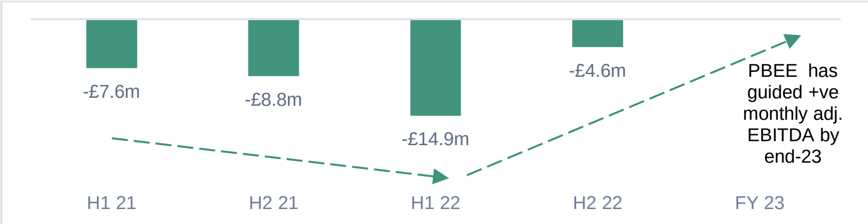
PensionBee Group plc

Growth and delivery driving strong investor interest

16 March 2023

In FY22 (to 31 Dec 22) PensionBee continued to rapidly grow, despite market falls, and gain market share (page 2) in the structurally growing £700bn target market of transferable DC pensions (page 12). Invested customers grew 56% to 183k, AUA 17% to £3.03bn (net inflows +£863m, market movements -£424m), and revenue 38% to £17.7m. Adjusted EBITDA started to 'turn the corner' towards profitability and is forecast to turn positive on a monthly basis by the end of 2023. The net cash position is robust at £21m with no new cash raising envisaged.

Adjusted EBITDA trend



Source: Company reports

We also flag the encouraging jump in investor interest in PBEE shares - especially after its Jan 23 trading update which showed the path to profitability was on track - with the recent price rise accompanied by strong volumes. On top of its fundamentals, PensionBee's inclusion in the FTSE All-Share and FTSE SmallCap indices from 20 Mar 23 should be another positive for the share price.

Share price rises with strong trading volumes

Source: ADVFN

Fundamental value 50%+ above current share price

Our forecasts remain unchanged, as does our fundamental value of 150p per share.

Key Financials

Year-end 31 Dec	FY19A	FY20A	FY21A	FY 22A	FY 23E	FY 24E
Invested customers*, k	38	69	117	183	234	297
AUA, £bn	0.75	1.4	2.6	3.0	4.4	6.3
Rev, £m	3.5	6.3	12.8	17.6	23.0	33.7
Adjusted expenses**, £m	(9.4)	(16.7)	(29.2)	(37.2)	(31.7)	(32.7)
Adj EBITDA*, £m	(5.9)	(10.4)	(16.4)	(19.5)	(8.7)	1.0
Adj EBITDA* margin	-166%	-166%	-129%	-110%	-38%	3%
Statutory PAT, £m	(7.0)	(13.3)	(24.6)	(22.1)	(10.8)	(1.0)
EPS basic & adj, p			(11.9)	(10.0)	(4.8)	(0.4)
Net cash, £m	10.3	6.5	43.8	21.3	12.2	12.8

Source: Company Historic Data, ED estimates.
** See page 11 for definitions **Excl. tax, share-based pmts, depreciation and one-off/extraordinary expenses*

Company Data

EPIC	PBEE
Price (last close)	99p
52 weeks Hi/Lo	146p/46p
Market cap	£221m
ED Fair Value/share	150p
Net cash	£21m
Avg. daily volume	117k

Share Price, p

Source: ADVFN

PensionBee was founded in 2014 and is listed on the Premium Segment of the Main Market of the LSE. Its IPO was in Apr 21.

It is a direct-to-consumer business, whose primary product gives customers the ability to easily switch their (often multiple) 'legacy' pensions, which are typically from previous jobs, and consolidate these into a single new pension. This can then be contributed to until retirement and drawn down from retirement age.

PensionBee also offers 'new' pensions to the self-employed.

AUA 31 Dec 22: £3.0bn

Next Event:

20 Apr 23: Q1-23 trading update

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FY 22 results

Customers

PensionBee's most fundamental growth driver at this stage of its lifecycle, ***invested customers***, continued to show very strong growth in FY22, up 56% y-o-y from 117k on 31 Dec 21 to £183k on 31 Dec 22.

Its pipeline of new customers - ***registered customers*** (a 'top of sales funnel' metric, see** in chart below) - grew 50% y-o-y from 658k on 31 Dec 21 to 986k. The rate of customer growth is evidence that the post-IPO ramp-up in marketing spend is having the planned 'scale-up' impact.

Strong customer growth

Source: Company reports
**Active = invested customers + customers with a transfer to PensionBee in progress i.e. funds not yet transferred*
***Registered = invested + active customers + customers registered with PensionBee but not applied to transfer a pension*

PensionBee's customer acquisition growth path compared to incumbents indicates **it is rapidly gaining market share**. In H2 of 2022, it added 24k net new invested customers (H2-22 annualised growth rate of 30%):

- This was more than double the total number of net new D2C platform clients (pension and other clients) added by AJ Bell (10k, which translated to an H2-22 annualised growth rate of 7%).
- And it was only a little less than the total number of net new clients (pension and other clients) added by the UK's largest D2C investment platform, Hargreaves Lansdown (HL), which added 31k (an H2-22 annualised growth rate of 4%), and much higher than HL's new pension accounts (13k net new SIPP accounts and 16k ISA and other accounts).

[As a point of reference, PensionBee's total invested customer base stood at 183k at the end of FY22, while AJ Bell had 286k D2C clients (pension and non-pension clients), and HL had 1.77m (pension and non-pension clients)].

