



ADMINISTRATORS OF CLIENT ASSETS

INTERIM RESULTS PRESENTATION

6 MONTHS ENDED 30 JUNE 2022



Board of Directors



Nigel Birrell
Non-Executive Chairman
Appointed September 2022



Alan Kentish
Chief Executive Officer
Appointed May 2016 as CEO
previously Business & Product
Development Director and
Chief Financial Officer



Graham Kettleborough
Non-Executive Director
Appointed August 2018



Nicole Coll
Chief Financial Officer
Appointed October 2021

Product Offerings

Administrators of Client Assets

UK WORKPLACE PENSIONS

Following acquisition of Carey (Options) Pensions in February 2019, strategic entry into the dynamic sector of auto-enrolment.

Currently: over 270,000 members

SELF-INVESTED PERSONAL PENSIONS SCHEMES (SIPPS) & SMALL SELF ADMINISTERED SCHEMES (SSAS)

UK regulated products. STM has products specifically tailored to serve both the UK and international market.

Currently: circa 7,400 members (excl recently acquired portfolio from Mercer Ltd)

GROUP PENSION PLANS (GPP)

Acquired through the Berkeley Burke acquisition.

Currently: circa 150 customers

QUALIFYING RECOGNISED OVERSEAS PENSION SCHEMES (QROPS)

Exported UK pensions administered in Malta and Gibraltar.

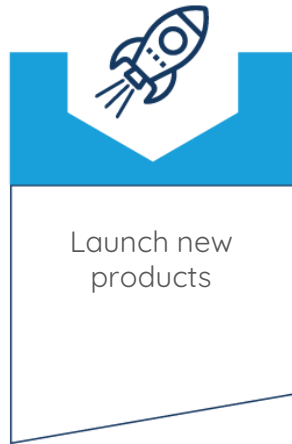
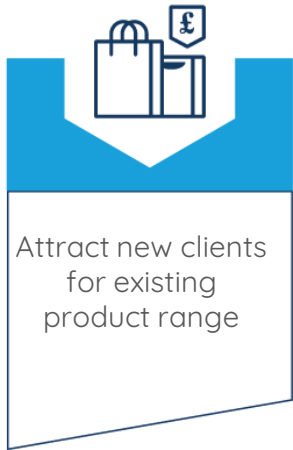
Since legislation changes of 2017 this is no longer STM's primary growth driver but continues to provide a steady recurring revenue stream.

LIFE ASSURANCE WRAPPERS

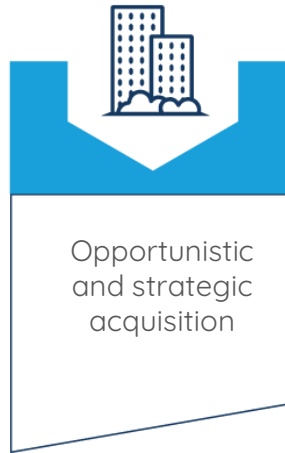
With two life assurance companies in the Group STM offers a broad range of product solutions.

Group Growth Strategy

ORGANIC GROWTH



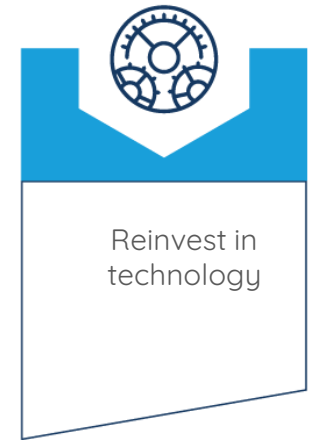
ACQUISITIVE GROWTH



MARGIN GROWTH



INVESTMENT IN CAPEX



- Build our network of intermediaries, work with partners
- Develop strategic partnerships

