PensionBee Group plc

Guidance re-iterated, positive adj. EBITDA by end-23

26 September 2022

PensionBee's H1-22 results confirm the momentum of its growth journey as it continues to disrupt the pensions market and drive the consolidation of UK consumers' multiple pension pots. Its most fundamental growth driver, the number of invested customers[1], grew 72% y-o-y to 159k on 30 Jun 22 from 92k on 30 Jun 21 (+36% over H1 from 117k on 31 Dec 21) and remains on track to meet our forecast of 200k by the end of FY22. Impressive marketing agility was evident. The data platform was used to rapidly refine targeting towards a younger audience, with older consumers less likely to take decisions during the market volatility during H1.

AUA grew 35% y-o-y from £1.99bn on 30 Jun 21 to £2.68bn on 30 Jun 22, but growth was pegged back over H1-22 by the sharp declines in financial markets (+3.4% over H1; AUA on 31 Dec 21: £2.59bn). Even during the market turmoil of H1, **net inflows remained robust**, accounting for £481m of AUA growth, while market falls accounted for a £392m decline in AUA (-15.1% of opening AUA).

Revenue grew 53% y-o-y to £8.3m (H1-21: £5.4m); annual Run Rate Revenue increased 37% from £12.3m in Jun 21 to £16.9m in Jun 22; and adj. EBITDA* declined from -£7.6m to -£14.9m, impacted, as planned, by the ramp-up in marketing spend (£6.1m in H1-21 vs £12.4m in H1-22). We highlight that management has reiterated its confidence in achieving +ve adj. EBITDA by end-FY23 (on a monthly basis i.e., +ve on a full-year basis by FY24), with PensionBee's **path to profitability** supported by a resilient top-line and ability to control costs (it has a high level of 'discretionary' costs),

Particularly pleasing were some of the indicators of operating leverage. Headcount increased only marginally over the half-year from 177 to 181, with **employee benefits expenses decreasing as a percentage of revenue from 64% in H1-21 to 55%, and the number of invested customers per staff member increasing 24% from 741 at the end of FY-21 to 919.** The cash position remains robust with £29m of cash and equivalents.

Fundamental value >100% above share price

While markets have recovered a little since our last forecast in July, because of ongoing volatility we have left our **forecasts unchanged** for now. We will update these with the end-Q3 trading update when we will also have further insight into the progress of customer growth, inflows and overall AUA.

However, our fundamental valuation has been negatively impacted by the **jump in the risk-free rate** (10-year Gilt rate) used in our DCF valuation, from below 2.0% in July to around 3.3% today, and positively (to a lesser extent) by the cancellation of the planned corporation tax rise. These changes have reduced our valuation from 200p per share to 175p, still 133% above the current share price.

Key Financials

Year-end 31 Dec	FY20A	*H1-21A*	FY21A	*H1-22A*	FY 22E	FY 23E
Invested customers, k	69	*92*	117	*138*	202	309
AUA, £bn	1.4	*2.0*	2.6	*2.7*	3.6	5.8
Rev, £m	6.3	*6.3*	12.8	*8.3*	18.8	29.2
Adjusted expenses*, £m	(16.7)	*(13.0)*	(29.2)	*(23.2)*	(39.7)	(45.3)
Adj EBITDA*, £m	(10.4)	*(7.6)*	(16.4)	*(14.9)*	(20.9)	(16.1)
Adj EBITDA* margin	-166%	*-141%*	-129%	*-181%*	-111%	-55%
Statutory PAT, £m	(13.3)	*(12.7)*	(24.6)	*(16.7)*	(25.4)	(20.9)
EPS basic & adj, p		*(6.5)*	(11.9)	*(7.5)*	(11.4)	(9.2)
Net cash, £m	6.7	*55.0*	43.5	*29.1*	21.8	4.7

Source: Company Historic Data, ED estimates.
** Excluding share-based payments, depreciation and one-off/extraordinary expenses (mostly IPO related)*

[1] Customers who have transferred pension assets or made contributions to a PensionBee investment plan

Company Data

EPIC	PBEE
Price (last close)	75p
52 weeks Hi/Lo	151p/70p
Market cap	£168m
ED Fair Value/share	175p
Net cash	£29m
Avg. daily volume	68k