PensionBee is also closing in on the absolute value of net flows incumbent platforms are attracting. In calender-2022, PensionBee's net new flows totalled £0.9bn, while HL's net new flows into SIPPS totalled £1.1bn.and AJ Bell's D2C platform (pension and non-pension products), in the 12 months to 30 Sep 22, attracted net new flows of £2.5bn.

Given that its **average customer age of 38 is lower than incumbents**, as PensionBee's customers accumulate wealth over their careers, we would expect its net inflows to continue to grow at a faster rate than incumbents. HL's average SIPP client age is 47.7 and AJB's average D2C platform client age is 43.

PensionBee has also demonstrated the resilience of its existing customer base, maintaining an unchanged retention rate of 97%.

The outlook for acquiring additional new invested customers remains bullish, because PensionBee:

- 1) already has a significant 'in process' pipeline of customers to tap (registered and active customers),
- 2) this pipeline should continue to grow, especially with growing brand recognition and ongoing investment in customer acquisition, where it has a proven track record of success (albeit that management have flagged that marketing spend is likely to be lower than the £16.6m of FY22).

Assets under Administration

Impressive 2022 in turbulent markets

AUA grew 17% y-o-y from £2.59bn on 31 Dec 21 to £3.03bn on 31 Dec 22, a hugely impressive performance given the sharp declines in financial markets during 2022. It is worth noting that these declines affected AUA directly (depressing the value of financial assets and hence AUA) and indirectly (rocking consumer sentiment towards investing, which PensionBee has previously flagged was particularly true among older consumers who tend to 'sit on their hands' during market falls).

But, despite challenging market conditions, **net inflows remained robust** accounting for £863m of AUA growth, while market movements and investment performance accounted for a £424m decline in AUA.

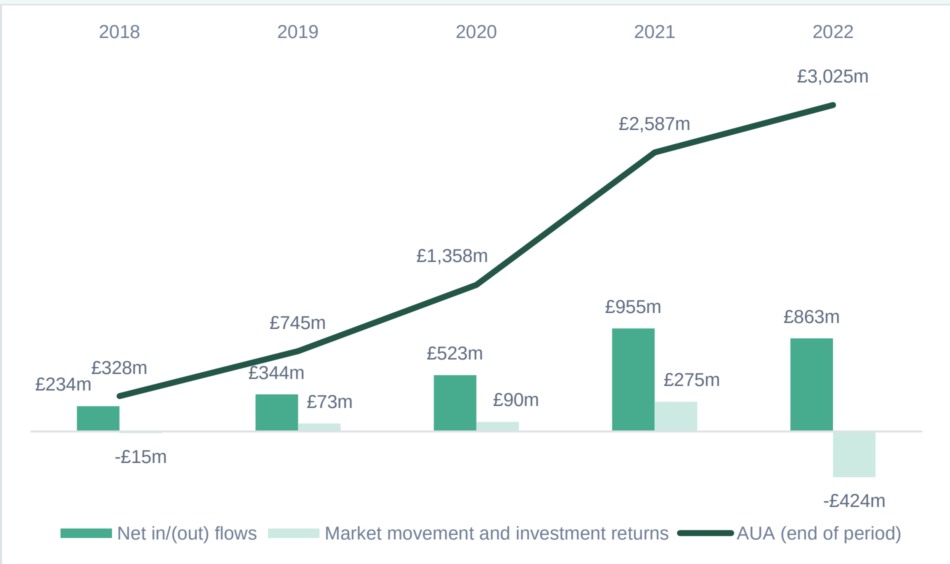
Net flows from new customers (typically transfers of a pension pot or pots to PensionBee) were the largest driver of this growth at +£685m. Net flows from existing customers were +£178m (contributions to existing pensions, transferring additional pension pots, less withdrawals as a result of customer churn and post-retirement drawdowns).

Importantly, positive net inflows were seen across all cohorts in FY22, even the cohorts acquired in 2016-2018. This underlines the strength and predictability of customer lifetime value.

Multi-year track record building

The strength of PensionBee's performance in 2022 ensures its longer-term trend of AUA growth and strong net inflows is intact, despite the impact of negative market movements and sentiment in 2022.