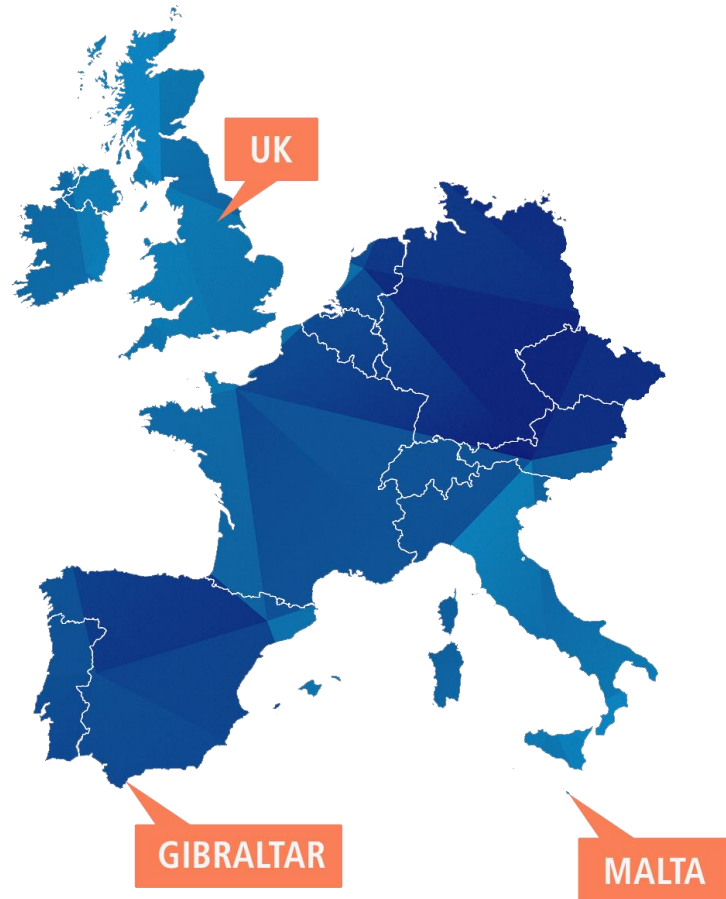
- International Occupational Pensions launch
- Niche products, such as Shariah compliant product

- Mercer Ltd SIPP and SASS portfolio acquisition completed – complementary to existing business

- Central functions for economies of scale
- Simplify and centralise the group structure

- Improve customer and intermediary experience
- Use IT to bring about operational efficiencies

Trading Jurisdictions



Products Administered:

United Kingdom

Personal Pensions
(*SIPP and SSAS*)
Workplace Pensions
Group Pension Plan

Gibraltar

Personal Pensions (*QROPS and QNUPS*)
Life Assurance Portfolio
Bonds
Annuities
Workplace Pensions

Malta

Personal Pensions
(*QROPS, QNUPS and EURBS*)
Workplace Pensions

Australia (*satellite office*)

Personal Pensions
(*QROPS, QNUPS and EURBS*)
Workplace Pensions

277

Our Colleagues

295,000

Our Customers

STM gives peace of mind to their customers by helping to look after their financial futures

Operational Highlights

- ✔ Recurring revenue remains predictable and a cornerstone of the business
- ✔ UK corporate Pensions business revenues continue to grow despite changes in legislation
- ✔ Strategic partnerships continue to be developed in the UK
- ✔ Successful acquisition of a further SIPP and SSAS portfolio
- ✔ Changes to the Board to further ensure a governance structure conducive to the Group's growth objectives
- ✔ Continued focus on updating and revising the operating model to increase “topline” growth and operating efficiencies

Financial Highlights

REVENUE	H1 2022	H1 2021	FY 2021
Reported	£11.3m	£11.4m	£22.4m
Adjusted	£11.3m	£10.7m	£21.6m

PROFITABILITY	H1 2022	H1 2021	FY 2021
EBITDA	£1.4m	£1.5m	£2.9m
Adjusted EBITDA*	£1.7m	£1.6m	£3.0m