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 30 Jun 22: £2.7bn

Next Event:

20 Oct 22: Q3 Trading Update

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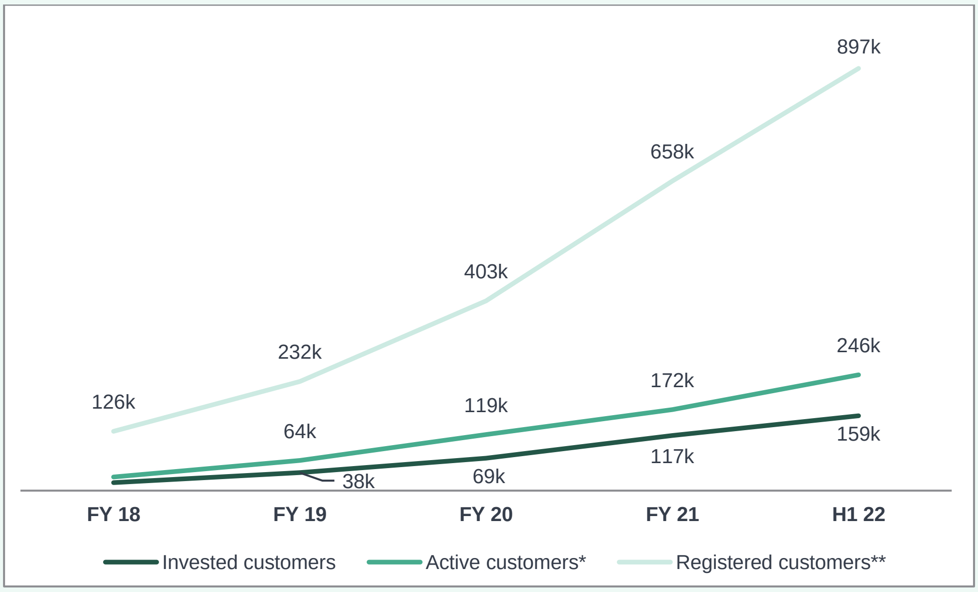
H1-22 Results

Customer numbers

PensionBee's most fundamental growth driver at this stage of its lifecycle, the number of *invested customers*, remained on track to top 200k by the end of FY22, growing 72% y-o-y to 159k on 30 Jun 22 from 92k on 30 Jun 21 (+36% over H1-22 from 117k on 31 Dec 21).

Furthermore, its pipeline of new customers - *registered customers*[1] (a 'top of sales funnel' metric) - grew 66% y-o-y from 538k on 30 Jun 21 to 897k (+36% over H1 from 658k on 31 Dec 21). The rate of customer growth is evidence that the post-IPO ramp-up in marketing spend is having the planned 'scale-up' impact.

Customer growth remains on track



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*

During H1, PensionBee deployed the majority of its marketing budget for the year (£12.4m), concentrating on its top three channels: Paid Search, TV and Out of Home.

However, during the period it did adapt its targeting strategy, demonstrating marketing agility and an ability to leverage its data platform and technology, to focus on **a slightly younger demographic**. This was because more mature customers were found to be less likely to take significant financial decisions during periods of market volatility, hence targeting a younger demographic was a more efficient use of marketing spend during this period. The average new customer age was 37.5 compared to 39.2 in the first half of 2021. While this does result in a slightly smaller average size of pension pot transferred, the upside is that these customers should, on average, have a longer customer-life with PensionBee.

In addition, **PensionBee demonstrated the resilience of its existing customer base, maintaining a retention rate of 97% and an underlying cohort growth rate of 5%** (underlying cohort growth refers to the net flows from 'mature' cohorts [>12 months with PensionBee] and includes pension pot consolidations, contributions, withdrawals, attrition, and PensionBee fees).

[1] *Customers who have started the sign-up process and have submitted at least a name and an email address*

The outlook for acquiring additional new customers remains bullish, because PensionBee: 1) already has this 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.

We remind readers that PensionBee’s plans were to spend £50-£60m on advertising and marketing over the 3-year period to 31 Dec 23, with around £25m having now been spent in the first 18 months of this period (£12.9m in FY21 and £12.4m in H1-22). This represents a significant ramp-up over previous years: £2.1m, £4.1m and £8.2m in FY’s 18, 19, and 20 respectively.