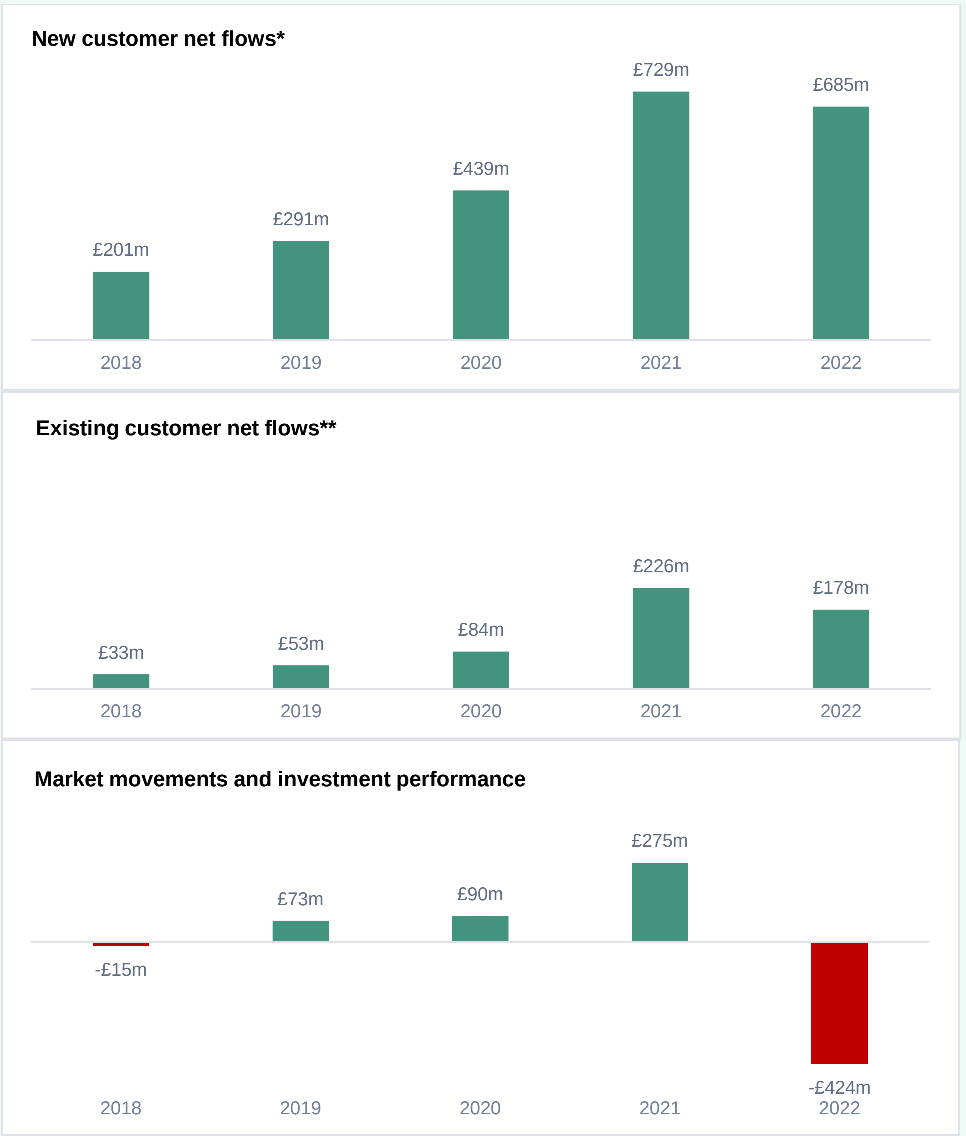
AUA growth and net inflows strong



Source: Company reports

A summary of the split in AUA growth over the last five years is shown below:

Drivers of AUA growth – 5 year view



Source: Company reports
**includes new consolidations and contributions made during the year in which customer joined PensionBee*
***includes additional consolidations, contributions, withdrawals (churn), and pension drawdowns (after retirement)*

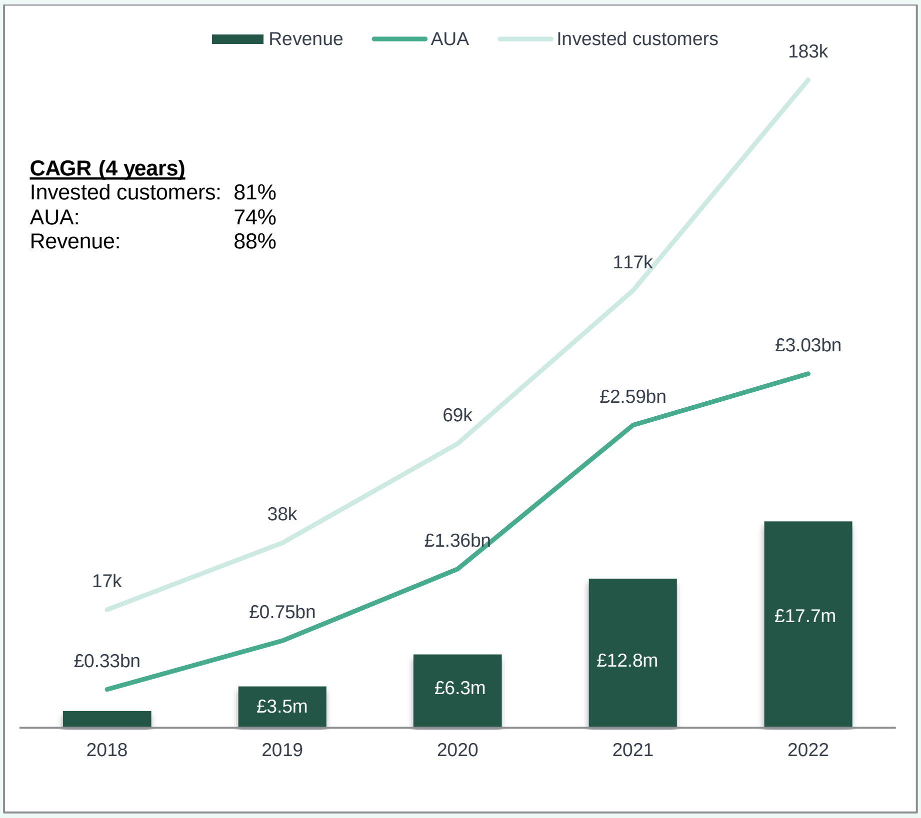
Revenue

FY22 revenue grew by 38% to £17.7m (FY21: £12.8m) with Annual Run Rate (ARR) revenue (revenue of the last month of the financial year multiplied by 12) growing 20% to £19.5m (FY21: £16.3m).

