PensionBee Group plc
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13 March 2024

PensionBee Group plc

Full Year Results for the year ended 31 December 2023

Successful strategy drives strong performance for 2023
Adjusted EBITDA Profitability in Q4 2023 underpins expected UK profitability for FY 2024
Proposed US expansion marks next phase of corporate journey

PensionBee Group plc ('PensionBee' or the 'Company'), a leading online pension provider, today announces its audited full year results for the year ended 31 December 2023.

Highlights

- PensionBee's online pension offering continued to make retirement planning for its customers straightforward and enjoyable, serving approximately 230,000 Invested Customers by the end of 2023, aiming to make them Pension Confident.

- Since the Company's Initial Public Offering in 2021, it has more than tripled its Assets under Administration to £4.4bn and has quadrupled its Revenue to £23.8m. In line with the commitment at listing, PensionBee achieved ongoing Adjusted EBITDA profitability in the fourth quarter of the year.

- Customer acquisition continued to be a core pillar of the strategy for 2023, with PensionBee maintaining its household brand name status, onboarding 46,000 new Invested Customers at a declining Cost per Invested Customer.

- The Company's scalable technology platform enabled it to serve customers with delightful new product initiatives and contributed to its delivery of exceptional customer service, as demonstrated by over 10,000 Trustpilot reviews supporting PensionBee's 'Excellent' Score.

- Throughout the year the Company experienced broader liquidity in its shares, joining the FTSE All-Share Index in March 2023 and the FTSE4Good Index in December 2023.

- In early 2024, the Company announced its proposed expansion to the United States of America, the world's largest Defined Contribution pension market, in partnership with a US-based global financial institution. The broadening of its geographic footprint will enable it to create a world leading company in the consumer retirement market.

Romi Savova, Chief Executive Officer of PensionBee, commented:

"We are pleased to report strong full year results for 2023, having reached £4.4 billion of Assets under Administration. PensionBee has firmly established itself as a household brand name across the UK, synonymous with easy and effective pensions management for consumers, helping approximately 230,000 customers across the UK to become Pension Confident.

Having met our longstanding and ambitious goal of achieving Adjusted EBITDA profitability across the fourth quarter of 2023, we are confident in our continued growth, underpinned by profitability. Our trusted brand, award-winning customer proposition and distinctive combination of smart technology and dedicated customer service will see us continue to become the provider of choice for our customers and grow our market share in the UK.

As we fast approach our 10 year anniversary, we have announced our proposed expansion into the US, the world's largest Defined Contribution pension market, where we see an enormous opportunity to assist many consumers in the US who also struggle to prepare adequately for retirement as they navigate a complex and confusing pensions landscape. We believe that the simplicity we bring through our customer proposition will resonate well with the US consumer, and see this as an exciting next step in our journey to help everyone save for a happy retirement."

Financial Highlights

- Assets under Administration increased by 44% year on year to £4.4bn (2022: £3.0bn), driven predominantly by strong net flows from new and existing customers and a supportive market.

- Correspondingly, Revenue increased by 35% to £23.8m (2022: £17.7m) owing to PensionBee's resilient revenue margin.

- Invested Customer base increased by 25% year on year to 229,000 (2022: 183,000), driven by continued brand awareness of 50% (2022: 52%). Customer Retention Rate >95% remained high and stable (2022: >95%).

- Adjusted EBITDA* of £(8.2)m (2022: £(19.5)m) and Adjusted EBITDA Margin of (35)% (2022: (110)%), reflecting investment in efficient marketing, operating leverage and emerging profitability.

- Profit/(Loss) before Tax of £(10.7)m (2022: £(22.4)m) and Basic Earnings per Share was (4.73)p (2022: (9.97)p).

		As at Year End		
	Dec-2021	**Dec-2022**	**Dec-2023**	***2022-23 YoY***
Revenue (£m)	12.8	17.7	23.8	*35%*
Cost Base (£m)	(29.2)	(37.2)	(32.0)	*(14)%*
Adjusted EBITDA (£m)*	(16.4)	(19.5)	(8.2)	*58%*
Adjusted EBITDA Margin (% of Revenue)	(129)%	(110)%	(35)%	*+76ppt*
Profit/(Loss) before Tax (£m)	(25.0)	(22.4)	(10.7)	*52%*
Profit/(Loss) before Tax Margin (% of Revenue)	(196)%	(127)%	(45)%	*+82ppt*
Basic Earnings per Share	(11.86)p	(9.97)p	(4.73)p	*53%*

Non-Financial Highlights

		As at Year End		
	Dec-2021	**Dec-2022**	**Dec-2023**	***2022-23 YoY***
AUA (£m)	2,587	3,025	4,350	*44%*
AUA Retention Rate (% of AUA)	96%	97%	96%	*stable at >95%*
Invested Customers (thousands)	117	183	229	*25%*
Customer Retention Rate (% of IC)	97%	97%	96%	*stable at >95%*
Cost per Invested Customer (£)	246	248	241	*within threshold*
Revenue Margin (% of AUA)	0.64%	0.63%	0.64%	*+1bp*

		As at Year End		
	Dec-2021	**Dec-2022**	**Dec-2023**	***2022-23 YoY***
Opening AUA (£m)	1,358	2,587	3,025	*17%*
Gross Inflows (£m)	1,099	1,060	1,174	*11%*
Gross Outflows (£m)	(145)	(197)	(318)	*61%*
Net Inflows (£m)	955	863	857	*-1%*
Market Growth and Other (£m)	275	(424)	468	*n/m*
Closing AUA (£m)	2,587	3,025	4,350	*44%*

For definitions, see Managing our Performance section.

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

* PensionBee's Key Performance Indicators include an alternative performance measure ('APM') which is Adjusted EBITDA. 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 this APM assists in providing greater insight into the underlying performance of PensionBee and enhances comparability of information between reporting periods.

Guidance and Outlook

The Board remains confident in PensionBee's potential for continued growth and profitability, due to a combination of the strength and stability of its existing customer base, together with its ability to attract new customers that generate growth in recurring Revenue through its scalable technology platform.

The Company is pleased to reiterate the guidance for the UK, confirming that it will aim to deliver sustained, high Revenue growth. While the Company has demonstrated significant growth to date, the Board remains of the view that the focus on the mass market of pension savers will enable it to deliver substantial further growth as the Company aims to pursue a c.2% market share of the £1.2 trillion transferable pensions market over the next 5-10 years. The Company is aiming to onboard 1 million Invested Customers with pension pots of £20,000-£25,000, creating a Revenue ambition of c.£150m in the long term.

At the same time, given that the Company has invested in its brand and technology over many years, and achieved ongoing Adjusted EBITDA profitability in the final quarter of 2023, it is poised to continue delivering increasingly profitable growth over the medium to long term. The Company's primary financial goal is to deliver Adjusted EBITDA profitability for the full year 2024, measuring this across the year as opposed to over individual quarters. Looking ahead to the next few years after 2024, the Company expects to grow its marketing investment and invest in growth, whilst maintaining its focus on profitability as an underpin with an ambition to achieve long-term Adjusted EBITDA Margins of over 50%.

The recently announced proposed US expansion in partnership with a large, US-based global financial institution will see the US-based partner providing its expertise and substantial marketing funding to the US business. Correspondingly, PensionBee's financial contribution will be financed from the existing resources of PensionBee Group plc, and as a result the US business does not change the existing guidance in the UK.

Current Trading

Trading in 2024 to date has seen positive momentum, with the Company tracking well against its objectives, which are to increase Net Inflows in absolute terms and Net Inflows per £ of marketing spend as compared to 2023.

Analyst, Investor and Press Presentation

A copy of the 2023 Full Year Results announcement and presentation will be made available post-market close on 13 March 2024 for download at: pensionbee.com/investor-relations/results-and-reports. A recording of the presentation will follow.

There will be a webcast presentation hosted by Romi Savova (CEO) and Christoph J. Martin (CFO) for analysts, investors and press on Wednesday 13 March at 5:00pm UK (GMT) / 1:00pm US (EST).

Please contact press@pensionbee.com if you would like to attend.

Alternatively you can register and access the webcast with the following links:

Webcast Link: Webcast for video presentation
Conference Call Link: Conference call for Q&A

Investor Meet Company Presentation

Romi Savova and Christoph J. Martin will also provide a live presentation relating to the Full Year Results via Investor Meet Company on 15 March 2024 at 2:00pm UK (GMT) / 10.00am US (EST).

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 2:00pm UK (GMT) / 10.00am US (EST) on 14 March 2024, or at any time during the live presentation.

Investors can sign up to the Investor Meet Company for free and add to meet PensionBee via:
investormeetcompany.com/pensionbee-group-plc/register.

Investors who already follow the Company on the Investor Meet Company platform will automatically be invited.

Enquiries

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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 UK Defined Contribution market, which exceeds £1 trillion of 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 £4.4bn in Assets Under Administration and 229,000 Invested Customers as at 31 December 2023. PensionBee has consistently maintained a Customer Retention Rate in excess of 95% and an Excellent Trustpilot rating (from more than 10,000 customers), reflecting its commitment to outstanding customer service.

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

Forward Looking Statements

Statements that are not historical facts, including statements about PensionBee's or management's beliefs and expectations, are forward-looking statements. The full year results contain forward-looking statements, which by their nature involve substantial risks and uncertainties as they relate to events and depend on circumstances which will occur in the future and actual results and developments may differ materially from those expressly stated or otherwise implied by these statements.

These forward-looking statements are statements regarding PensionBee's intentions, beliefs or current expectations concerning, among other things, its results of operations, financial condition, prospects, growth, strategies and the industry and markets within which it operates.

These forward-looking statements relate to the date of these full year results and PensionBee does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of the full year results.

Chief Executive Officer's Review

"2023 was not only a year of transition, but also a year of transformation… PensionBee had a longstanding and ambitious goal of reaching ongoing monthly Adjusted EBITDA profitability by the end of 2023, which we met.

We focused on the key elements of our strategy that together make us the pension provider of choice for our customers: our brand and marketing capability, our innovative product offering, our leading customer service, our scalable technology platform and our purpose-built investment range."