RECURRING REVENUE		
H1 2022	£10.5m	93%
H1 2021	£10.0m	88%
FY 2021	£20.4m	91%

ADJUSTED* EBITDA MARGINS		
	EBITDA	PBT
H1 2022	15%	7%
H1 2021	15%	7%
FY 2021	14%	6%

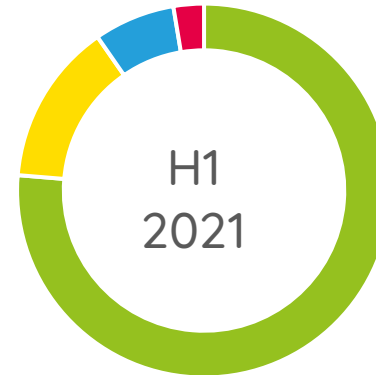
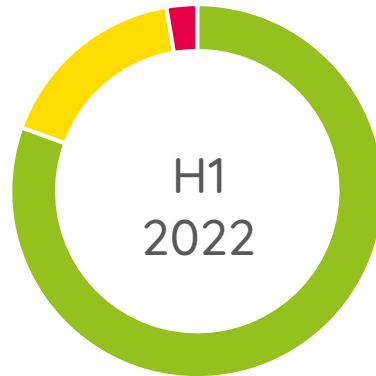
DIVIDENDS	
H1 2022	0.60p
H1 2021	0.60p
FY 2021	1.50p





CASH & CASH EQUIVALENTS		
	Balance net of borrowing	Cash flow from operations
H1 2022	£17.0m	£1.2m
H1 2021	£18.6m	£1.2m
FY 2021	£16.8m	(£0.1m)

* Net of certain transactions which do not form part of the regular operations of the business

2022 Revenue Contribution

By Operating Segment



	H1 2022	H1 2021	FY 2021
 Pensions	£9.1m (81%)	£8.7m (76%)	£17.6m (69%)
 Life Assurance	£1.9m (17%)	£1.6m (14%)	£3.4m (15%)
 Other	£0.3m (2%)	£0.3m (3%)	£0.6m (3%)
Total continuing operations	£11.3m	£10.6m	£21.6m
 Trust and Company Management	—	£0.7m (7%)	£0.8m (1%)
Total reported revenue	£11.3m	£11.4m	£22.4m

2022 Revenue Contribution

By Operating Segment

	Half Year 30 June 2022	Recurring revenues	Recurring revenues	Half year 30 June 2021	Recurring revenues	Recurring revenues
REVENUE						
Pensions	£9.1m	£8.4m	92%	£8.7m	£8.0m	92%
Life assurance	£1.9m	£1.9m	100%	£1.6m	£1.6m	98%
Companies and trust management	—	—	—	£0.8m	£0.3m	41%
Other	£0.3m	£0.2m	66%	£0.3m	£0.2m	55%
Total	£11.3m	£10.5m	93%	£11.4m	£10.0m	88%

DIVISIONAL REVIEW

Pensions Member Count

Stable run rate for new business

Low attrition rate supporting the stickiness of the segment

The acquisition completed on 31 August 2022, adds 3,455 SIPP/SSAS members to the total below

SIPPS / SSASs Movement in the year	UK	Int.	Total
31 December 2021	5,598	1,911	7,509
Organic growth	243	125	368
Natural attrition	(370)	(78)	(448)
Total at 30 June 2022	5,471	1,958	7,429
Attrition rate (annualised)	12.7%	7.7%	11.4%

Corporate no of members	Total
31 December 2021	245,429
Organic growth	35,922
Natural attrition	(8,042)
Total at 30 June 2022	273,309

QROPS Movement in the year	Total
31 December 2021	11,272
Opening adjustment	(282)
Organic growth	28
Natural attrition	(164)
Total at 30 June 2022	10,854

Total Pensions by division	Total
Malta	7,616
Gibraltar	3,238
UK	7,429
Total	18,283