Contractual Revenue Margin (annual management fee paid by customers before applying discounts for incremental pension savings above £100,000) was unchanged y-o-y at 0.69%.

In summary, PensionBee's current top-line growth trajectory is looking impressive, with a **4 years revenue CAGR of 88**%, as shown in the chart below.

Growth trajectory continues even though market falls slow AUA growth



Source: Company reports

Expenses

A useful metric to understand PensionBee's underlying operating cost base is to look at 'adjusted expenses', which exclude taxation, finance costs, depreciation, share based compensation and corporate transaction costs such as IPO costs and costs associated with a move to the premium segment of the LSE. (Revenue less these costs = 'adjusted EBITDA' which is discussed below under the 'Profit' heading.

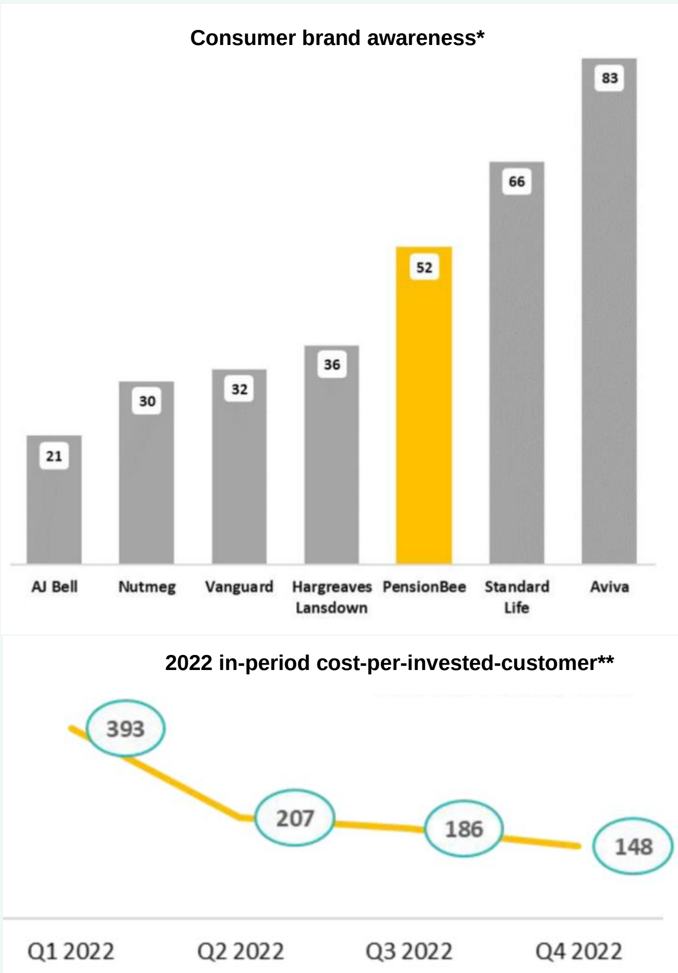
In FY22, **adjusted expenses increased by 27%, far lower than the revenue growth rate of 38%**, from £29.2m to £37.2m. The main constituents of adjusted expenses (in descending order of magnitude) are analysed below.

1. Advertising and marketing expenses

These are largely expenses which can be 'dialled' up or down to fuel growth and take advantage of consumer market conditions. In FY22, these totalled £16.6m (up from £12.9m in FY21) which was part of the post-IPO scale-up plan. It was planned to use around £34m of the £49m of net IPO proceeds for advertising and marketing over the course of 3-4 years.

For FY23, PensionBee have guided that these expenses will be several million pounds lower than in FY22 as marketing spend becomes more efficient with the growing brand recognition of PensionBee (see below).

Growing brand recognition driving more efficient marketing spend



Source: Company
**PensionBee brand tracker, January 2023. Prompted brand awareness measured through a consumer survey asking: 'Which of the following have you heard of?'*
***In-Period CPIC is defined as the marketing costs for the relevant period divided by the number of Invested Customers for that same period*

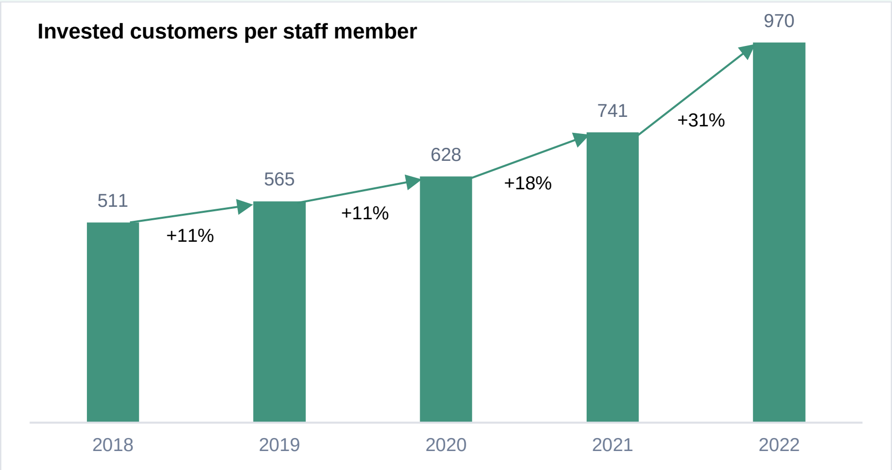
2. Employee expenses

Employee expenses (excluding share-based payments) are the largest component of adjusted expenses and are mostly fixed costs but do have a variable pay component.