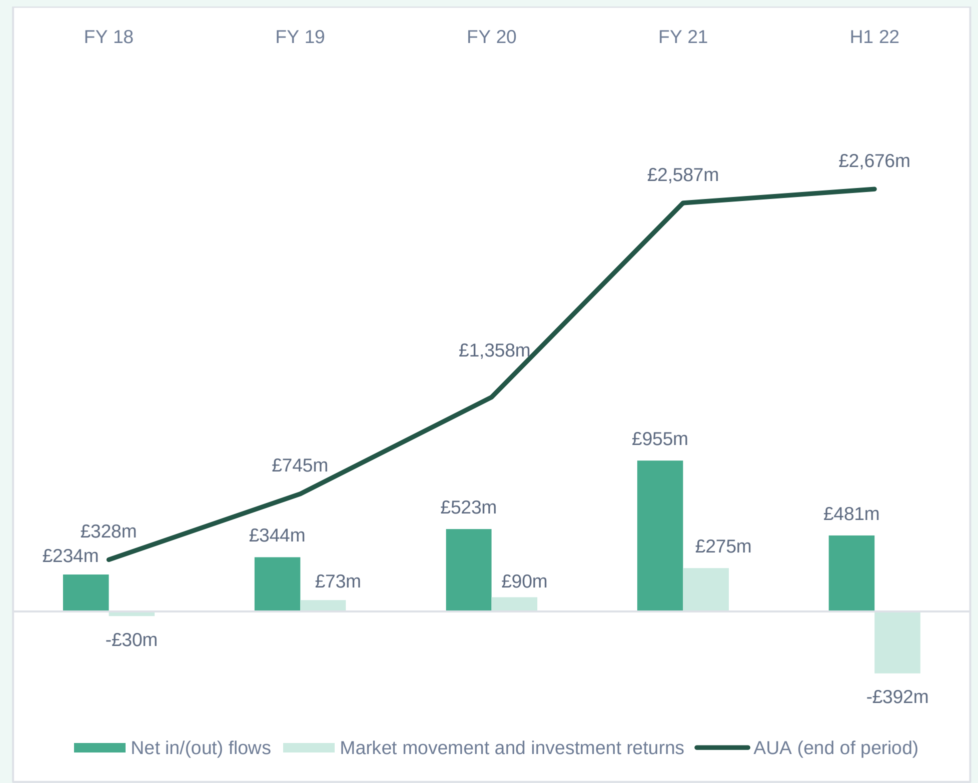
Assets under Administration

Assets Under Administration (AUA) grew 35% y-o-y from £1.99bn on 30 Jun 21 to £2.68bn on 30 Jun 22, but AUA growth was pegged back over H1-22 (+3.4%; AUA on 31 Dec 21: £2.59bn) by the sharp declines in financial markets.

Impressively, even during the market turmoil of H1, **net inflows remained robust**, accounting for £481m of AUA growth, while market movements and investment performance accounted for a £392m decline in AUA (-15.1% of opening AUA) – see chart below. This is roughly in line with an index we have constructed to model PensionBee’s overall AUA[2] (-14.7% over H1).

Net inflow performance over H1 is all the more impressive bearing in mind that inflow values would have also been depressed by falling markets, because the value of new client portfolios would have already declined before being transferred to PensionBee.

Inflows remain strong but markets peg back top line AUA growth



Source: Company reports

Net flows from new customers (typically transfers of a pension pot or pots to PensionBee) was the largest driver of this growth (£353m in H1-22 vs £316m in H1-22). Net flows from existing customers was £128m

[2] *Overall AUA is roughly invested as follows: 75% equities; 20% fixed income; 5% other assets, mostly cash.*

(H1-21: £168m) with PensionBee reporting that this decrease was due to lower levels of 'additional' pension pot consolidations (customers typically do not transfer all of their pensions pots at once) due to market volatility affecting customer sentiment. Importantly, positive net inflows were seen across all cohorts in H1-22, even the cohorts acquired in 2016-2018. This underlines the strength and predictability of customer lifetime value.

A summary of the split in AUA growth over the last few years is shown below.