Dear fellow shareholder,

2023 was not only a year of transition, but also a year of transformation. We began the year with an uncertain economic backdrop. Interest rates were hitting highs not seen in decades and consumer sentiment was shaken. The war in Ukraine, simmering geopolitical tensions and the cost of living crisis were taking their toll.

Nevertheless, PensionBee had a longstanding and ambitious goal of reaching ongoing monthly Adjusted EBITDA profitability by the end of 2023, which we met.[1] We focused on the key elements of our strategy that together make us the pension provider of choice for our customers: our brand and marketing capability, our innovative product offering, our leading customer service, our scalable technology platform and our purpose-built investment range. As a result, we are proud to have ended the year with Assets under Administration of £4.4bn representing annual growth of 44% (2022: £3.0bn), Revenue of £23.8m representing annual growth of 35% (2022: £17.7m) and having achieved Adjusted EBITDA profitability across the fourth quarter of 2023.[1]

Our strategy and £55m of investment in marketing since inception has seen us firmly established as a household brand name, enabling us to start 2023 with a majority of UK consumers having already heard of PensionBee. Historic investments in high profile advertising campaigns in train stations, on tube panels and on taxis has embedded PensionBee into the consciousness of the consumer. In 2023, we centred our brand awareness activities on the most economical impressions, achieved through radio, television and sports sponsorship. Having done the hard work of teaching consumers about PensionBee and often about pension consolidation and the general importance of saving for a happy retirement, we aspired to keep PensionBee top of mind. We complemented our refined brand strategy with performance marketing led by our data insights, with strong results: our brand awareness was stable at 50%[2] and our 2023 cumulative Cost Per Invested Customer ('CPIC') was £241 (2022: £248), continuing a downward trajectory through the achievement of an in-period CPIC of £213 for 2023 (2022: £251) - both well within our publicly communicated CPIC threshold of £200-250.[1]

While acquiring new customers is crucial to our growth, serving them for decades to come and maintaining our Customer Retention Rate of over 95% is crucial to our business. With this in mind, we continued to invest in our product experience. We released in-product content for our customers, enabling them to enjoy customised articles based on their profiles and access to our award-winning Pension Confident Podcast, packed with helpful financial tips. We invested in tooling to help our customers plan for the future, including a tax relief calculator, a state pension calculator and an inflation calculator. For our at-retirement customers, we introduced functionality for regular in-app withdrawals and the functionality for customers to take a salary through retirement. We also launched our life insurance partnership with LifeSearch, taking a broader view of our customers' needs for retirement planning and helping them to protect themselves and their loved ones should the worst happen. As a result, we maintained an impressive average app store rating at 4.7 out of 5 (4.8 App Store rating and 4.5 Google Play rating) (2022: 4.6) and a Customer Retention Rate of over 95% (2022: >95%).[3]

Key to managing in any economic environment, but especially in the volatile one we have found ourselves in for the last few years, is the provision of excellent customer support. At PensionBee we celebrated the arrival of the Financial Conduct Authority's Consumer Duty, in the hope that it would raise standards across the board in the pensions sector, improving consumer trust and confidence in retirement savings. Our customer duty is firmly embedded in everything we do and especially in our customer service, where we strive to be available to our customers and to offer them the information they need, when they need it. We continued to maintain industry-leading call queue times of 23 seconds (2022: 115 seconds) and a Trustpilot rating of 4.6★ based on approximately 10,000 reviews (2022: 4.6★).[4] In 2023, we even took PensionBee on the road around the UK, visiting customers in London, Brighton, Birmingham, Manchester and Glasgow.

In a year where achieving Adjusted EBITDA profitability was a primary goal, a focus on cost efficiency was of paramount importance. In technology, the best way to maintain cost efficiency is to ensure scalability by design and to invest in automation. Having built our technology on cloud native platforms since inception, we have further automated pension transfers and transactions in an often paper-based industry. This year we continue to invest in the straight-through-processing of pension transfers and seamless contributions through Easy Bank Transfer (our capability of initiating a pension top up in under 60 seconds directly from a customer's bank). We maintained the security of our technology platform, becoming recertified to ISO 27001, a global information security standard.

Finally, we prioritised our investing solution range and with a significant proportion of our customers desiring investments that make a difference in the world, we introduced our Impact Plan in February 2023. Investing exclusively in companies with a proven and measurable impact, the plan enables our customers to solve the world's great social and environmental problems while growing their pensions for the long term. We secured Voting Choice and began voting on 85% of our asset base (Tailored, Tracker and 4Plus) through the ISS SRI Policy, reflecting the views of our customers in key decisions at the companies they own through their pensions.[5] We were pleased to receive another Excellent Value for Money score for our at-retirement product range from our Governance Advisory Arrangement.

While these have been the key pillars of our success to date, it is clear that a new strategic pillar has gained importance in our internal dialogue: Resilience. Having achieved Adjusted EBITDA profitability in the fourth quarter of this year, we are well positioned to continue to grow our market share from a position of trust.[1] Key to that growth is the ability to maintain the security and operational resilience of our infrastructure for the benefit of our customers. We will continue to deploy extensive resources in this area with a particular focus on cyber security.

Proposed US Expansion

We have also recently announced our plans to expand into the United States of America ('US'), having taken an important step by entering into an exclusive, non-binding term sheet with a large, US-based global financial institution.

The US has the world's largest Defined Contribution pension market, representing approximately 80% of the global total and $22.5 trillion in assets.[6] However, many consumers still struggle to prepare adequately for retirement amidst an array of confusing and difficult to use investment options. Given the context of the enormous US market opportunity, we see the potential for our US business to grow rapidly, becoming at least the size of its UK business over the next decade.

Under the proposed strategic relationship, PensionBee will deliver the US service through PensionBee Inc, a yet to be established wholly-owned subsidiary of PensionBee Group plc. PensionBee Inc will be established in Delaware, with operational headquarters in New York. We will manage the operations of the US business, including the hiring of a local team, making available our award-winning online retirement proposition and UK-based proprietary technology to consumers in the US Defined Contribution market. We will enable US consumers to easily consolidate and roll over their 401(k) plans into a new Individual Retirement Account ('IRA').[7]

Our US-based partner will provide its expertise and substantial marketing funding. Correspondingly, our financial contribution will be financed from the Company's existing resources. Entry into a final binding agreement between the parties is subject to confirmatory due diligence, legal documentation and regulatory approvals, with launch expected in late 2024.

Looking Forward

As we look forward to 2024, we continue to be inspired by the size and opportunity within the UK Defined Contribution pension market. Our latest analysis indicates the UK Transferable Pension Market now exceeds £1 trillion of assets and that more and more consumers are consolidating their pensions than before. As a result of our relentless focus on the consumer and their needs, we will continue to grow our market share in the UK.

We are also excited to progress our plans for the US, the world's largest Defined Contribution pension market, with $22.5 trillion of assets. This transformative step for the Company will help millions of US consumers look forward to a happy retirement.

With our established brand and proven scalable technology platform, we remain committed to serving consumers and growing PensionBee for the success of all our stakeholders. As we approach our 10 year anniversary since PensionBee was founded, we look forward to 2024 being another exciting year for us.

Romi Savova
Chief Executive Officer
13 March 2024

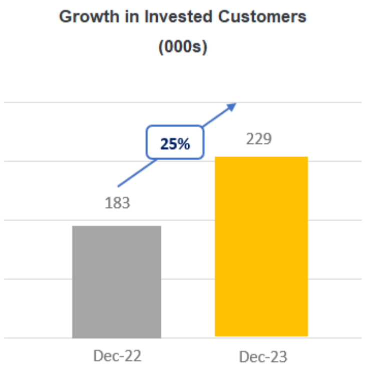
Notes:

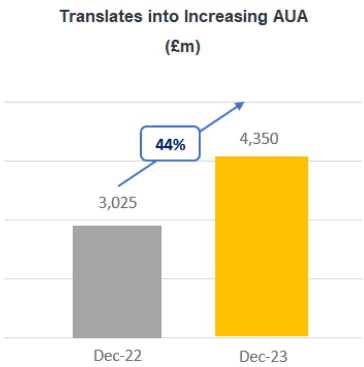
1. See definitions in the Measuring our Performance section.
2. Source: PensionBee brand tracker. Prompted brand awareness in January 2024 measured through a consumer survey asking 'Which of the following have you heard of?' with respect to UK financial services brands: Aviva 86%, Scottish Widows 76%, Standard Life 68%, Royal London 55%, PensionBee 50%, Hargreaves Lansdown 39%, Vanguard 36%, Fidelity 34%, Nutmeg 32%, AJ Bell 29%, Interactive Investor 11%. Compares to PensionBee's prompted brand awareness as at January 2023 of 52%, sourced from PensionBee brand tracker.
3. Compared to average app store rating of 4.6 out of 5 (4.7 App Store rating and 4.5 Google Play rating and a Customer Retention Rate of over 95% for the year ended 31 December 2022.
4. Call queue time of 23 seconds calculated as the average time customers are waiting in a queue to be put through to a team member (based on 41,622 phone calls in 2023) as compared to 115 seconds in 2022 (based on 44,956 phone calls). PensionBee's Trustpilot score as at 12 January 2024 of 4.6★ out of 5 (based on 10,004 reviews) as compared to 4.6★ out of 5 (based on 8,270 reviews) as at 31 December 2022.
5. Reflects 85% of the Assets under Administration across the Tailored, Tracker and 4Plus investment plans as at 31 December 2023. See definitions in the Measuring our Performance section.
6. Investment Company Institute, "Release: Quarterly Retirement Market Data" as at 13 December, 2023. Includes the sum of Defined Contribution Plans and Individual Retirement Accounts ('IRA's).
7. A 401k is an employer-sponsored Defined Contribution retirement plan into which employees can contribute and into which employers may also make matching contributions. An Individual Retirement Account ('IRA') is a tax-advantaged retirement savings account into which an individual can contribute either pre- or post-tax money and which grows on either a tax-deferred or tax-free basis.