These expenses increased 28% from £7.4m to £9.6m, driven mostly by an increase in headcount, with average headcount increasing 19% from 155 in FY21 to 185 in FY22. This ability to grow headcount at a far lower rate than revenue growth is one of the key drivers of PensionBee's opportunity to capture operating leverage. Indeed, as a percentage of revenue, employee expenses decreased from 58% in FY21 to 54%. **PensionBee management have also stated that headcount is now at a level which can service higher levels of AUA, and that minimal new recruiting is envisaged for FY23.**

An additional metric used by PensionBee which provides a good guide to the scalability of its employee base is the *number of invested customers per staff member*. In FY22 it is particularly pronounced how this metric has jumped (see chart below). **While the number of invested customers per staff member increased by 18% from 628 to 741 over FY21, it increased by 31% to 970 over FY22.**

PensionBee continues to demonstrate operating leverage



Source: Company reports
** end of period number of Invested Customers divided by the average FTEs for the period*

3. Other operating expenses

These expenses comprise technology platform costs and other administrative costs which are a mix of fixed, part-variable and variable costs. PensionBee's own technology investments are largely fixed costs, but it does also use the Salesforce technology platform which requires payment per 'seat' i.e., as PensionBee adds customer service staff (for example), the Salesforce platform cost rises (although at a much lower rate than revenue growth).

These expenses increased by 24% from £6.6m in FY21 to £8.2m in FY22 with the proportion of these costs as a percentage of revenue decreasing from 51% to 47%, an indication of the continuing scale benefits of PensionBee's technology platform.

4. Money-manager expenses

These are fees paid to organisations managing the investment plans PensionBee offers (e.g. Blackrock, HSBC, L&G, State Street) and are charged as a percentage of AUA and are therefore variable costs.

Money Manager Costs increased 23% from £2.3m in FY21 (18% of revenue) to £2.8m in FY22 (16% of revenue), with the decline mainly as a result of a change in investor portfolio mix. We expect these costs as a percentage of revenue or average AUA to decrease over time as the business scales, because it is common for favourable fee structures to be negotiated with increasing AUA.

Expenses not included in 'adjusted expenses'

Share-based Payment costs decreased significantly from £3.9m to £1.9m, with the decrease mostly as a result of the accelerated vesting and granting of options in 2021 as a result of the IPO.

Transaction costs of £0.7m were incurred during the year compared to the £2.9m incurred in FY21. FY22 costs were primarily fees and expenses related to the transition to the Premium Segment of the Main Market of the London Stock Exchange, whereas FY21 costs were mostly IPO-related.

Taxation was comprised of enhanced tax credits in relation to routine Research and Development refunds.

Profit

PensionBee is not yet profitable, **but is rapidly heading towards profitability**, primarily as a result of:

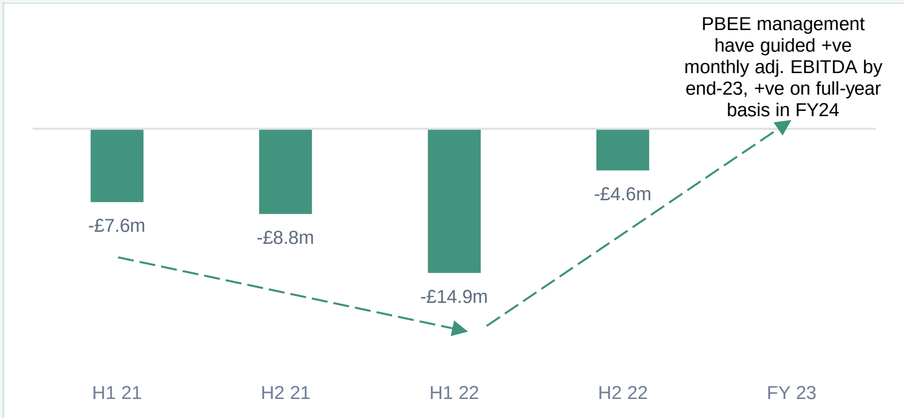
1) its investment in technology infrastructure and people (largely fixed costs) being spread across a larger and larger customer base as it grows, and

2) as a result of existing customer revenue growth compounding without new marketing spend (many customers continue to contribute to their pension pots once they have been moved to PensionBee).

Adjusted EBITDA

As mentioned above, adjusted EBITDA is a useful operating profitability metric for PensionBee. While it did decline between FY21 and FY22, from -£16.4m to -£19.5m, this annual comparison masks the underlying turnaround towards profitability which can be seen from the trend in half-year adjusted EBITDA profitability.

Adjusted EBITDA trend



Source: Company reports

Key drivers of the above adjusted EBITDA profile include:

- After its IPO in Apr 21, PensionBee ramped up spending significantly - it increased its advertising and marketing spend to aggressively grow its customer base while at the same time investing in its technology platform and employee base to be able to service a much larger customer base.
- In H2 22, advertising and marketing spend started to slow as increasing brand recognition resulted in more efficient spend, and at the same time, incremental overhead costs slowed as the scale benefits of its operating base started to be realised.