Drivers of AUA growth

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)*

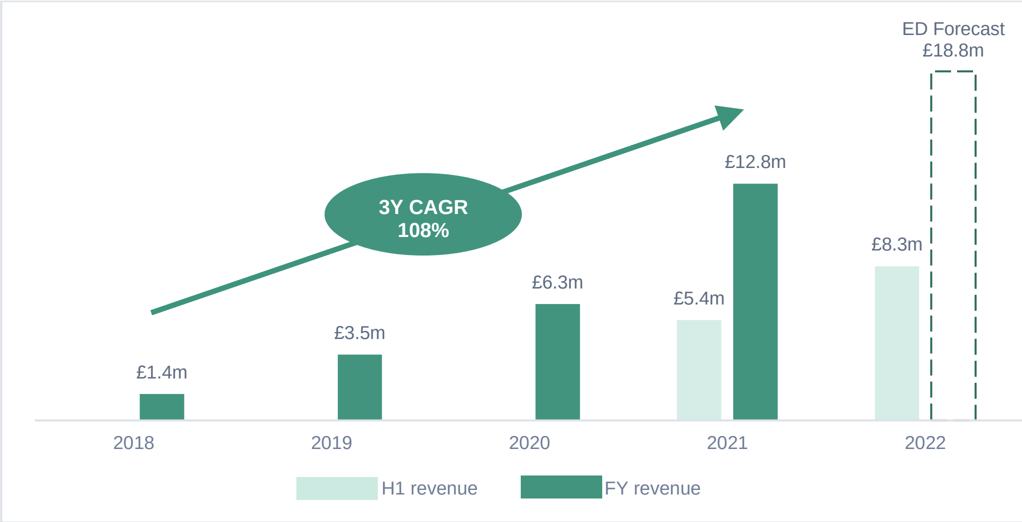
Revenue

H1 revenue grew by 53% to £8.3m (H1-21: £5.4m) with Annual Run Rate (ARR) revenue (revenue of the last month of the financial year multiplied by 12) growing 37% to £16.8m (H1-21: £12.3m).

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%.

PensionBee's revenue growth profile over the last five years is shown in the chart below.

Historical revenue



Source: Company reports

Expenses and profitability

It is easiest to describe PensionBee's cost structure in terms of three cost categories: Fully variable costs; Fixed and partly variable costs; and discretionary costs.

1. Fully variable costs

This consists primarily of *Money-Manager Costs* which are fees paid to those organisations managing the investment plans PensionBee offers (e.g. Blackrock, HSBC, L&G, State Street). These are charged as a percentage of AUA and are therefore variable costs.

Money Manager Costs increased to £1.4m in H1 (H1-21: £0.9m) – roughly 17% of revenue – but the cost as a percentage of average AUA remained roughly the same (between 0.10-0.11%).

We expect these costs as a percentage of average AUA to decrease over time as the business scales (it is common for favourable fee structures to be negotiated with increasing AUA.

2. Fixed and partly variable costs

These consist primarily of:

- *Employee Benefits Expenses* (excluding share-based payments), and
- *Other Operating Expenses* (which comprise technology platform costs and other administrative costs).

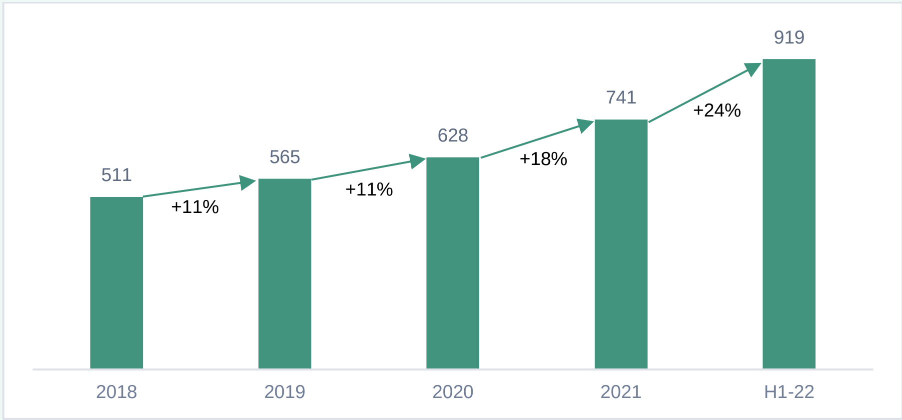
Employee Benefits Expense increased to £4.5m (H1-21: £3.4m), primarily driven by an increase in the headcount in the second half of 2021. Headcount during H1-22 only increased marginally from 177 on 31 Dec 21 to 181 on 30 Jun 22. This ability to grow headcount at a far lower rate than revenue growth is one of the key drivers of PensionBee's opportunity to capture operating leverage.