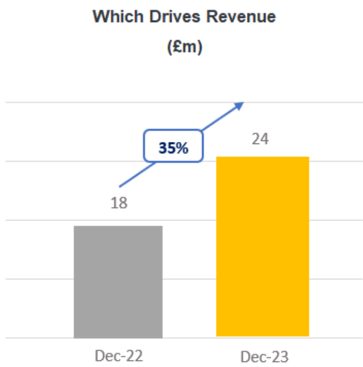
Operating and Financial Review[1]

The achievement of Adjusted EBITDA profitability across the fourth quarter of 2023 was owing to a combination of continued significant growth, the scalability of our technology platform and cost discipline

Trading for the financial year 2023 has been strong and in line with guidance, with high levels of growth achieved across our key performance indicators ('KPI's) along with the achievement of Adjusted EBITDA profitability across the fourth quarter of the year, fulfilling one of our core financial objectives. We achieved this objective by virtue of our continued growth in terms of new customers and strong net inflows from both new and existing customers, through the inherent scalability of our technology platform and with continued cost discipline. We have continued to demonstrate particular strength in customer growth, with the number of Invested Customers ('IC') increasing by 25% to 229,000 (2022: 183,000) and Assets under Administration ('AUA') increasing by 44% to £4.4bn (2022: £3.0bn). This was underpinned by strong Net Flows of £857m (2022: £863m) from new and existing customers together with positive market performance.[2] Revenue for 2023 increased by 35% to £23.8m (2022: £17.7m). Profit/(Loss) before Tax for 2023 was £(10.7)m (2022: £(22.4)m).







Driving customer acquisition through efficient investment in brand awareness

	As at Year End		
	Dec-2023	**Dec-2022**	***YoY***
Advertising and Marketing Expenses			
Advertising and Marketing Expenses (£m)	(9.7)	(16.6)	*-41%*
Cost per Invested Customer (£)[3]	241	248	*within threshold*
Customers			
Invested Customers (thousands)	229	183	*25%*

This year we continued to realise the benefits of our prior investment, fulfilling our growth strategy, driving strong customer acquisition with less spend than the previous year. Marketing spend in 2023 was £9.7m (2022: £16.6m), bringing our cumulative marketing expenditure to more than £55m, highlighting our commitment to investing in brand awareness while reducing our overall Cost per Invested Customer ('CPIC'). Our investment in the brand to date has helped to cement PensionBee as a household name, with brand awareness of 50%.[4] Our customer acquisition strategy continues to be led by our in-house Data Platform which provides extensive and invaluable insights, guiding decision-making and the optimisation of our performance marketing channels. Our focus has been on driving customer acquisition supported by insights from our data capability. With this approach, we are able to more effectively and accurately target customers who are likely to convert - a key reason why we were able to grow our Invested Customer base by 25% to 229,000 (2022: 183,000).

Our data-led, multi-channel approach to marketing focuses on trusted and cost-effective channels. Through YouTube and Tik Tok, we have successfully reached millions of customers. We brought educational initiatives to customers in ways that increase appeal and brand recognition, for example, through in-person roadshows and our Lovie award nominated Pension Confident Podcast. In addition, we maintained our brand name recognition through the renewal of our partnership with Brentford Football Club ('Brentford FC'). We have remained the official pension partner sponsor, and have become the left sleeve sponsor for the Men's first team and the 'front of shirt' sponsor for the B team, Academy and Women's team. Partnering with a Premier League team has helped the PensionBee brand to reach millions of football spectators across the UK, building customer trust in the process.

As guided, the Cost per Invested Customer ('CPIC') has extended its downward trajectory this year. This can be attributed to our increased brand awareness as a result of prior investment in marketing as well as our data-driven acquisition capabilities, which have enabled us to acquire customers efficiently. In 2023, we grew our Invested Customer base by 25%, with CPIC declining to £241 (2022: £248). Continuing on this downward trajectory will be instrumental in driving ongoing sustainable long-term Adjusted EBITDA profitability.[1]

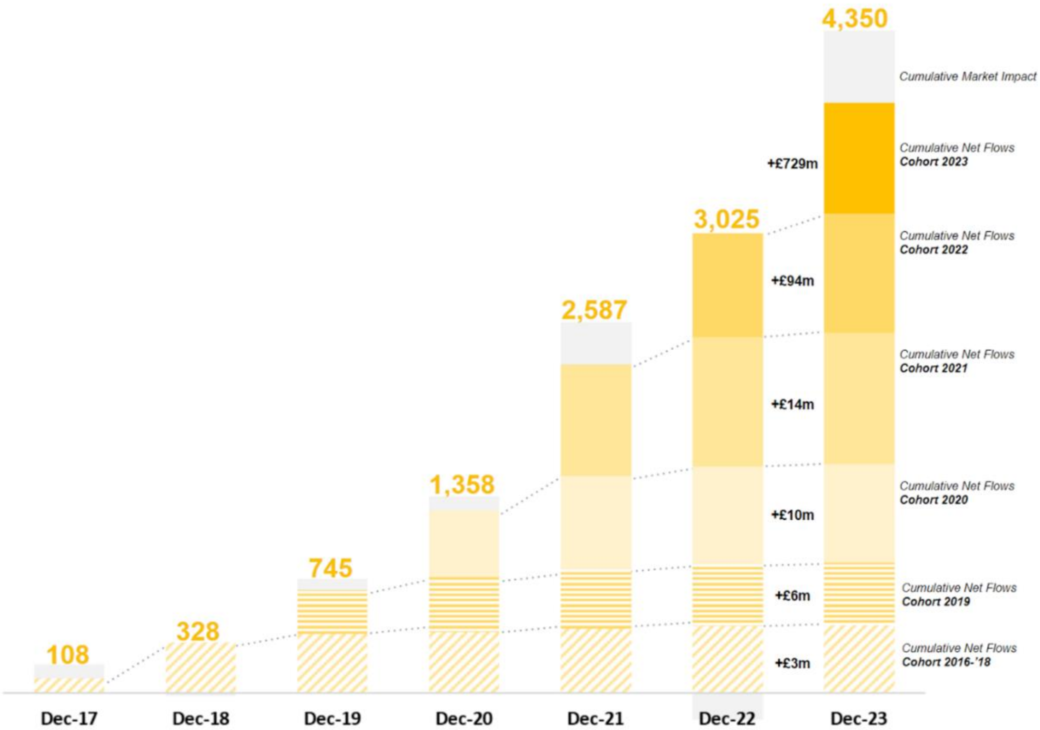
Strong Asset Growth Momentum driven by High Retention Rates and Cost Disciplined Acquisition

	As at Year End		
	Dec-2023	**Dec-2022**	***YoY***
Customer Retention Rate (% of IC)[1]	**96%**	**97%**	***Stable at >95%***
AUA Retention Rate (% of AUA)[1]	**96%**	**97%**	***Stable at >95%***
Opening AUA (£m)	**3,025**	**2,587**	***17%***
Gross Inflows (£m)	1,174	1,060	*11%*
Gross Outflows (£m)	(318)	(197)	*61%*
Net Flows (£m)[1]	**857**	**863**	***-1%***
Market Growth/(Contraction) and Other (£m)	468	(424)	*n/m*
Closing AUA (£m)	**4,350**	**3,025**	***44%***
Net Flows (£m)	**857**	**863**	***-1%***
Of which Net Flows from New Customers (£m)	729	685	*7%*
Of which Net Flows from Existing Customers (£m)	127	178	*-28%*

In 2023, we delivered 44% year-on-year growth in our AUA base from £3,025m to £4,350m. This demonstrated our ability to continue to execute on our growth strategy, whilst simultaneously meeting our profitability targets. We drove AUA growth primarily through acquiring new customers, building trust and aiming to be the main pension provider of choice for our customers. Our product, which includes various tools, features and capabilities, helps our customers feel more 'Pension Confident' as they plan for a happy retirement. This is supported by our high Retention Rate of existing customers, which continues to be more than 95%. We recorded £1.2bn of Gross Inflows this year (2022: £1.1bn).

Across the year we acquired 46,000 Invested Customers (2022: 66,000), from which we generated £729m of Net Flows (2022: £685m Net Flows from New Customers). Leveraging our strong brand awareness, coupled with our data-driven customer acquisition capability, we were able to generate a 7% year-on-year increase in Net Flows from New Customers, even though we reduced marketing expenditure by 41% over the same period. Additionally, the customers we acquired in 2023 had a higher average age, and by extension, a higher incoming pension pot size.

Net Flows by Customer Cohorts (£m)



Our existing customers have continued to entrust us with their retirement savings, selecting PensionBee as their primary pension provider, adding additional pensions and making regular pension contributions. Growth from existing customers represented £127m of AUA in 2023 (2022: £178m). Since inception, we have been able to maintain high Customer and AUA Retention Rates of >95%, with this trend continuing in 2023. This reflects PensionBee's commitment to continuous product development which helps to drive engagement. Our app, which supports our aim of making pensions simple, provides a rich content experience to help customers make decisions around core pension management and retirement planning, such as how much to contribute. As is customary in the industry, our customers' pensions are predominantly invested in global equity capital markets and therefore the performance of the market drives movements in AUA. As such, given that global equity markets largely recovered from last year's period of extreme volatility, we saw positive market movement account for £468m of the overall AUA growth this year (2022: £(424)m).

Resilient Revenue Margin drove an Overwhelming Majority of Recurring Revenue

	As at Year End		
	Dec-2023	**Dec-2022**	***YoY***
Revenue Margin (% of AUA)[1]	0.64%	0.63%	*+1bp*
Revenue (£m)	**23.8**	**17.7**	***35%***

We translated strong year-on-year AUA growth of 44% for 2023 (2022: 17%) into Revenue growth of 35%, reaching £23.8m (2022: £17.7m), by virtue of our resilient Realised Revenue Margin (the annual management fee after discounts) of 0.64% (2022: 0.63%).

Since the vast majority of our Revenue is derived from annual management fees charged as a percentage of AUA, the high retention of Invested Customers and AUA makes the overwhelming majority of our Revenue recurring in nature. Revenue is also inclusive of revenue generated from other activities, including our partnership with intermediaries such as LifeSearch, as well as ad-hoc income, although this currently represents an immaterial portion of our overall Revenue.