Statutory profits

PensionBee's statutory loss after tax was not as high as in FY21 (FY21 PAT: £24.6m; FY22 PAT: £22.1m), primarily because of the lower share-based payment charge and lower extraordinary transaction costs between the two years.

Basic Earnings per Share improved from -11.86p in FY21 to -9.97p in FY22.

Balance sheet, cash, and regulatory capital surplus

Net assets closed FY22 on £23.5m, down from £43.8m at the end of FY21, primarily as a result of the ramp up in spending described above. For similar reasons, net cash declined from £43.5m at the end of FY21 to £21.3m. PensionBee has no debt.

PensionBee Limited, a subsidiary of the Company, is authorised and regulated by the FCA and must adhere to minimum capital requirements. **As of December 2022, capital resources were £20.5m (unaudited) vs a regulatory capital resource requirement of £1.2m, a coverage ratio of 16.6x.**

Outlook

We believe PensionBee's **strong growth trajectory is set to continue**, and outline four key drivers:

1. Growth from new customers

This growth results from new customers who typically transfer an existing pension pot to PensionBee (or multiple pots). The outlook for acquiring additional new customers is bullish, because PensionBee: 1) already has a significant 'in process' pipeline of customers, and 2) is continuing to channel significant investment towards 'top of the funnel' customer acquisition, where it has a proven track record of success.

Its existing customer pipeline is over 800k (registered customers less invested customers) which it is working to convert to invested customers. In 2022, the number of invested to registered customers was 19% (18% in 2021), which gives an indication of a longer-term 'conversion ratio'. Indeed, **PensionBee management have set a longer-term (5+ years) objective of having over 1m invested customers.**

In terms of adding to its pipeline, PensionBee is still planning on significant marketing spend in FY23 and beyond (albeit lower than the £16.6m spent in FY22), and given its increased brand awareness, this spending is likely to become more efficient.

2. Growth from existing customers

Around one-third of existing customers make regular contributions to their pension pots i.e., there is a continuous inflow of AUA, and revenue.

Some consolidate additional pension pots: they may not transfer all of their pension pots at once upfront, perhaps wanting to build confidence in PensionBee before moving all of their pots; in addition, when customers switch jobs, they might consolidate the legacy pension pot from the job they have just left.

These inflows are partly offset by: 1) customer churn (lumpy outflows), which has been less than 5% over the last few years; and 2) pension drawdowns, by those in retirement.

But overall, **the net inflows of AUA from existing customers has been running at around +4% of existing AUA per annum**, known as 'cohort growth' (this excludes investment returns – see below).

3. Growth from investment returns

In addition to the above new and existing customer flows, AUA is impacted by investment returns.

Pensions wealth can rise and fall with general market movements and specific investment performance (indeed, these factors contributed a £424m decline in AUA in FY22), but over the longer term, we would expect an average annual AUA growth from investment returns of around +5%.

4. 'Sticky' AUA and revenue

It is also worth mentioning that **we would expect PensionBee's AUA and revenue to be less volatile than most other asset or wealth managers,** given that all assets are housed in pensions which by their nature remove some elements of AUA volatility.

First, **customers are mostly unable to withdraw assets prior to their retirement age**, and generally do not see their pensions as a 'trading' account. They tend to pick an investment plan and only check up on its performance periodically. There is little temptation (or ability) to withdraw assets when markets fall.

Second, **customers mostly make regular contributions by means of monthly direct debits or the like to their pension accounts** as described above in 'growth from existing customers'.

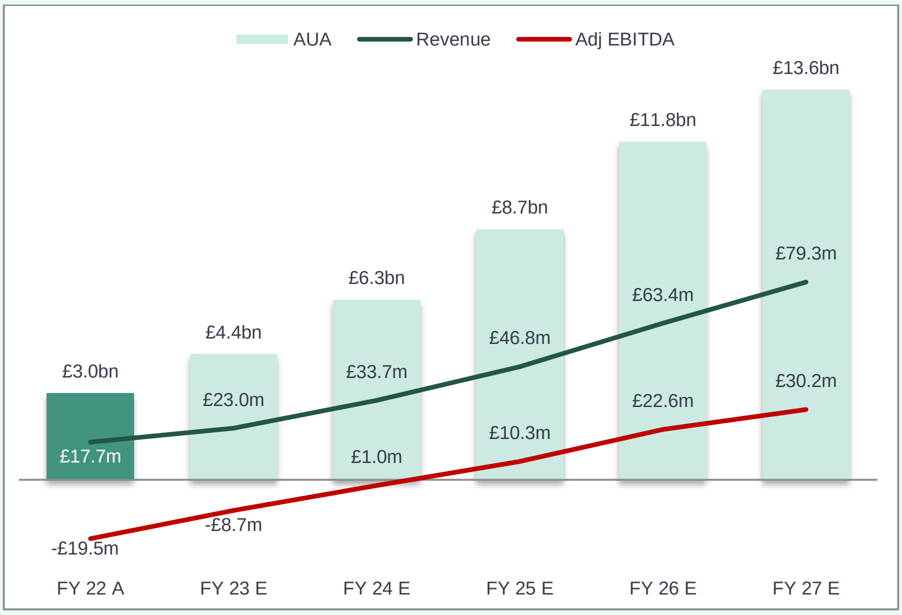
And third, **pension customers are 'sticky' and tend to switch their pensions less** compared to other investment products. In the case of PensionBee, its customer retention rate was 97.3% in FY22, up from 96.9% in FY21 and 96.5% in FY20.