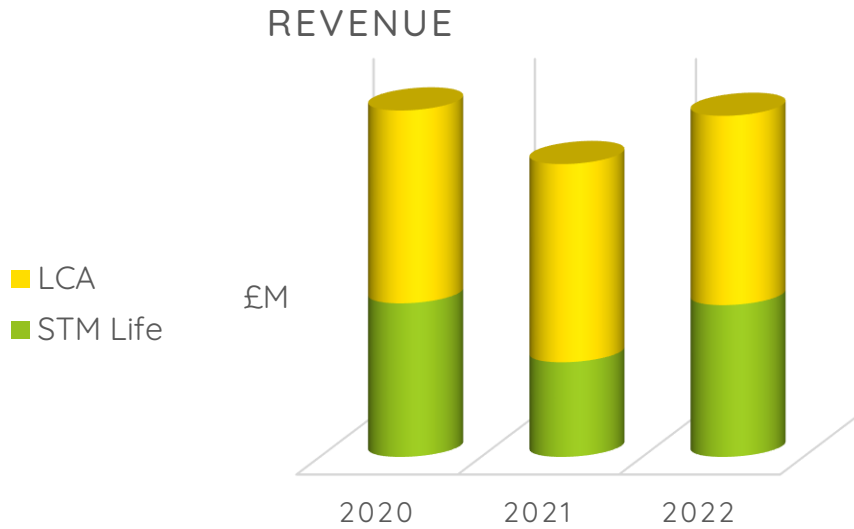
Pensions Revenue

Solid recurring revenue at 92% demonstrating robustness of the business model

	H1 2022	H1 2021	2021
	£m	£m	£m
QROPS	4.83	4.86	9.74
SIPP / SSAS	1.92	1.73	3.47
Auto-enrolment	1.77	1.48	3.26
GPP / TPA *	0.55	0.62	1.22
Total	9.07	8.69	17.69

* Group Pension Plans & Third Party Administration

Life Assurance






Longevity of policies gives solid and predictable revenue stream in terms of annual fees.

	H1 2022	H1 2021	2021
	£m	£m	£m
STM Life	0.85	0.53	1.29
LCA	1.06	1.11	2.11
Total	1.91	1.64	3.40

Administrative Expenses

	H1 2022	H1 2021	FY 2021
	£m	£m	£m
Personnel	6.06	6.16	11.98
Technology and communications	1.08	1.03	2.09
Legal and professional	1.21	1.11	2.17
Insurance	0.73	0.79	1.59
Other	0.88	0.78	1.70
Finance costs / gains	0.10	0.15	0.33
Depreciation and amortisation	0.78	0.76	1.45
Total (including finance costs, depreciation and amortisation)	10.84	10.78	21.31

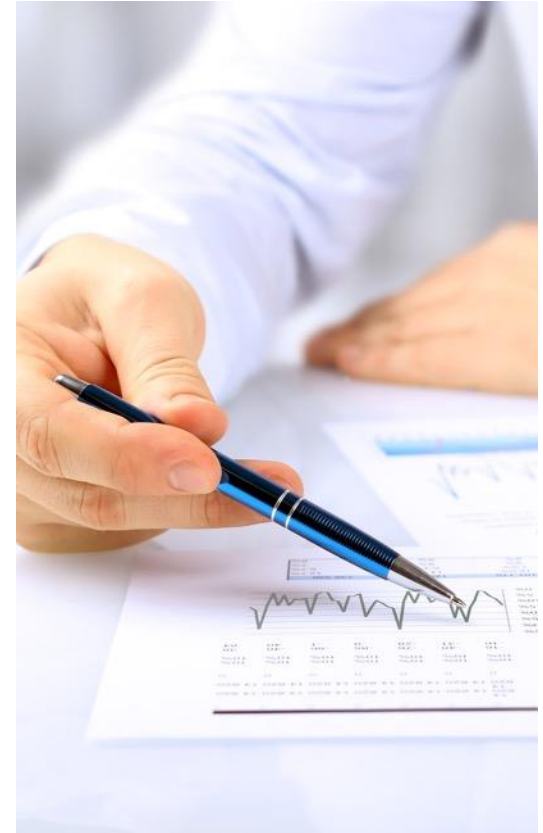
-  Personnel costs have reduced in line with expectations
-  Technology and communications costs have marginally increased as we continue to invest in our technology capabilities
-  An increase in audit fees is the main driver behind the increase in legal and professional costs