Efficient Investment in our Industry Leading Technology Platform, People and Product

	As at Year End		
	Dec-2023	**Dec-2022**	***YoY***
Money Manager Costs (£m)	**(3.2)**	**(2.8)**	***15%***
Employee Benefits Expense (excluding Share-based Payments) (£m)	(12.3)	(9.6)	*29%*
Other Operating Expenses (£m)	(6.8)	(8.2)	*-18%*
Technology Platform Costs & Other Operating Expenses (£m)	**(19.1)**	**(17.8)**	***7%***

Our Technology Platform

During 2023, we continued to make further investments into enhancing the capabilities of our modern, scalable and secure proprietary technology, to help position PensionBee for future growth. Our cloud-based, API-driven platform allows for a granular level of optimisation, enabling us to deliver new innovative features, refinements and increased automation at pace. The scalability of our technology platform is highlighted by the achievement of a year-on-year decrease in Technology Platform Costs & Other Operating Expenses as a percentage of Revenue from (101)% in 2022 to (80)% in 2023 driven in part by a reduction in Other Operating Expenses to £(6.8)m (2022: £(8.2)m). Continuing on this trajectory of improving cost efficiency is central to driving long-term operating leverage.

The Company has continued to invest in the scalability of its technology platform through a focus on internal automation, efficiency, security and pension transfer improvements to support productivity. There has been further integration with the Company's proprietary data platform and its product development processes to facilitate best practice decision-making. We have emphasised the improvement of our internal automation to support productivity, including the streamlining of our provider processes. One of the ways we measure productivity is through the Invested Customers per Staff Member metric, which saw an improvement of 15% from 970 in 2022 to 1,112 in 2023.[5] Benefits from investment in automation were instrumental in achieving Adjusted EBITDA profitability across the fourth quarter of 2023.

We have continued to explore and adopt artificial intelligence tooling within our departments to leverage its many benefits. For instance, we have begun to use it for initial content generation, project research and coding problem resolution, to name a few areas. We are also progressively integrating our data platform within our daily product management operations, linking core KPIs to projects to ensure our multidisciplinary development teams remain productive and impactful. To facilitate company-wide data-led decision making, we have also trained employees of varying disciplines in utilising the platform.

Given our focus on security, we continued to implement cyber security tools and best practices. We reinforced a culture of security awareness through increasing standardisation, monitoring and automation of information security operations and compliance.

Our Product

PensionBee has developed an excellent record of delivering industry leading customer service, which is demonstrated by our continued Excellent Trustpilot rating of 4.6★ (2022: 4.6★), as well as our consistently high Customer Retention Rate of >95%. This is a result of our emphasis on customer satisfaction and continuous product innovation.

Our data supports our conclusion that engaged customers are more likely to grow their pension savings with us and are therefore more likely to enjoy the type of retirement they deserve. That is why this year, our multidisciplinary 'empowered teams' continued to develop our product offering for the benefit of our customers, incrementally rolling out new features aimed at increasing engagement with our customers. Our searchable FAQs and enhanced help functionalities were developed to guide our customers to more easily find our helpful content. Improving our educational content was a key focus for us. Our customers can now read our content in-app and are served with personalised content features based on our predictions of their interests, to help them make the most of their money. This includes educating them on helpful complements to their pension, such as life insurance.

We continuously explore ways in which we can help our customers manage their pensions more easily. Our new Regular Withdrawals feature enables our customers to take a regular income from their PensionBee pension by setting up automatic monthly payments, via our desktop or app, directly to their bank account, effectively saving our customers time and improving convenience. Listening to our customers is important to us and their feedback helps us to design products that make managing their pensions easier.

To help our customers with their long-term financial planning we launched our State Pension Age Calculator, designed to help savers evaluate if they can retire before they're eligible to receive the State Pension. We also launched a new online tax relief calculator which encourages our customers to make the most of their pension contributions ahead of the tax year-end.

Given that the safety and security of our customers' data is of paramount importance to us, we also implemented mandatory two-factor authentication for all our customers.

Our customers' overall financial wellbeing is important to us. This is why we recently launched a partnership with LifeSearch to help our customers obtain a range of insurance products including life and critical illness cover, to enable them to continue to save for a happy retirement with the confidence that they have a source of financial support even if the worst does occur. Initial customer demand has been positive and we look forward to seeing this progress.

Our People

We continued to invest in automation and therefore our overall headcount remained relatively stable at approximately 206 average full-time employees in 2023 (2022: 189), while the associated Employee Benefits Expense increased to £(12.5)m for 2023 (2022: £(9.6)m), reflecting the advancement of our team and ensuring we support employees during a high inflation environment.

Our Money Managers

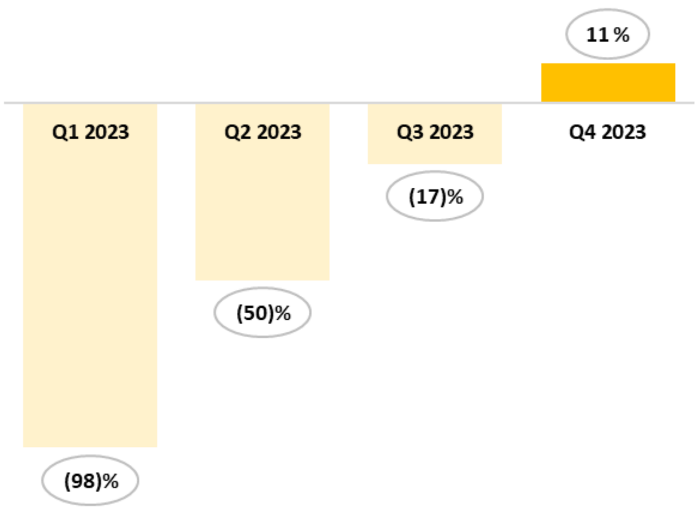
Money Manager Costs increased to £(3.2)m in 2023 (2022: £(2.8)m), a lower rate than the increase in Revenue, due to the maintenance of competitive pricing with money managers.

Profitability Metrics

	As at Year End		
	Dec-2023	**Dec-2022**	***YoY***
Adjusted EBITDA (£m)	**(8.2)**	**(19.5)**	***58%***
Adjusted EBITDA Margin (% of Revenue)	(35)%	(110)%	*+76ppt*
Profit/(Loss) before Tax (£m)	**(10.7)**	**(22.4)**	***52%***

In 2023, we made significant progress towards Adjusted EBITDA profitability, achieving sustained Adjusted EBITDA profitability across the fourth quarter of the year. The effective deployment of our discretionary marketing budget and continued cost discipline, as well as the benefits of operating leverage gained through the scalability of our technology platform, were instrumental in achieving this pivotal milestone.

Adjusted EBITDA Margin in 2023



Adjusted EBITDA Margin improved from (110)% in 2022 to (35)% in 2023. Adjusted EBITDA profitability was achieved in Q4 2023, with a positive Adjusted EBITDA Margin of 11% as compared to (98)%, (50)% and (17)% in Q1, Q2 and Q3 respectively. Adjusted EBITDA captures Advertising and Marketing Expenses but excludes the Share-based Payment costs and Listing Costs.

	As at Year End		
	Dec-2023	**Dec-2022**	***YoY***
Share-based Payment (£m)	(2.2)	(1.9)	15%
Transaction Costs (£m)	-	(0.7)	*-100%*
Profit/(Loss) before Tax (£m)	**(10.7)**	**(22.4)**	***52%***
Taxation (£m)	0.1	0.3	*n/m*
Basic Earnings per Share	**(4.73)p**	**(9.97)p**	***53%***

Profit/(Loss) before Tax narrowed to £(10.7)m for 2023 from £(22.4)m in 2022, reflecting our progress towards profitability and showcasing the operating leverage in our model, whilst we continue to grow.

Share-based Payment costs increased during the period to £(2.2)m (2022: £(1.9)m).

Taxation included enhanced tax credits in relation to routine Research and Development refunds. No deferred tax asset was recognised with respect to the carried forward losses.

Basic Earnings per Share ('EPS') was (4.73)p for 2023 (2022: (9.97)p), the improvement reflecting the progress made towards profitability.

Financial Position

The Group's balance sheet remains strong and the Company is confident in its ability to maintain an appropriate cash balance going forward. The Cash and Cash Equivalents balance was £12.2m at the end of this year (2022: £21.3m) having decreased by £9.1m in the 2023 financial year due to continued investment in marketing as well as our technology platform, to generate future returns (2022: net decrease of £22.2m). As of the end of 2023, the Group had no borrowings.

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 2023, the capital resources stood at £12.6m (unaudited) as compared to a capital resource requirement of £1.6m (unaudited), resulting in coverage of 7.9x. We have maintained a healthy surplus over our regulatory capital requirement throughout the year and continue to manage our financial resources prudently.

Summary Financial Highlights*

	As at Year End		
	Dec-2023	**Dec-2022**	***YoY***
Revenue (£m)	**23.8**	**17.7**	***35%***
Money Manager Costs,[6] Technology Platform Costs & Other Operating Expenses (£m)[7]	(22.3)	(20.6)	*8%*
Adjusted EBITDA (£m)**	**(8.2)**	**(19.5)**	***58%***
Adjusted EBITDA Margin (% of Revenue)	(35)%	(110)%	+76 ppt
Profit/(Loss) before Tax (£m)	**(10.7)**	**(22.4)**	***52%***
Basic Earnings per Share	**(4.73)p**	**(9.97)p**	***53%***

* See definitions in the Measuring our Performance section.

** PensionBee's Key Performance Indicators include an alternative performance measure ('APM'), which is Adjusted EBITDA. 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 this APM assists in providing additional insight into the underlying performance of PensionBee and aids comparability of information between reporting periods. A reconciliation to the nearest IFRS number is provided in Note 25 of the Financial Statements 'Alternative Performance Measure'.

