for the relevant period.

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