Indeed, as a percentage of revenue, employee benefits expenses decreased from 64% in H1-21 to 55%.

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 H1 it is particularly pronounced how this metric has jumped (see chart overleaf). **While the number of invested customers per staff member increased by 18% from 628 to 741 over the 12 months of FY21, it has increased by 24% to 919 over the six-months of H1 22.**

Invested customers per staff member*



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

Other Operating Expenses increased to £4.8m (H1-21: £2.6m) driven by investments in technology, professional services and other corporate costs

Share-based Payment costs decreased from £2.0m in H1-21 to £1.1m with no accelerated vesting during the period. In comparison, the higher charge in H1-21 was due to the accelerated vesting of options in the run up to IPO and the revision of the estimate on the occurrence of a liquidity event (the IPO) in H1-21.

Transaction Costs (£0.7m) primarily consisted of fees and expenses incurred in relation to the preparation for the Company's transition to the Premium Segment of the Main Market of the London Stock Exchange. Taxation was comprised of enhanced tax credits in relation to routine Research and Development refunds.

3. 'Discretionary' costs

The third large cost bucket is *advertising and marketing costs* which can be 'dialled' up or down. In H1, these totalled £12.4m as previously discussed on page 2 (customer numbers). While these costs are expected to remain significant over the next few years (PensionBee budgeted £50-60m over FY's 21-23, with around £34m of the £49m net IPO proceeds earmarked for advertising and marketing).

However, from FY24, while marketing spend will continue to rise to maintain new customer growth momentum, growth in this spending is scheduled to slow (PensionBee's guidance states high single digit percentage growth). Thus, **as a percentage of revenue, we expect marketing and advertising spend to fall sharply in the years following FY24**.

Profitability

PensionBee is not yet profitable, **but is rapidly heading towards profitability**, as a result of: 1) its investment in technology and people (largely fixed costs) being spread across a larger customer base as it grows, and 2) existing customer revenues compounding without new marketing spend (customers typically transfer additional pension pots to PensionBee over time and make contributions to their pensions).

One of the key profitability metrics used by PensionBee to track underlying performance is adjusted EBITDA (operating profit or loss before taxation, finance costs, depreciation, share based compensation and listing costs). And while adjusted EBITDA declined from -£7.6m in H1-21 to -£14.9m in H1-22, this was driven primarily by the ramp-up in marketing spend and in technology investments.

At the time of its IPO, PensionBee forecast that adjusted EBITDA would turn positive on a monthly basis from Dec 23 (i.e. from FY24 on a full-year basis). In these results, management has reiterated their confidence in achieving this medium-term objective.

For the same reasons as the increase in adjusted EBITDA loss, the loss after tax increased to £16.7m from £12.8m in H1-21. Basic and Diluted Earnings per Share declined from -6.54p in H1-21 to -7.54p.

A summary of PensionBee's costs and profitability trends is shown in the table below.