Notes:

1. See the Measuring our Performance section.
2. As at 31 December 2023. Invested Customers ('IC') means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans. 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. Net Flows measures the cumulative inflow of PensionBee AUA from consolidation and contribution ('Gross Inflows'), less the outflows from withdrawals and transfers out ('Gross Outflows') over the relevant period.
3. 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.
4. Source: PensionBee brand tracker. Prompted brand awareness in January 2024 measured through a consumer survey asking 'Which of the following have you heard of?' with respect to UK financial services brands: Aviva 86%, Scottish Widows 76%, Standard Life 68%, Royal London 55%, PensionBee 50%, Hargreaves Lansdown 39%, Vanguard 36%, Fidelity 34%, Nutmeg 32%, AJ Bell 29%, Interactive Investor 11%. Compares to PensionBee's prompted brand awareness as at January 2023 of 52%, sourced from PensionBee brand tracker.
5. Total workforce of 198 as of 31 December 2023 includes 192 UK employees and six non-UK contractors, but excludes four Non-Executive Directors. Total workforce of 208 as of 31 December 2022 includes 204 UK employees and four non-UK contractors, but excludes four Non-Executive Directors. The Invested Customer per Staff Metric is calculated by dividing the number of Invested Customers by the total workforce at the end of the period.
6. Money Manager Costs are variable costs paid to PensionBee's money managers.
7. Technology Platform Costs & Other Operating Expenses comprises Employee Benefits Expense (excluding Share-based Payment) and Other Operating Expenses.

Measuring our Performance

When considering 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	**2023: £23.8m** 2022: £17.7m	*35%*	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.
Adjusted EBITDA*	**2023: £(8.2)m** 2022: £(19.5)m	*58%*	Adjusted EBITDA is the operating profit or loss for the year before taxation, finance costs, depreciation, share based compensation and listing costs. This measure is a proxy for operating cash flow.
Adjusted EBITDA Margin	**2023: (35)%** 2022: (110)%	*+76ppt*[1]	Adjusted EBITDA Margin means Adjusted EBITDA as a percentage of revenue for the relevant year.
Profit/(Loss) before Tax ('PBT')	**2023: £(10.7)m** 2022: £(22.4)m	*52%*	Profit/(Loss) before Tax is a measure that looks at PensionBee's profit or losses for the year before it has paid corporate income tax.
Basic Earnings per Share ('EPS')	**2023: (4.73)p** 2022: (9.97)p	*53%*	Basic Earnings per Share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the period.
Net Cash Flow	**2023: £(9.1)m** 2022: £(22.2)m	*59%*	Net Cash Flow is the sum of cash generated by operations, investments and financing activities, less cash used in operations, investments and financing activities.

* PensionBee's Key Performance Indicators include an alternative performance measure ('APM'), which is Adjusted EBITDA. 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 this APM assists in providing additional insight into the underlying performance of PensionBee and aids 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'.

Non-Financial Performance Measures

Assets under Administration ('AUA')	**2023: £4.4bn** 2022: £3.0bn	*44%*	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)	**2023: 96%** 2022: 97%	*Stable at >95%*	AUA Retention measures the percentage of retained PensionBee AUA from transfers out 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.
Net Flows	**2023: £857m** 2022: £863m	*-1%*	Net Flows measures the cumulative inflow of PensionBee AUA from consolidation and contribution ('Gross Inflows'), less the outflows from withdrawals and transfers out ('Gross Outflows') over the relevant period.
Invested Customers ('IC')	**2023: 229k** 2022: 183k	*25%*	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)	**2023: 96%** 2022: 97%	*Stable at >95%*	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 Invested Customer ('CPIC')	**2023: £241** 2022: £248	*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.
Revenue Margin (% of AUA)	**2023: 0.64%** 2022: 0.63%	*+1bp*	Realised Revenue Margin expresses the recurring Revenue over the average quarterly AUA held in PensionBee's investment plans over the period.

Notes:
1. A ppt is a percentage point. A percentage point is the unit for the arithmetic difference of two percentages.

Principal Risks and Uncertainties

Principal Risks

We have identified six top-level risks which could potentially have a material adverse impact on the Company’s business or long-term performance, and if not appropriately mitigated they could result in unfavourable public perceptions of the Company's business prospects and cause significant reputational damage. These risks could arise from internal or external events, acts or omissions. The risks 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.

Regulatory Risk

Our 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 our business could have a material adverse effect on our prospects.

PensionBee’s operations are subject to authorisation and supervision from the Financial Conduct Authority (‘FCA’), and supervision from HMRC and the Information Commissioner’s Office. PensionBee may fail, or be held to have failed, to comply with regulations. Such regulations and approvals may change making compliance more onerous and costly. If the FCA or other regulators concluded that PensionBee had breached applicable regulations, this could result in a public reprimand, fines, customer redress or other regulatory sanctions. PensionBee must also comply with relevant regulatory capital and liquidity requirements.

We 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 related losses, were upheld against PensionBee, it could have a material adverse effect on our business and financial condition.

Information Security Risk

PensionBee faces various risks related to the confidentiality, availability and integrity of our IT systems.

We hold confidential and personal data, which is subject to strict data protection and privacy laws in the UK, including the Data Protection Act and UK GDPR. The loss or misuse of data could result in a material loss of business, financial losses, regulatory enforcement actions and significant harm to our reputation. If our information security processes, policies and procedures relating to personal data are not fully implemented and adhered to by our employees, or if any of our third party service providers fail to manage data in a compliant manner, we could face financial sanctions and reputational damage.

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

There is also a risk of ineffective controls, or control failures, that are in place to ensure our technology architecture is fit for purpose, including the infrastructure required to support applications, networking, hardware and software, resulting in our inability to meet the standards required to deliver to internal and external user expectations.

Operational Risk

During the regular course of business, we may be exposed to adverse financial or reputational impact due to inadequate or failed internal processes, people performance or IT systems, or due to third-parties or external events. Key operational process risks are linked to our customer service, banking, finance, marketing and change implementation processes. Operational Risk also includes our risks in the areas of human resource management, risk management and internal governance.

PensionBee is dependent on third-party technology and financial services providers for the provision of asset management, banking and technology services. Any termination, interruption or reduced performance of 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, unauthorised physical or electronic access, or other causes. There is no guarantee that our preventative measures would protect us from all potential damage arising from any of the events described above.

Financial Risk

Market Risk

Our business may be adversely affected by negative sudden or prolonged fluctuations in global 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 Assets under Administration. Our Revenue and profitability are therefore directly influenced by the health of the global capital markets. A general deterioration in the global economy and a resulting decline in capital markets, or an increase in volatility, may have a negative impact on the value of our customers’ pensions and their overall confidence to make new contributions to, or to consolidate new pensions into, their PensionBee pension.

Credit Risk

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

Strategic Risk

The pensions market is competitive and there is no guarantee that we will be able to continue to maintain the growth levels we have achieved to date, nor 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 our Executive Management Team to implement our strategy. The loss of a significant number of Directors, Executive Management 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 the ability to achieve our strategic objectives.

Climate Risk

As climate change intensifies, dangerous weather events are becoming more frequent and more severe. More frequent and intense droughts, storms, heat waves, rising sea levels, melting glaciers and warming oceans can directly harm life and wreak havoc on people's livelihoods and communities. These significant shifts in the global climate have a potential to adversely affect our employees, customers and other stakeholders, and have broader implications on economic, social and cultural assets.

Physical risks from increased variability and extremity of climatic conditions can reduce the value of certain assets and income streams. Climate change could also affect monetary policy by slowing productivity growth (for example, through damage to health and infrastructure) and heightening the uncertainty and inflation volatility. This can justify the adaptation of monetary policy to the new challenges. Any of these changes could in turn have a material adverse effect on our business and financial position.

Summary of Risks and Mitigations

Through the risk management processes described above, we have taken the appropriate steps to manage risk in accordance with the Board's risk appetite. The summary of the key mitigating factors is presented below.

Principal Risk	Risk Definition	Key Mitigations
Regulatory Risk	The risk of regulatory sanctions, material financial loss, or reputational damage the Company could suffer as a result of its failure to comply with applicable laws, regulations, rules, or related internal standards and codes of conduct	• Maintaining a robust risk management framework and a set of internal policies which are reviewed regularly • Ensure adequate staff training and communication for key policies and procedures • Comprehensive second line assurance programme in place providing oversight over the effectiveness of regulatory compliance and related controls • Robust change approval process requiring regulatory compliance checks • Regulatory capital and liquidity planning and monitoring through the Finance function • Regular interactions with industry bodies to proactively monitor trends • Values-based culture and strategy centred around Consumer Duty
Information Security Risk	The risk of data loss, theft or disruption of information systems both internally and throughout the supply chain, which impacts confidentiality, integrity and availability	• Regular Data back-up and restoration testing to allow for recovery in the event of cyber attack or corruption of data • Proactive technical and analytical vulnerability assessment and mitigation • Monitoring key third party services and performance metrics as part of the ISMS • Ongoing infrastructure assessments against business requirements • Ongoing compliance and certification to ISO 27001 and Cyber Essentials Plus • Ongoing monitoring of compliance with applicable regulation and legislation in respect of Data Protection • Maintaining a robust policy set and controls to keep information secure

		• Frequent training for all employees to promote a culture of security awareness • Continuing to invest in the Information Security Programme in order to mitigate the evolving cyber risks • Robust business continuity plans in place for critical assets and functions, which are tested regularly • 24x7 / 365 threat detection, monitoring and response on critical assets to detect and prevent malicious behaviour proactively and reactively
Operational Risk	The risk of loss, disruption of business or adverse regulatory action resulting from inadequate or failed internal processes, people performance, systems, or due to third parties or external events	• Implementing automation to reduce manual processing • A comprehensive set of internal controls, operational procedures and Company policies • Periodic training for all employees and specialised training for customer service teams • Structured performance management for all employees and formalised succession planning for key roles • Robust external supplier selection and due diligence process with ongoing monitoring of key suppliers • Effective internal governance to adequately oversee and challenge the risk positions • Maintaining a risk-aware corporate culture based on accountability and transparency
Financial Risk	The risk of the Company's inability to fulfil its financial obligations or internal objectives due to loss of revenue resulting from adverse price movements in the capital markets, or the impact of worsening creditworthiness or default of a key financial partner	• Geographic and asset class diversification of the plans • Recurring Revenue from long-duration assets • Financial planning based on scenario analysis • Partnering with only large and reputable asset managers and banking institutions • Internal controls in place monitoring capital quality and reserves • Robust processes in place to ensure the integrity of financial data
Strategic Risk	The risk of failures in strategic planning and execution leading to the Company not achieving its core objectives	• Core objectives calibrated using customer and regulatory trends and feedback • Robust strategic change management internal controls in place • Employing agile product development and deployment cycles
Climate Risk	The risk of negative impact of climate change or its broader economic, financial and societal consequences on the Company, or the Company's failure to meet sustainability requirements from a commercial, regulatory or stakeholder perspective	• Small physical footprint, remote working, cloud-based technology • Risk transfer policies • Ongoing monitoring of regulatory compliance • Screenings applied in our funds to reduce harmful exposures (Tailored Plan, Fossil Fuel Free Plan, Impact Plan) • Using asset managers, banking and cloud providers that have robust business continuity plans in place • Clearly assigned climate risk-related roles and responsibilities • Monitoring climate risks faced today and under future scenarios

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, the Board has assessed the viability of PensionBee Group plc and its subsidiary PensionBee Limited (together the 'Group') for the four-year period to December 2027, 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. The Board considers a four-year period to be an appropriate time frame because it would likely capture the length of a potential downside business cycle and provide sufficient time to identify and execute mitigating actions required to address the stress test scenarios as outlined below.