SIPP & SSAS Acquisition

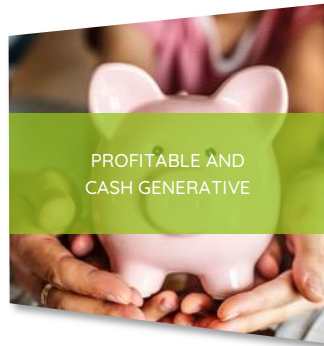
- ✓ A complementary acquisition of SIPP and SSAS business from Mercer Ltd, providing pensions administration services for 3,455 members across the UK with 2,733 SIPPS and 732 SSASs.
- ✓ Total acquisition consideration of £3.34m which includes circa £0.9m of fees yet to be collected from clients
- ✓ 33 experienced and well regarded new colleagues based in Cardiff projected to generate approximately £2.7m of revenue annually
- ✓ After acquisition and integration costs, the business is forecast to generate a PBT of £0.3m in 2023 and at least £0.6m from 2024 onwards

Summary & Outlook

- ✓ Trading outlook for the year remains in line with management's expectations
- ✓ Solid recurring revenue underpins the profitability of the business
- ✓ Continued organic growth in pensions business across both SIPP/SSAS and auto-enrolment
- ✓ Successful completion of a further SIPP and SSAS portfolio adds further scale
- ✓ Continued focus on operating efficiencies to enhance margins



Investment Case



APPENDIX 1

Information and Regulatory Overview

As at 30 June 2022

	UK			Malta	Gibraltar		Spain	Other	
Products	SIPPs / SSASs	AUTO-ENROLMENT	OTHER PENSIONS	QROPS	QROPS	LIFE	OTHER	SALES / GROUP / GIBRALTAR CENTRAL SERVICES	Total
No. of clients	7,429	273,309	149	7,616	3,238	2,847	342	—	294,930
No. of colleagues	130			47	20	22	6	52	277
Revenue £'000s	1,924	1,772	555	3,755	1,066	1,910	246	95	11,323
Regulators	Financial Conduct Authority (FCA)	The Pension Regulator	N/A	Malta Financial Conduct Services (MFSA)	Gibraltar Financial Services Commission (GFSC)		N/A	N/A	
Solvency Requirements	£2.5m	£1.8m	N/A	£0.8m	£0.5m	£10.5m	£0.8m	—	£16.9m

*8 colleagues carry out centralised functions in Gibraltar

- All trading operations are regulated
- Regulatory compliance a key focus
- Ensures STM provides service that puts our customers at the heart of everything we do

Income Statement

Period Ended 30 June 2022

	H1 2022 £'000	H1 2021 £'000	2021 £'000
Revenue	11,323	11,386	22,355
Administrative expenses	(10,744)	(10,629)	(20,982)
Profit before other items	579	757	1,373
Finance costs	(99)	(152)	(330)
Gains on disposal of subsidiaries	—	120	219
Gains on revaluation of financial instruments (call options)	—	222	406
Movement on deferred consideration	—	—	330
Impairment of goodwill	—	—	(798)
Profit on ordinary activities before taxation	480	947	1,200
Taxation	(111)	(187)	542
Profit on ordinary activities after taxation	369	760	1,742
Profit attributable to:			
Owners of the Company	305	800	1,749
Non-Controlling interests	64	(40)	(7)
	369	760	1,742
Earnings per share basic (pence)	0.62	1.28	2.94
Earnings per share diluted (pence)	0.62	1.28	2.94