Growth forecasts & valuation

Our forecasts, last updated in Jan 22 remain unchanged and are summarised in the chart below.

We also remind readers of management's recent update to longer-term ambitions for the business: "*The Company is pursuing a market share of approximately 2% over the next 5-10 years (equivalent to about 1m Invested Customers, assuming an average pension pot size of £20,000- £25,000). With an expectation of maintaining relative revenue margin stability, this translates into a long-term annual Revenue opportunity of approximately £150m. The Company expects to achieve long-term EBITDA margins of more than 50%, leveraging the scalability of the technology platform.*"

Summary growth forecasts – 5 years



Source: Company reports, ED analysis

These forecasts, and successful progress towards management's ambitions outlined above, lead us to a fundamental valuation of 150p per share.

Our valuation is based on a discounted cash flow methodology, which is described in detail below. Unfortunately, there are no comparable London-listed peers which can be used to do a conventional peer comparison valuation.

For our valuation, we have split our forecast into three distinct periods:

- An initial 5-year high growth period with revenue CAGR of 35%;
- A 'medium growth' period in years 5-10, where revenue CAGR is 15% and adj. EBITDA margin build towards the targeted 50% (notably it is during this period that PensionBee also benefits most from the tax losses it accumulated in its loss-making years, which provides a boost to free cash flow);
- An ongoing period of steady growth thereafter assumed to be 2.5% per annum.

We have then discounted the forecasted free cash flows arising from the above assumptions and the cost of equity (PensionBee has no debt) of 11%.

Investment case

- Despite its already impressive growth achievements, PensionBee **has hardly scratched the surface of its growth potential.**

  It still has a tiny market share (<0.5%) of a huge and structurally growing market of around £700bn (transferable defined contribution pensions). Key market growth drivers include:

  - **regulatory changes** (which are bringing more consumers into the pension market, driving a structural shift in favour of DC pensions over DB, and giving consumers more freedom over their pension options);
  - **employment trends** (people are working longer and changing jobs more often); and
  - **digital adoption** of financial services (which is making it easier for consumers to take control of their financial products).

- **Current growth momentum is strong and is likely to 'snowball'** as:

  - new customers are added (from an existing pipeline and through an already refined customer acquisition strategy);
  - existing customers continue to increase their AUA as they make contributions to their existing pension pots and consolidate additional pots with PensionBee;
  - investment returns add to AUA over the longer-term (although some degree of volatility in this area is inevitable as was experienced in FY22).

- **Its AUA and revenue is likely to be less volatile** than most other asset or wealth managers, given that all assets are housed in pensions, which means:

  - customers are mostly unable to withdraw assets prior to their retirement age;
  - customers mostly make regular, 'automated' contributions by means of monthly direct debits or the like to their pension accounts;
  - pension customers are 'sticky' and do not tend to switch their pensions very often.

- PensionBee has made substantial progress towards profitability and is forecasting monthly adjusted EBITDA profitability by Dec 23 and annual adjusted EBITDA profitability in FY24. After this**, profitability is likely to ratchet up very quickly as its cost base is spread across a far larger customer base,** and existing customer AUA (and hence revenue) continues to grow without additional marketing spend**.**

- PensionBee has £21m of net cash (no debt) and should be able to meet its growth potential without raising additional equity.

- The management team, which is still founder led, still have substantial shareholdings and **their interests are well aligned with other shareholders**.

- Based on its growth potential, its valuation is not demanding.

If progress tracks forecasts, we see potential for the share price to close the gap on fundamental value. If our forecasts are exceeded, there could be further potential upside for valuation.

Definitions

Annual Run Rate Revenue: is calculated using the Recurring Revenue for the relevant month multiplied by 12.

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.

Adjusted EBITDA: is the profit or loss for the period before taxation, finance costs, depreciation, share based compensation and transaction costs.

Registered Customers: measures customers who have started the sign-up process and have submitted at least a name and an email address and includes those customers who are classified as Active Customers.

Active Customers: means all customers who have requested to become an Invested Customer by accepting PensionBee's terms of business but for whom the transfer or contribution process is not yet completed and all customers who are classified as Invested Customers.

Invested Customers: means those customers who have transferred pension assets or made contributions into one of PensionBee's investment plans.