This assessment has been made giving consideration to the financial position, regulatory capital and liquidity requirements of the Group (as set out in 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 in the Managing our Risks section of the Strategic Report). Such risks have been categorised into Regulatory Risk, Information Security Risk, Operational Risk, Financial Risk, Reputational Risk, Strategic Risk and Climate Risk, in accordance with our risk management framework.

PensionBee Limited is an FCA regulated entity and therefore is required to hold appropriate levels of own funds which are at all times in excess of its Liquid Capital Requirement and other capital requirements.

The Board-approved medium term plan assumes the business continues to grow Invested Customers and AUA through continued investment in its customer proposition, 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 also considered the potential impact of the following stress test scenarios, which together represent a severe and unlikely, but possible scenario. The stress test scenarios would impact the plan from 2024 onwards:

- **Financial Risk (Market Risk)** - A material reduction in global equity markets as a result of global macroeconomic uncertainty (such as geopolitical disruptions, persistent inflation and a high interest rate environment) and prolonged equity market volatility has been assumed over the forecast period. More specifically, the analysis assumed a significant decline in the global equity markets, falling by 50% in the first year and remaining depressed until 2025, with a linear recovery to the pre-crisis level assumed for the remainder of the forecast period.

- **Information Security Risk** - The materialisation of a confidentiality, availability or integrity event that undermines our reputation and reduces conversion and reduces average pension pot sizes. The analysis assumed a material reduction in the customer conversion rate and average pension pot size of newly acquired customers over the forecast period, whereby they would decrease Assets under Administration by 10%.

In the event that such modelled scenarios were to manifest, the Board has identified a number of potential mitigating actions that management could take. The primary lever for consideration would be the reduction of discretionary marketing expenditure and the implementation of fixed cost savings. The Board considers this approach to be reasonable, especially given that the Group's financial position has strengthened further over 2023 (in light of it achieving ongoing Adjusted EBITDA profitability in the fourth quarter of 2023) and given the strength of PensionBee's positioning within the UK competitive landscape. The results of the modelling have confirmed that the Group would be able to withstand the adverse financial impact of these aforementioned 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 underwent rigorous review and was approved by the Board in December 2023. The stress test scenarios and associated mitigating actions were reviewed in February 2024 and were subsequently approved in March 2024. The Directors confirm that they have a reasonable expectation that the Group will be able to continue to operate and meet its capital requirements and liabilities as they fall due over the four-year period to December 2027.

The Strategic Report was approved by the Board on 13 March 2024 and signed on its behalf by:

Romi Savova
Chief Executive Officer
13 March 2024

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 Group and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's operations and disclose with reasonable accuracy at any time the financial position of the Group and 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 the Company 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 and financial position of the Group and the Company and profit or loss of the Group 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 it faces.

We consider that the Annual Report and Financial Statements 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

Approved by the Board of Directors on 13 March 2024 and signed on its behalf by:

Romi Savova
Chief Executive Officer
13 March 2024

Results for the Year

PensionBee Group plc
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

		2023	2022
	Note	£ 000	£ 000
Revenue	4	23,817	17,662
Employee Benefits Expense (excluding Share-based Payment)	5	(12,301)	(9,554)
Share-based Payment	5, 21	(2,182)	(1,898)
Depreciation Expense	12, 13	(288)	(276)
Advertising and Marketing		(9,718)	(16,554)
Other Expenses	7	(10,017)	(11,067)
Listing Costs	25	-	(687)
Operating Profit/(Loss)		**(10,689)**	**(22,374)**
Finance Income	8	6	-
Finance Costs	8	(36)	(46)
Profit/(Loss) before Tax		**(10,719)**	**(22,420)**
Taxation	10	150	274
Profit/(Loss) for the Year		**(10,569)**	**(22,146)**
Total Comprehensive Profit/(Loss) for the Year wholly attributable to Equity Holders of the Parent Company		**(10,569)**	**(22,146)**
Earnings per Share (pence per Share)			
Basic and Diluted	11	(4.73)	(9.97)

The above results were derived from continuing operations.

The notes form an integral part of these financial statements.

PensionBee Group plc
Consolidated Statement of Financial Position
As at 31 December 2023

		2023	2022
	Note	£ 000	£ 000
Assets			
Non-current Assets			
Property, Plant and Equipment	12	305	358
Right of Use Assets	13	412	553
Financial Assets (Deposits)		147	-
		864	**911**
Current Assets			
Trade and Other Receivables	14	4,347	3,412
Cash and Cash Equivalents		12,214	21,321
		16,561	**24,733**
Total Assets		**17,425**	**25,644**
Equity and Liabilities			
Equity			
Share Capital	15	224	223
Share Premium	16	53,218	53,218
Share-based Payment Reserve	16,21	12,397	10,215
Retained Earnings	16	(50,694)	(40,124)
Total Equity		**15,145**	**23,532**
Non-current Liabilities			
Lease Liability	17	292	397
Provisions	18	49	46
		341	**443**
Current Liabilities			
Lease Liability	17	106	154
Trade and Other Payables	19	1,833	1,515
		1,939	**1,669**
Total Liabilities		**2,280**	**2,112**
Total Equity and Liabilities		**17,425**	**25,644**

The notes form an integral part of these financial statements.

Approved by the Board on 13 March 2024 and signed on its behalf by:

Christoph J. Martin
Chief Financial Officer

PensionBee Group plc
Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

	Note	Share Capital	Share Premium	Share-based Payment Reserve	Retained Earnings	Total
	Note	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2022		221	53,218	8,317	(17,976)	43,780
Profit/(Loss) for the Year		-	-	-	(22,146)	(22,146)
Total Comprehensive Profit/(Loss)		-	-		(22,146)	(22,146)
Share-based Payment Transactions		-	-	1,898	-	1,898
Exercise of Share Options	15	2	-	-	(2)	-
At 31 December 2022		**223**	**53,218**	**10,215**	**(40,124)**	**23,532**
At 1 January 2023		223	53,218	10,215	(40,124)	23,532
Profit/(Loss) for the Year		-	-	-	(10,569)	(10,569)
Total Comprehensive Profit/(Loss)		-	-		(10,569)	(10,569)
Share-based Payment Transactions		-	-	2,182	-	2,182
Exercise of Share Options	15	1	-	-	(1)	-
At 31 December 2023		**224**	**53,218**	**12,397**	**(50,694)**	**15,145**

The notes form an integral part of these consolidated financial statements.

PensionBee Group plc
Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023	2022
		£ 000	£ 000
Cash Flows used in Operating Activities			
Profit/(Loss) for the Year		(10,569)	(22,146)
Adjustments to Cash Flows from Non-cash Items			
Depreciation		288	276
Finance Costs	8	36	46
Share-based Payment Transactions		2,182	1,898
Taxation	10	(150)	(274)
Operating Cash Flows before movements in Working Capital		(8,213)	(20,200)
Working Capital Adjustments			
Increase in Trade and Other Receivables	14	(1,553)	(162)
Increase in Trade and Other Payables	19	318	(1,511)
Cash used in Operations		(9,448)	(21,873)
Income Taxes Received	10	623	194
Net Cash Flow used in Operating Activities		(8,825)	(21,679)
Cash Flows used in Investing Activities			
Acquisition of Equipment	12	(96)	(367)
Net Cash Flow used in Investing Activities		(96)	(367)
Cash Flows from Financing Activities			
Payment of Principal of Lease Liabilities	17	(153)	(105)
Payment of Interest of Lease Liabilities	17	(33)	(46)
Net Cash Flows from Financing Activities		(186)	(151)
Net (Decrease) / Increase in Cash and Cash Equivalents		**(9,107)**	**(22,197)**
Cash and Cash Equivalents at 1 January		**21,321**	**43,518**
Cash and Cash Equivalents at 31 December		**12,214**	**21,321**

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 form an integral part of these consolidated financial statements.

1. General Information

PensionBee Group plc ('Company') is the parent company of PensionBee Limited ('Subsidiary') (together the 'Group'). The Company is a public company, whose shares are traded on the Premium Segment of the Main Market 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 2023.

On 24 March 2021, PensionBee Group plc acquired all the issued shares of PensionBee Limited through a share for share transaction ('Group Reorganisation'). From the acquisition date, PensionBee Limited became a subsidiary of PensionBee Group plc.

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 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.

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 good cash reserves and forecasts growth that should see the financial results improve in the future years.

The Group has been operationally resilient as proven by consistent operational efficiencies that have been maintained during the financial year. Stress testing was done by considering severe and unlikely but possible scenarios 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 macroeconomic and geopolitical environment, increased cost of living in the UK and interest rate rises.

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

The following amendments are effective for the period beginning 1 January 2023:

Standard	**Effective Date, Annual Period beginning on or after**
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 – Distinction between changes in Accounting Policies and Accounting Estimates	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets	1 January 2023

All the changes were adopted by the Group. None of the standards, interpretations and amendments, effective for the first time from 1 January 2023 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 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Noncurrent Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	1 January 2024

Revenue Recognition

Revenue represents amounts receivable for services net of VAT. Revenue is derived from the 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 signed or agreed the contract.