Historical cost and profitability summary

Year-end 31 Dec	FY18A	FY19A	FY20A	*H1-21*	FY21A	*H1-22*
Revenue	**1.4**	**3.5**	**6.3**	***5.4***	**12.8**	***8.3***
Money manager costs	(0.4)	(0.7)	(0.9)	*(0.9)*	(2.3)	*(1.4)*
as % of Rev	25.4%	18.8%	15.0%	*16.7%*	18.0%	*17.0%*
Net revenue	1.1	2.9	5.3	*4.5*	10.5	*6.9*
Employee costs*	(1.4)	(2.6)	(4.5)	*(3.4)*	(7.4)	*(4.5)*
as % of Rev	100%	73%	71%	*64%*	58%	*55%*
Tech platform & other costs	(0.9)	(2.0)	(3.1)	*(2.6)*	(6.6)	*(4.8)*
as % of Rev	61%	57%	49%	*48%*	51%	*58%*
Tech platform costs & other opex*	(2.3)	(4.6)	(7.5)	*(6.0)*	(14.0)	*(9.4)*
as % of Rev	160%	130%	120%	*112%*	110%	*114%*
Adj EBITDA before marketing (EBITDAM)	(1.2)	(1.7)	(2.2)	*(1.5)*	(3.6)	*(2.5)*
Adj EBITDAM margin	-86%	-49%	-35%	*-29%*	-28%	*-31%*
Marketing costs	(2.1)	(4.2)	(8.2)	*(6.1)*	(12.9)	*(12.4)*
as % of Rev	150%	118%	131%	*113%*	101%	*150%*
Adj EBITDA, £m	**(3.4)**	**(5.9)**	**(10.4)**	***(7.6)***	**(16.4)**	***(14.9)***
Adj EBITDA margin	-236%	-166%	-166%	*-141%*	-129%	*-181%*
Share based pmts	(0.0)	(0.9)	(2.2)	*(2.0)*	(3.9)	*(1.1)*
Depreciation	(0.0)	(0.2)	(0.2)	*(0.1)*	(0.3)	*(0.1)*
Transaction costs	0.0	0.0	(0.6)	*(2.9)*	(2.9)	*(0.7)*
Operating profit	**(3.4)**	**(7.0)**	**(13.5)**	***(12.6)***	**(23.6)**	***(16.9)***
Finance Costs	0.00	(0.02)	(0.01)	*(0.21)*	(1.42)	*(0.02)*
Profit/(loss) before tax	**(3.4)**	**(7.0)**	**(13.5)**	***(12.8)***	**(25.0)**	***(16.9)***
Tax (payable)/receivable**	0.3	0.3	0.2	*0.1*	0.3	*0.2*
Profit/(loss) after tax	**(3.1)**	**(6.8)**	**(13.3)**	***(12.7)***	**(24.6)**	***(16.7)***

Source: Company Historic Data
**Technology platform & other opex comprises employee benefits expense excl share-based pmts), technology platform costs and other administrative costs*
*** Tax receipts are Research and Development tax credits*

Balance sheet and cash position

PensionBee's net assets declined from £43.8 to £28.2m over the period, driven mainly by the reduction in retained earnings. Cash and cash equivalents stood at £29m (H1-21: £55m).

PensionBee Limited, a subsidiary of the Company, is authorised and regulated by the FCA and must adhere to minimum capital requirements. As of December 2021, its actual capital resources were £31.7m vs a capital resource requirement of £0.9m, a coverage ratio of 33.7x.

Growth forecasts

As a reminder, in July 2022 we updated our forecasts for PensionBee following its H1 trading update, which took place after a period of significant market falls.

At that time, PensionBee had met our growth forecasts in terms of customer numbers, but market falls over H1 had pegged back AUA growth, and we reduced our AUA, revenue and profit forecasts accordingly:

- AUA forecast for end-FY22 reduced to £3.6bn (from previous forecast of £4.3bn but +39% over FY21);
- Revenue forecast for FY22 reduced to £18.8m (from £21.1m but +47% over FY21, with PensionBee guiding for revenue to be in the range of £17-£20m); and
- Adjusted EBITDA forecast reduced to -£20.9m (from -£16.4m, with PensionBee still guiding positive adj. EBITDA by FY24).

In the period since those revisions, markets have recovered a little, and we estimate that AUA from market movements and investment performance will have increased by around 2.5% - 3.0% (we have constructed an index to model PensionBee's overall AUA based on an investment split of 75% equities; 20% fixed income; 5% other assets, mostly cash).

However, because of ongoing volatility in financial markets **we have left our forecasts unchanged for now**. We will update these with the end-Q3 trading update scheduled for 20 Oct 2022, when we will also have further insight into other key metrics such as customer growth, inflows and overall AUA levels.

Valuation

While our growth forecasts have remained unchanged, our fundamental valuation has been negatively impacted by the jump in the risk-free rate we use as an input to calculate the discount rate used in our DCF valuation. In July, when we last updated our valuation, **the UK 10-year gilt rate stood at below 2.0%. Today, it is around 3.3% which has increased the discount rate we use from 9.75% to 11.0%**

And because PensionBee is still in the very early stages of its growth journey with positive free cash flows forecast some years into the future, its DCF valuation is particularly sensitive to this discount rate.