Historical and forecast financials

Consolidated Income Statement + Forecasts					
12 months to end Dec, £'m	**FY20A**	**FY21A**	**FY 22A**	**FY 23E**	**FY 24E**
Revenue	**6.3**	**12.8**	**17.7**	**23.0**	**33.7**
Employee expense (excl share-based pmts)	(4.5)	(7.4)	(9.6)	(9.7)	(9.7)
Advertising & marketing	(8.2)	(12.9)	(16.6)	(11.0)	(11.0)
Other expenses*	(4.0)	(8.9)	(11.1)	(11.0)	(12.0)
Adj. EBITDA	**(10.4)**	**(16.4)**	**(19.5)**	**(8.7)**	**1.0**
Share based pmts	(2.2)	(3.9)	(1.9)	(1.7)	(1.5)
Depreciation	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)
Transaction costs	(0.6)	(2.9)	(0.7)	(0.1)	(0.1)
Operating profit/(loss)	**(13.5)**	**(23.6)**	**(22.4)**	**(10.8)**	**(0.9)**
Finance Costs	(0.0)	(1.4)	(0.0)	(0.0)	(0.0)
Profit/(loss) before tax	**(13.5)**	**(25.0)**	**(22.4)**	**(10.8)**	**(1.0)**
Tax (payable)/receivable	0.2	0.3	0.3	-	-
Profit/(loss) after tax	**(13.3)**	**(24.6)**	**(22.1)**	**(10.8)**	**(1.0)**
Basic & Diluted EPS**, p		(11.9)	(10.0)	(4.8)	(0.4)

Source: Company Historic Data, ED estimates.

** Including IT Platform costs, other admin expenses, Money Manager fees*

*** EPS shown only in post-IPO period*

Consolidated Balance Sheet + Forecasts					
As at end Dec, £'m	**FY20A**	**FY21A**	**FY 22A**	**FY 23E**	**FY 24E**
ASSETS					
Non-current assets					
Property, plant and equipment	0.2	0.1	0.4	0.6	0.8
Right of Use Assets	0.1	0.7	0.6	0.4	0.3
Other receivables	-	-	-	-	-
Total non-current assets	**0.3**	**0.8**	**0.9**	**1.0**	**1.1**
Current assets					
Trade and other receivables	1.5	3.2	3.4	3.6	3.9
Cash and cash equivalents	6.7	43.5	21.3	12.2	12.8
Total current assets	**8.2**	**46.7**	**24.7**	**15.8**	**16.8**
TOTAL ASSETS	**8.6**	**47.5**	**25.6**	**16.8**	**17.9**
LIABILITIES					
Non-current Liabilities					
Lease liabilities	-	0.6	0.4	0.2	0.1
Provisions	-	0.0	0.0	0.0	0.0
Deferred tax liability	-	-	-	-	-
Total non-current liabilities	**-**	**0.6**	**0.4**	**0.3**	**0.1**
Current Liabilities					
Trade and other payables	2.0	3.0	1.5	2.0	2.6
Lease liabilities	0.1	0.1	0.2	0.2	0.2
Total current liabilities	**2.1**	**3.1**	**1.7**	**2.1**	**2.8**
NET ASSETS	**6.5**	**43.8**	**23.5**	**14.4**	**14.9**
EQUITY					
Share capital	-	0.2	0.2	0.2	0.2
Share premium	30.3	53.2	53.2	53.2	53.2
Share based payment reserve	4.4	8.3	10.2	11.9	13.4
Retained earnings	(28.2)	(18.0)	(40.1)	(51.0)	(51.9)
Total equity	**6.5**	**43.8**	**23.5**	**14.4**	**14.9**
TOTAL EQUITY + LIABILITIES	**8.6**	**47.5**	**25.6**	**16.8**	**17.9**

Source: Company Historic Data, ED estimates.

Consolidated Cash Flow Statement + Forecasts					
12 months to end Dec, £'m	**FY20A**	**FY21A**	**FY 22A**	**FY 23E**	**FY 24E**
OPERATING ACTIVITIES					
Profit/(loss) for the year	**(13.3)**	**(24.6)**	**(22.1)**	**(10.8)**	**(1.0)**
Adjustment for non-cash items:					
Depreciation	0.2	0.3	0.3	0.3	0.3
Loss/(profit) on disposal	0.0	0.0	-	-	-
Finance costs	0.0	1.4	0.0	-	-
Share based payment transactions	2.2	3.9	1.9	1.7	1.5
Tax	(0.2)	(0.3)	(0.3)	-	-
Decrease/(increase) in receivables	(0.6)	(1.3)	(0.2)	(0.2)	(0.3)
(Decr)/incr in trade and other payables	0.8	1.0	(1.5)	0.5	0.7
Cash used in operations	**(10.8)**	**(19.6)**	**(21.9)**	**(8.6)**	**1.2**
Income taxes received/(paid)	0.4	-	0.2	-	-
Net cash from operating activities	**(10.4)**	**(19.6)**	**(21.7)**	**(8.6)**	**1.2**
INVESTING ACTIVITIES					
Purchase of property and equipment	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)
Right-of-use assets	-	(0.0)	-	-	-
Net cash used in investing activities	**(0.1)**	**(0.1)**	**(0.4)**	**(0.4)**	**(0.4)**
FINANCING ACTIVITIES					
Revolving credit facility fees	-	(1.4)	-	-	-
Proceeds of issue of shares	7.2	59.8	-	-	-
Transaction costs on issue of shares	-	(1.7)	-	-	-
Payment of finance costs	-	-	-	-	-
Pmt of lease liabilities	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
Net cash from /(used in) fin activities	**7.1**	**56.5**	**(0.2)**	**(0.2)**	**(0.2)**
Net (decr)/incr in cash & equivalents	**(3.5)**	**36.8**	**(22.2)**	**(9.1)**	**0.6**
Cash & equivalents at beginning of year	10.2	6.7	43.5	21.3	12.2
Cash & equivalents at end of year	**6.7**	**43.5**	**21.3**	**12.2**	**12.8**

Source: Company Historic Data, ED estimates.

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