Identification of the performance obligations in the contract - The Group makes one promise to its customers, the careful administration of the customers' retirement savings, including through investments with 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 invest 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 fully withdraws their pension pot or transfers it to another UK registered pension 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. The performance obligation is satisfied when the customer receives the service. Revenue is calculated daily as a percentage (basis points) of the value of Assets under Administration ('AUA') as agreed by the customer. Payment is due on a daily basis but settled on a monthly basis.

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 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 a reduction to the transaction price. The full consideration is accounted for as a 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. A 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 commission earned from referring individuals to purchase life insurance products and to a one-off charge for 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 recorded 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 recorded 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 (2022: £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 Statement of Cash Flows 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 and lease liabilities 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. The Group's research and development costs relate to costs incurred on projects carried out to advance technology used to serve its customers. No development expenditure has been capitalised during the years 2022 and 2023, 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

	2023	*2022*
	£ 000	*£ 000*
Recurring Revenue	23,660	17,527
Other Revenue	157	135
	23,817	**17,662**

Recurring Revenue relates to revenue from the annual management fee charged to customers. There are no individual revenues from customers which exceed 10% of the Group'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:

	2023	*2022*
	£ 000	*£ 000*
Wages and Salaries	10,801	8,373
Social Security Costs	1,200	946
Pension Costs, Defined Contribution Scheme	300	235
	12,301	9,554
Share-based Payment Expense	2,182	1,898
	14,483	**11,452**

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2023 No.	*2022 No.*
Executive Management	10	9
Technology and Product	47	38
Marketing	17	15
Customer Service	92	90
Legal, Compliance and Risk	12	11
Administration and Other	24	22
	202	**185**

6. Directors' Remuneration

The Directors' remuneration for the year was as follows:

	2023	*2022*
	£ 000	*£ 000*
Remuneration	963	853
Group Contributions paid to Defined Contribution Pension Schemes	11	10
	974	**863**

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2023 No.	*2022 No.*
Members of Defined Contribution Pension Schemes	5	5

In respect of the highest paid Director:

	2023	*2022*
	£ 000	*£ 000*
Remuneration	219	193
Group Contributions to Defined Contribution Pension Schemes	2	2

Exercise of Share Options

	2023	*2022*
	£ 000	*£ 000*
Amount of Gains made on the Exercise of Share Options	164	225

7. Other Expenses

Arrived at after charging:

	2023	2022
	£ 000	£ 000
Auditor’s Remuneration	215	196
Money Manager Costs	3,245	2,825
Other Expenses	6,557	8,047
	10,017	**11,067**

Included in Other Expenses are technology and platform costs, professional services fees, irrecoverable VAT and general and administrative costs.

8. Finance (Income) and Costs

	2023	*2022*
Finance (Income):	*£ 000*	*£ 000*
Interest (Income)	(6)	-
	(6)	-

	2023	*2022*
Finance Costs:	*£ 000*	*£ 000*
Interest Expense on Lease Liabilities	33	43
Interest Expense on Dilapidations Provision	3	3
Total Finance Costs	**36**	**46**

9. Auditor’s Remuneration

	2023 *£ 000*	*2022* *£ 000*
Audit of the Company’s Financial Statements	56	44
Audit of the Company’s Subsidiary Financial Statements	112	94
Total Audit Fees	**168**	**138**
Audit Related Assurance Services	47	58
Total Audit Related Assurance Fees	**47**	**58**

Auditor’s remuneration has been shown net of VAT. Audit Related Assurance Fees relate to the half year review of the Group’s financial statements and CASS audit services received by the Subsidiary. No services were provided pursuant to contingent fee arrangements.

10. Tax

Tax charged/(credited) in the Statement of Comprehensive Income:

	2023	*2022*
	£ 000	*£ 000*
Current Taxation		
UK Corporation Tax	(150)	(274)
Deferred Taxation		
Arising from Origination and Reversal of Temporary Differences	-	-
Arising from Tax Rate Changes	-	-
Total Deferred Taxation	-	-
Tax Credit in the Statement of Comprehensive Income	**(150)**	**(274)**

The tax on the loss for the year was computed at the blended rate of corporation tax of 23.5% (2022: 19%). From 1 April 2022, the standard rate of corporation tax in the UK was 19%. From 1 April 2023, the corporation tax rate of 25% was effective for companies with profits of £250,000 and over. PensionBee will likely utilise its carried forward losses while making profits exceeding £250,000 and incurring corporation tax at the rate of 25% therefore the blended rate is deemed appropriate.

The differences are reconciled below:

	2023	*2022*
	£ 000	*£ 000*
Profit/(Loss) before Tax	(10,719)	(22,420)
Corporation Tax at Standard Rate	(2,521)	(4,260)
Increase from effect of different UK Tax Rates on some Earnings	-	-
Increase from effect of expenses not deductible in determining Taxable Profit (Tax Loss)	172	288
Capital Allowances	(1)	(11)
Share-based Payment	318	83
Deferred Tax Expense (Credit) from unrecognised Tax Loss or Credit	2,032	3,900
Decrease from effect of adjustments in Research Development Tax Credit	(150)	(274)
Total Tax Credit	**(150)**	**(274)**

	2023	*2022*
	£ 000	*£ 000*
Fixed Assets	(36)	(43)
Temporary Difference Trading	-	-
Total Deferred Tax Liability	(36)	(43)
Losses available for offsetting against Future Taxable Income	36	43
Total Deferred Tax Asset	**36**	**43**
Net Deferred Tax	**-**	**-**

The Group has £81,394,000 of non-expiring carried forward tax losses at 31 December 2023 (2022: £72,755,000) against which no deferred tax asset 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 Equity Holders of the Company by the Weighted Average Number of ordinary Shares Outstanding during the year.

Diluted Earnings per Share is calculated by dividing the Loss Attributable to Equity Holders of the Company 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.

	2023	*2022*
Number of Potential Ordinary Shares	6,757,781	4,619,220
Profit/(Loss) Attributable to Equity Holders of PensionBee Group plc (£)	(10,569,000)	(22,146,000)
Weighted Average Number of Ordinary Shares Outstanding during the Year	223,559,764	222,223,650
Basic and Diluted Earnings per Share (pence per Share)	(4.73)	(9.97)

Basic Earnings per Share was (4.73)p for 2023 (2022: (9.97)p).

12. Property, Plant and Equipment

	Fixtures and Fittings	*Leasehold Improvements*	*Computer Equipment*	*Total*
	£ 000	*£ 000*	*£ 000*	*£ 000*
Cost				
At 1 January 2022	60	126	265	451
Additions	1	251	115	367
Disposals	-	-	(17)	(17)
At 31 December 2022	61	377	363	801
At 1 January 2023	61	377	363	801
Additions	2	41	52	95
Disposals	-	-	-	-
At 31 December 2023	63	418	415	896
Accumulated Depreciation				
At 1 January 2022	51	126	147	324
Charge for the year	7	50	77	134
Eliminated on Disposal	-	-	(15)	(15)
At 31 December 2022	58	176	209	443
At 1 January 2023	58	176	209	443
Charge for the year	2	56	90	148
Eliminated on Disposal	-	-	-	-
At 31 December 2023	60	232	299	591
Carrying Amount				
At 31 December 2023	**3**	**186**	**116**	**305**
At 31 December 2022	**3**	**201**	**154**	**358**
At 1 January 2022	**9**	**-**	**118**	**127**

13. Right of Use Asset

	£ 000
Cost	
At 1 January 2022	703
Additions	3
Disposals	-
At 31 December 2022	706
At 1 January 2023	706
Additions	-
Disposals	-
At 31 December 2023	706
Accumulated Depreciation	
At 1 January 2022	11
Charge for the year	141
Eliminated on Disposal	-
At 31 December 2022	152
At 1 January 2023	152
Charge for the year	141
Eliminated on Disposal	-
At 31 December 2023	293
Carrying Amount	
At 31 December 2023	**413**
At 31 December 2022	**553**
At 1 January 2022	**692**

14. Trade and Other Receivables

	2023 *£ 000*	*2022* *£ 000*
Trade Receivables	2,240	1,565
Prepayments	1,901	903
Other Receivables	206	944
	4,347	**3,412**

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

	2023		*2022*	
	No. 000	*£ 000*	*No. 000*	*£ 000*
At 1 January	222,862	223	221,526	221
Shares issued	1,101	1	1,336	2
At 31 December	**223,963**	**224**	**222,862**	**223**

During the year, PensionBee Group plc issued ordinary shares, to satisfy the exercise of share options totalling 1,100,706 ordinary shares (2022: 1,336,148) of £0.001 each. The exercise price for each exercised share option was £0.001 (2022: £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

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. At inception, the lease liability was determined using a discount rate linked to London office rental yields, adjusted for the risk premium for certain company specific factors as well as taking into consideration the interest rate associated with the revolving credit facility entered into in March 2021 and subsequently cancelled in September 2021. The discount rate applied was 7%. The lease terms have not been amended since inception.

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.

	2023 *£ 000*	*2022* *£ 000*
As at 1 January	551	657
Accretion of Interest	33	43
Cash Flow Timing Adjustment	-	2
Payments	(186)	(151)
As at 31 December	**398**	**551**

Lease Liabilities included in the Statement of Financial Position:

	2023 *£ 000*	*2022* *£ 000*
Non-current	292	397
Current	106	154
	398	**551**

The following are the amounts recognised in the Statement of Comprehensive Income:

	2023 *£ 000*	*2022* *£ 000*
Depreciation on Right of Use Asset	141	141
Interest on Lease Liability	33	43
	174	**184**

18. Provisions

	2023 £ 000	2022 £ 000
Dilapidations		
At 1 January	46	43
Interest	3	3
At 31 December	49	46
Non-current Liabilities	**49**	**46**

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

	2023 £ 000	2022 £ 000
Trade Payables	269	132
Accrued Expenses	1,496	1,301
Other Payables	68	83
	1,833	**1,515**

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 £301,000 (2022: £235,000).

21. Share-based Payment

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 normally vest on the later of the following 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 the share options granted is estimated on the date of grant by reference to the prevailing share price. Before the Company was listed in 2021, the fair value was determined by reference to the price paid by external investors as part of periodic funding rounds.