Conversely, the reversal of the planned increase in the UK corporation tax rate has increased our valuation.

The combination of the above factors has **reduced our fundamental value to 175p per share from 200p, but this remains far above the current share price (+133%)** .

As a reminder, our underlying assumptions behind our growth forecast are split into three distinct periods:

- An initial 5-year high growth period, with revenue CAGR of just under 50%;
- A 'medium growth' period in years 5-10, where revenue CAGR is 15% and adj EBITDA margin improves from around 30% to 45% as a result of additional scale benefits (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) which we have calculated to be 11.0%

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 (<0.3%) of a huge addressable market of more than £1.0 trillion of wealth[3] (the DC pensions market which is also growing) and has clearly developed a market leading customer-proposition that appeals across the age spectrum

- **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 is being experienced now).

- **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 is **well capitalised** (with £29m of net cash and 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.

[3] *ONS, Pension wealth: wealth in Great Britain, Jan 22 (Preserved pensions = DC preserved pensions + preserved pensions expected from former spouse/partner. Personal pensions = active members of personal pension schemes.)*

Appendix 1: Historical and forecast Financials

Consolidated Income Statement + Forecasts

12 months to end Dec, £'m	FY20A	*H1 21A*	FY21A	*H1 22 A*	FY 22E	FY 23E
Revenue	**6.3**	***5.4***	**12.8**	***8.3***	**18.8**	**29.2**
Employee expense (excl share-based pmts)	(4.5)	*(3.4)*	(7.4)	*(4.5)*	(9.4)	(10.6)
Advertising & marketing	(8.2)	*(6.1)*	(12.9)	*(12.4)*	(19.0)	(20.1)
Other expenses*	(4.0)	*(3.4)*	(8.9)	*(6.3)*	(11.4)	(14.5)
Adj. EBITDA	**(10.4)**	***(7.6)***	**(16.4)**	***(14.9)***	**(20.9)**	**(16.1)**
Share based pmts	(2.2)	*(2.0)*	(3.9)	*(1.1)*	(4.2)	(4.5)
Depreciation	(0.2)	*(0.1)*	(0.3)	*(0.1)*	(0.2)	(0.3)
Transaction costs	(0.6)	*(2.9)*	(2.9)	*(0.7)*	-	-
Operating profit/(loss)	**(13.5)**	***(12.6)***	**(23.6)**	***(16.9)***	**(25.4)**	**(20.8)**
Finance Costs	(0.0)	*(0.2)*	(1.4)	*(0.0)*	(0.0)	(0.0)
Profit/(loss) before tax	**(13.5)**	***(12.8)***	**(25.0)**	***(16.9)***	**(25.4)**	**(20.9)**
Tax (payable)/receivable**	0.2	*0.1*	0.3	*0.2*	-	-
Profit/(loss) after tax	**(13.3)**	***(12.7)***	**(24.6)**	***(16.7)***	**(25.4)**	**(20.9)**
Basic & Diluted EPS**, p		*(6.5)*	(11.9)	*(7.5)*	(11.4)	(9.2)