Consolidated Balance Sheet

At 30 June 2022

	H1 2022 £'000	H1 2021 £'000	2021 £'000
ASSETS			
Non current assets			
Property, plant and equipment	1,317	1,692	1,663
Intangible assets	19,437	20,066	19,355
Other assets (mainly derivative asset on acquisition of Carey)	881	697	881
Deferred tax asset	76	85	76
	21,711	22,540	21,975
Current assets			
Accrued income	1,550	1,447	1,311
Trade and other receivables	6,549	4,019	7,699
Receivables due from insurers	24,130	3,600	24,130
Cash and cash equivalents	18,118	18,574	18,207
	50,347	27,640	51,347
TOTAL ASSETS	72,058	50,180	73,322
EQUITY			
Equity attributable to owners of the Company	36,698	35,785	36,380
Non-controlling interests	(388)	(485)	(452)
TOTAL EQUITY	36,310	35,300	35,928
LIABILITIES			
Current liabilities	10,113	8,971	11,172
Provisions	24,130	3,600	24,130
Liabilities greater than one year	1,505	2,309	2,092
TOTAL LIABILITIES	35,748	14,880	37,394
TOTAL LIABILITIES & EQUITY	72,058	50,180	73,322

Consolidated Cashflow Statement

Period Ended 30 June 2022

RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	H1 2022 £'000	H1 2021 £'000	2021 £'000
PROFIT BEFORE TAXATION	480	947	1,200
Adjustments for:			
(Increase) / decrease in trade and other receivables	1,150	(996)	(2,226)
Increase in accrued income	(239)	291	8
Decrease in trade and other payables	(1,018)	817	(936)
Other	813	91	1,870
NET CASH FROM OPERATING ACTIVITIES	1,186	1,150	(84)
Investing activities			
Disposal of investments	—	2,369	4,821
Purchase of property, plant and equipment	(13)	(193)	(352)
Increase in intangible assets	(527)	(546)	(1,074)
NET CASH USED IN INVESTING ACTIVITIES	(540)	1,591	3,394
Financing activities			
Net bank loan repayments	(275)	362	(150)
Dividends paid	—	(505)	(861)
Lease liabilities paid	(473)	(437)	(469)
NET CASH FROM FINANCING ACTIVITIES	(748)	(580)	(1,479)
(Decrease) / increase in cash and cash equivalent	(102)	2,161	1,831
Balance at start of year	18,207	16,409	16,409
(Decrease) / increase in cash and cash equivalents during the period / year	(102)	2,161	1,830
Effect of movements in exchange rates on cash and cash equivalents	13	4	(33)
Balance at end of year	18,118	18,574	18,207

APPENDIX 2

Mission & Strategy

Our mission is to give our customers **freedom and choice** by helping them to secure their long-term financial future:

- To be a growing and respected multi-jurisdictional provider of life assurance and pension solutions to UK citizens, expatriates and overseas nationals;
- To operate best in class compliance, meeting all regulatory requirements in all jurisdictions it operates in;
- To provide positive outcomes for our customers, shareholders, employees and third-party associates.

To deliver on our mission, our strategy includes:

TARGET

- Target operating model
Develop a more efficient and robust operating system
- Distribution
Expand on our UK intermediary base
- Products
Focus on pension and life savings products
- Investment in technology
Move to two operating systems
- Jurisdictions and acquisitions
Continue to look for opportunistic acquisitions
- Governance
A well rounded and knowledgeable board and infrastructure

HOW WE ACHIEVE THIS

- By appointing three MDs to our main hubs and centralising support functions
- By creating a Business Development team for UK focused products
- By relaunching the Options brand to kick-start the UK drive
- By transferring the Options SIPPs/QROPS onto the L&C BOSS system and migrating Corporate (UK & International) onto new system (ITM)
- With bolt on acquisitions for profit enhancement and strategic acquisitions for longer term goals
- With strong participation from PLC NED's and forward-looking MI

Director Profiles

NIGEL BIRRELL **NON-EXECUTIVE CHAIRMAN**

Nigel has served as the Chief Executive Officer of Lottoland Group since May 2014. Lottoland is an online bet on lottery operator based in Gibraltar, which operates across multiple territories and has 16 million customers. Prior to his role at Lottoland, Nigel was a group director on the executive board of bwin.party digital entertainment plc (now Entain plc) the then world's leading on-line gaming business. Prior to bwin.party, Nigel was a main board director of the FTSE 250 media group HIT Entertainment PLC ("HIT").