The weighted average fair value of share options granted during the year of grant was £nil (2022: £ nil).

During the year ended 31 December 2021, share options could 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 had been no exit event before the tenth anniversary of the date of grant, the Directors were able to determine that an option holder could exercise their option in the 30 day period before such anniversary.

Following the listing of the Company in 2021, share options can be exercised upon satisfying the service condition.

The movements in the number of share options during the year were as follows:

	2023 Number	*2022 Number*
Outstanding, start of the year	2,444,403	3,911,235
Exercised during the year	(910,283)	(1,297,359)
Expired during the year	(16,350)	(169,472)
Outstanding, end of the year	**1,517,770**	**2,444,404**

The weighted average share price on the dates the share options were exercised during the year was £0.74 (2022: £1.05) and the weighted average remaining contractual life is eight months (2022: one year and six months).

Deferred Share Bonus Plan

Scheme Details and Movements

Under the PensionBee Deferred Share Bonus Plan, awards ('DSB Awards') are granted to eligible employees who are or were an employee (including an Executive Director) of the Group who have been granted a bonus. DSB Awards are granted in the subsequent financial year once the annual bonus outturn has been determined. The DSB Awards are granted by way of share options, with an exercise price of £0.001 per share.

For the two Executive Directors that were in office as of 31 December 2021, their 2022 granted DSB Awards cliff vest on the third anniversary of the date of grant. For the rest of the employees and the subsequent grants, DSB Awards vest in three equal instalments over a service period of three years from grant date. DSB Awards vest upon satisfying the service condition.

The fair value of the DSB Awards is the share price on the grant date. DSB Awards can be exercised to the extent they have vested.

The weighted average fair value of DSB Awards granted during 2023 was £0.98 (2022: £1.44).

The movements in the number of DSB Awards during the year were as follows:

	2023 Number	*2022 Number*
Outstanding, start of the year	889,551	-
Granted during the year	626,223	944,508
Exercised during the year	(190,423)	-
Lapsed during the year	(44,589)	(54,957)
Outstanding, end of the year	**1,280,762**	**889,551**

The weighted average share price on the dates the share options were exercised during the year was £0.80. No share options were exercised in 2022. The weighted average remaining contractual life is one year (2022: one year and five months).

Long Term Incentives Plan

Scheme Details and Movements

Under the PensionBee Long Term Incentives Plan, restricted share plan awards ('RSP Awards') are granted to eligible employees who are or were employees (including an Executive Director) of the Group, at mid-level management or higher, who have been granted a bonus. RSP Awards are granted in the subsequent financial year following a bonus grant. The RSP Awards are granted by way of share options, with an exercise price of £0.001 per share.

The RSP Awards vest in tranches, a third of the RSP Awards vest on the third anniversary, a third on the fourth anniversary and the last third on the fifth anniversary of the grant date.

The fair value of the RSP Awards is the share price on the grant date discounted for the restricted selling period. RSP Awards can be exercised to the extent they have vested and after a five year holding period.

The weighted average fair value of RSP Awards granted during 2023 was £0.94 (2022: £1.38).

The movements in the number of RSP Awards during the year were as follows:

	2023 Number	*2022 Number*
Outstanding, start of the year	1,285,266	-
Granted during the year	2,791,756	1,311,681
Exercised during the year	-	-
Lapsed during the year	(117,773)	(26,415)
Outstanding, end of the year	**3,959,249**	**1,285,266**

There were no exercises during the year (2022: nil) and the weighted average remaining contractual life is two years and five months. (2022: three years and three months).

Charge/Credit arising from Share-based Payment

The total charge for the year for the Share-based Payment was £2,182,000 (2022: £1,898,000), 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 risks including 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 no debt.

Price Risk

The main source of revenue is based on the value of Assets under Administration ('AUA'), 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 customers. 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 customers assets arising from these risks, and so the interests of the Group are aligned to those of its customers.

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. The key assumption in this assessment is the percentage change of market volatility over the next 12 months from the year ended 2023.

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 cash flow obligations that the payors must meet. The payors are BlackRock, Legal & General, and State Street which are high credit rated financial institutions. Assets they hold on behalf of the Group are a small percentage of their net assets and on this basis, credit risk is considered to be low. The Group utilises the simplified approach to provide for expected credit losses allowing the use of lifetime loss allowances to be made. In determining expected credit losses, financial assets have been grouped based on shared credit risk characteristics, such as number of days past due and the counterparty.

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 will 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. The Group's expected credit loss is £nil (2022: £nil).

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-23	*£ 000*	*£ 000*	*£ 000*	*£ 000*	*£ 000*	*£ 000*
Gross Trade Receivables	2,240	-	-	-	-	2,240
Other Receivables	179	-	-	-	27	206

			Days Past Due			
	Current	*< 30 days*	*30-60 days*	*61-90 days*	*>91 days*	*Total*
31-Dec-22	*£ 000*	*£ 000*	*£ 000*	*£ 000*	*£ 000*	*£ 000*
Gross Trade Receivables	1,565	-	-	-	-	1,565
Other Receivables	540	-	-	-	404	944

The Group's Trade Receivables are concentrated in the three money managers

	2023	*2022*
	%	*%*
BlackRock	75%	73%
State Street	15%	16%
Legal & General	10%	11%
Total	**100%**	**100%**

Other Receivables mainly comprise of the R&D tax credit due from HMRC and the office rental deposit. 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 Group's principal Banks are Barclays Bank and HSBC Innovation Banking. The Group only uses banks with a credit rating of at least BBB+ (Standard & Poor's). The Group's liquid funds are concentrated in Barclays, which holds 72% of the total balance as at year end (2022: 94%) and HSBC, which holds 27% of the total balance as at year end (2022: 0%).

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.

Undiscounted 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*
2023	*£ 000*	*£ 000*	*£ 000*	*£ 000*
Trade and Other Payables	1,833	-	-	1,833
Lease Liabilities	129	309	-	438

	Within 1 year	*Between 1 and 5 years*	*After more than 5 years*	*Total*
2022	*£ 000*	*£ 000*	*£ 000*	*£ 000*
Trade and Other Payables	1,515	-	-	1,515
Lease Liabilities	186	438	-	624

Capital Risk Management

For the purpose of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Company.

The Group manages its capital to ensure that it will be able to continue as a going concern by ensuring compliance with regulatory capital requirements set by the FCA and maximising returns to shareholders through optimal capital deployment. Regulatory capital is determined in accordance with the requirements prescribed by the FCA. The Group performs capital assessments and maintains a surplus over the regulatory capital requirement at all times.

The Group met its regulatory capital requirement throughout the years 2022 and 2023.

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	*2023* *£ 000*	*2022* *£ 000*
Salaries and Other Short-term Employee Benefits	2,034	1,752
Other Long-term Benefits	25	24
Share-based Payment	1,463	1,222
	3,522	**2,998**

Some Key Management Personnel use the Group's services on commercial terms which are consistent with the standard terms and condition as available on the website.

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 £104,000 (2022: £52,000). There was no outstanding balance at year end (2022: £nil).

(ii) Payment of the PensionBee Trustees Limited's Data Protection fee on an annual basis. During the year, payments amounted to £35 (2022: £35). There was no outstanding balance at year end (2022: £nil).

Transactions with Directors

During the year ended 31 December 2023, there were no transactions with Directors. During the year ended 31 December 2022, Mark Wood repaid £105,279 to the Subsidiary in respect of a payment to HMRC made by the Group on his behalf in 2021. As at the year ended 31 December 2023, there was no outstanding balance (2022: £nil).

Some Directors use the Group's services on commercial terms which are consistent with the standard terms and condition as available on the website.

24. Events After the Reporting Period

On 4 March 2024, the Group announced its proposed expansion into the United States of America ('US'), having taken an important step by entering into an exclusive, non-binding term sheet with a large, US-based global financial institution. Under the proposed strategic relationship, the US service will be delivered through PensionBee Inc, a yet to be established wholly-owned subsidiary of PensionBee Group plc. PensionBee Inc will be established in Delaware, with operational headquarters in New York. The financial effect of the proposed expansion cannot yet be estimated.

25. Alternative Performance Measures

The Group uses an alternative performance measure ('APM') which is not defined or specified by IFRS. The APM is Adjusted EBITDA, which is the loss for the year before taxation, finance costs, depreciation, share-based compensation and listing costs. The Directors use this APM and a combination of IFRS measures when reviewing the performance and position of the Group and believe that these measures provide useful information with respect to the Group's business and operations. The Directors consider that this APM illustrates the underlying performance of the business by excluding items considered by management not to be reflective of the underlying trading operations of the Group.

The APM used by the Group is 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.

	2023	*2022*
	£ 000	*£ 000*
Operating Profit/(Loss)	(10,689)	(22,374)
Depreciation Expense	288	276
Share-based Payment (1)	2,182	1,898
Listing Costs (2)	-	687
Adjusted EBITDA	**(8,219)**	**(19,513)**

(1) Relates to total annual charge in relation to Share-based Payment expense as detailed in Note 21.
(2) 2022 Listing Costs relate to expenses incurred in relation to the preparation for the transfer from the High Growth Segment to the Premium Segment of the Main Market of the London Stock Exchange.

In the prior year, the Group utilised Adjusted EBITDAM as an APM which represented the loss for the year before taxation, finance costs, depreciation, advertising and marketing, share based compensation and listing costs. In the year ended 31 December 2023, the Group successfully achieved Adjusted EBITDAM profitability therefore, Adjusted EBITDAM is no longer presented as an APM.

Company Information

PensionBee Executive Directors	Romi Savova (Chief Executive Officer) Jonathan Lister Parsons (Chief Technology Officer) Christoph J. Martin (Chief Financial Officer)
PensionBee Non-Executive Directors	Mark Wood CBE (Non-Executive Chair) Mary Francis CBE (Senior Independent Director) Michelle Cracknell CBE (Independent Non-Executive Director) Lara Oyesanya FRSA (Independent Non-Executive Director)
Company Secretary	Michael Tavener
Registered Number	13172844
Registered Office	209 Blackfriars Road London SE1 8NL United Kingdom
Auditor	Deloitte LLP 4 Brindley Place Birmingham B1 2HZ United Kingdom