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	*H1 21A*	FY21A	*H1 22 A*	FY 22E	FY 23E
ASSETS						
Non-current assets						
Property, plant and equipment	0.2	*0.1*	0.1	*0.4*	0.2	0.3
Right of Use Assets	0.1	*0.1*	0.7	*0.6*	0.6	0.5
Other receivables	-	-	-	*0.1*	-	-
Total non-current assets	**0.3**	***0.2***	**0.8**	***1.1***	**0.8**	**0.7**
Current assets						
Trade and other receivables	1.5	*3.8*	3.2	*2.9*	5.1	8.0
Cash and cash equivalents	6.7	*55.0*	43.5	*29.1*	21.8	4.7
Total current assets	**8.2**	***58.9***	**46.7**	***32.1***	**26.9**	**12.7**
TOTAL ASSETS	**8.6**	***59.1***	**47.5**	***33.2***	**27.7**	**13.4**
LIABILITIES						
Non-current Liabilities						
Lease liabilities	-	-	0.6	*0.5*	0.4	0.3
Provisions	-	-	0.0	*0.0*	0.0	0.0
Deferred tax liability	-	-	-	-	-	-
Total non-current liabilities	**-**	***-***	**0.6**	***0.5***	**0.5**	**0.4**
Current Liabilities						
Trade and other payables	2.0	*5.4*	3.0	*4.2*	4.5	6.8
Lease liabilities	0.1	*0.0*	0.1	*0.2*	0.1	0.1
Total current liabilities	**2.1**	***5.4***	**3.1**	***4.4***	**4.6**	**6.9**
NET ASSETS	**6.5**	***53.7***	**43.8**	***28.2***	**22.6**	**6.2**
EQUITY						
Share capital	-	*0.2*	0.2	*0.2*	0.2	0.2
Share premium	30.3	*53.2*	53.2	*53.2*	53.2	53.2
Share based payment reserve	4.4	*6.2*	8.3	*9.5*	12.5	17.0
Retained earnings	(28.2)	*(6.0)*	(18.0)	*(34.7)*	(43.4)	(64.3)
Total equity	**6.5**	***53.7***	**43.8**	***28.2***	**22.6**	**6.2**
TOTAL EQUITY + LIABILITIES	**8.6**	***59.1***	**47.5**	***33.2***	**27.7**	**13.4**

Source: Company Historic Data, ED estimates.

Consolidated Cash Flow Statement + Forecasts

12 months to end Dec, £'m	FY20A	*H1 21A*	FY21A	*H1 22 A*	FY 22E	FY 23E
OPERATING ACTIVITIES						
Profit/(loss) for the year	**(13.3)**	***(12.7)***	**(24.6)**	***(16.7)***	**(25.4)**	**(20.9)**
Adjustment for non-cash items:						
Depreciation	0.2	*0.1*	0.3	*0.1*	0.2	0.3
Loss/(profit) on disposal	0.0	-	0.0	-	-	-
Finance costs	0.0	*0.2*	1.4	*0.0*	-	-
Share based payment transactions	2.2	*2.0*	3.9	*1.1*	4.2	4.5
Tax	(0.2)	*(0.1)*	(0.3)	*(0.2)*	-	-
Decrease/(increase) in receivables	(0.6)	*(1.9)*	(1.3)	*(0.0)*	(1.9)	(2.9)
(Decr)/incr in trade and other payables	0.8	*3.1*	1.0	*1.2*	1.5	2.3
Cash used in operations	**(10.8)**	***(9.3)***	**(19.6)**	***(14.4)***	**(21.4)**	**(16.8)**
Income taxes received/(paid)	0.4	-	-	*0.2*	-	-
Net cash from operating activities	**(10.4)**	***(9.3)***	**(19.6)**	***(14.2)***	**(21.4)**	**(16.8)**
INVESTING ACTIVITIES						
Purchase of property and equipment	(0.1)	*(0.0)*	(0.1)	*(0.2)*	(0.2)	(0.2)
Right-of-use assets	-	-	(0.0)	-	-	-
Net cash used in investing activities	**(0.1)**	***(0.0)***	**(0.1)**	***(0.2)***	**(0.2)**	**(0.2)**
FINANCING ACTIVITIES						
Revolving credit facility fees	-	-	(1.4)	-	-	-
Proceeds of issue of shares	7.2	*59.8*	59.8	-	-	-
Transaction costs on issue of shares	-	*(1.7)*	(1.7)	-	-	-
Payment of finance costs	-	*(0.4)*	-	-	-	-
Pmt of lease liabilities	(0.2)	*(0.1)*	(0.1)	-	(0.1)	(0.1)
Net cash from /(used in) fin activities	**7.1**	***57.6***	**56.5**	**-**	**(0.1)**	**(0.1)**
Net (decr)/incr in cash & equivalents	**(3.5)**	***48.3***	**36.8**	***(14.4)***	**(21.7)**	**(17.1)**
Cash & equivalents at beginning of year	10.2	*6.7*	6.7	*43.5*	43.5	21.8
Cash & equivalents at end of year	**6.7**	***55.0***	**43.5**	***29.1***	**21.8**	**4.7**

Source: Company Historic Data, ED estimates.

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