Earlier in his career, he worked as an investment banker with both Dresdner Kleinwort Benson and later Donaldson, Lufkin & Jenrette (now Credit Suisse). Nigel holds a Bachelor of Laws (LLB) from the University of London (Queen Mary College) and is a Solicitor of the Senior Courts of England and Wales.

Nigel is non-executive Chairman of Duke Royalty Limited (AIM listed) and also holds a number of other private company non-executive positions.

GRAHAM KETTLEBOROUGH **NON-EXECUTIVE DIRECTOR**

Graham is a highly experienced financial services professional and is well known in the life and pensions sector, having been Chief Executive Officer of Chesnara Plc, a London Stock Exchange listed business, during the period from 2004 to 2014. Graham was instrumental in building the company into a respected sector performer through life and pensions consolidation in the UK and acquisitions in Sweden and The Netherlands. The group delivered significant shareholder value with significant growth in assets, share price appreciation and an unbroken increasing dividend record. He has strong experience in corporate governance, has completed a number of successful UK and international acquisitions (including fund raising through loan finance and equity issuance) and undertaken significant business transformation and integration activity.

ALAN ROY KENTISH ACA ACII AIRM **CHIEF EXECUTIVE OFFICER**

Alan Kentish trained with a Big 4 accountancy firm in the UK and specialised in financial services audits, qualifying as a Chartered Accountant over 25 years ago. He moved to Gibraltar in 1993, and joined the BDO firm as the founder of their insurance management division. Alan was at the forefront of developing the hugely successful Gibraltar insurance sector, and qualified as an Associate of the Chartered Insurance Institute as well as becoming a qualified Associate of the Institute of Risk Management along the way. The BDO member firm evolved into STM as part of the AIM listing in 2007, with Alan holding the office of Chief Financial Officer at that time, as well as navigating STM through the difficult financial crisis of 2008 and 2009. Alan became the director of business development in 2012 as STM moved into its growth phase, particularly in relation to its pension product offering, and took over as CEO in April 2016 as part of continuing to build the infrastructure of the business. Alan has served on numerous company boards, both regulated and non-regulated, but primarily in the financial services and insurance sector, including a main subsidiary board of a FTSE 100 company.

NICOLE COLL CA (SA) ICAEW ACMA CPA **CHIEF FINANCIAL OFFICER**

Nicole is a qualified Chartered Accountant and has worked in financial services across several global jurisdictions for over twenty years in Executive and Non-Executive board level positions. She was appointed to the Board of STM in October 2021. Nicole has extensive leadership experience in the regulated financial services sector, most recently as the CFO of a privately owned UK Bank, and prior to that as Chief Financial Accountant at the Bank of England. She has experience in delivering, implementing, and communicating strategy, developing culture and governance frameworks and heading the HR function.

In addition to her role at STM, Nicole is a non-executive director at Dudley Building Society and DF Capital Bank Ltd.

Shareholder Information

Ticker	STM
Shares in issue	59,408,088
Mid closing price*	25.0p
Market capitalisation*	£14.8 million

Major shareholders	No.	%
Premier Miton Group PLC	10,091,985	16.99
Septer Limited	6,450,000	10.85
Clifton Participations Inc and AR Kentish	6,418,817	10.80
Peter Gyllenhammar AB	5,367,500	9.03
Eastmount Capital Partners LLP	2,800,000	4.70
Aeternitas Imperium Privatstiftung	2,130,000	3.59

* As at 24 August 2022

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