

Half Year Results 2023

# The Pebble Group

5 September 2023

## Introduction



**Chris Lee**

CEO



**Claire Thomson**

CFO

# Why are promotional products used?

Businesses of all sizes, sectors and geographies use products, branded with their name or key message in order to build culture, brand awareness and meaningful connections with their stakeholders, be it existing or potential customers, employees or suppliers.

The right strategy can help businesses make a long lasting positive emotional connection with the recipient, reminding them of an interaction with a brand each time they use or wear a product.

The Pebble Group



# Market Opportunity

## The Pebble Group



brand addition.

GLOBAL INDUSTRY

c. **\$50<sub>bn</sub>**

Businesses of all sizes, sectors and geographies use products, branded with their name or key message.

The fragmented North American market is c.\$25bn of this total

## The Pebble Group

VISIBILITY OF SALES OF PROMOTIONAL PRODUCTS

**\$1.5<sub>bn</sub>**

Our vision is to provide digital commerce, products and related services to the global promotional products industry

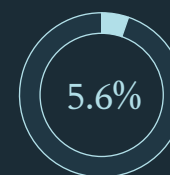


SALES THROUGH OUR TECHNOLOGY

**\$1.4<sub>bn</sub>**

Technology and related services, targeting;

Distributors in the c.\$25bn North American promotional products market



Market share  
**\$1.4bn**  
out of  
**c.\$25.0bn**  
TAM

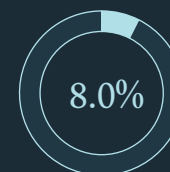
## brand addition.

SALES OF PROMOTIONAL PRODUCTS

**\$0.1<sub>bn</sub>**

Promotional product and related services, targeting;

Large corporates, head quartered in Europe and North America



Market share  
**70**  
out of  
**870**  
target companies

# Highlights

HY 23 Results

The Pebble Group

The Pebble Group

12% Adjusted EBITDA growth

Net cash at £4.2m  
(HY 22: Net debt £0.1m)

 facilisgroup

Facilisgroup

24% Revenue growth

GMV through our  
technology of USD0.7bn  
(HY 22: USD0.6bn)

brand addition.

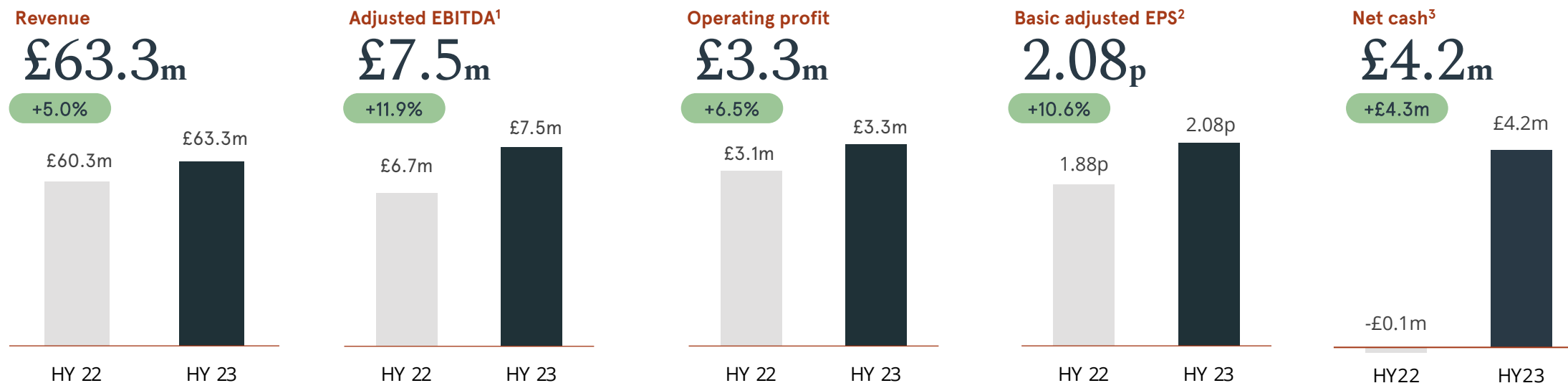
Brand Addition

3% Revenue growth

Gross profit margin at 33.2%  
(HY 22: 29.9%)

# Highlights

HY 23, KPIs



<sup>1</sup> Adjusted EBITDA is defined as operating profit before depreciation, amortisation and share based payments charge

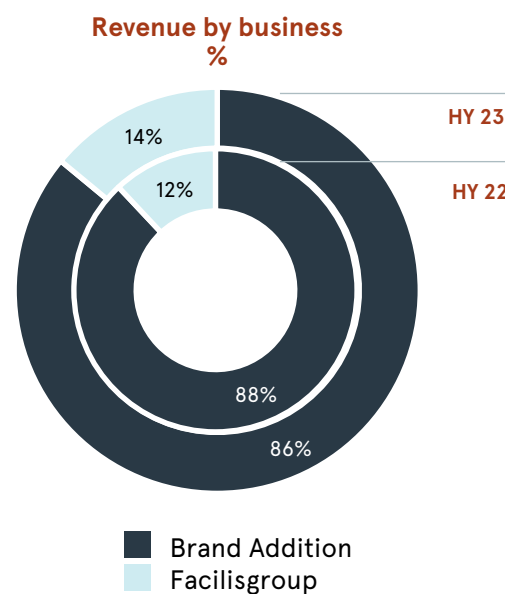
<sup>2</sup> Basic adjusted EPS is calculated as profit after tax before amortisation of acquired intangibles and share-based payments charge, divided by the weighted average number of shares in issue

<sup>3</sup> Net cash is defined as cash and cash equivalents less borrowings (excluding lease liabilities)

# Key Financial Dynamics

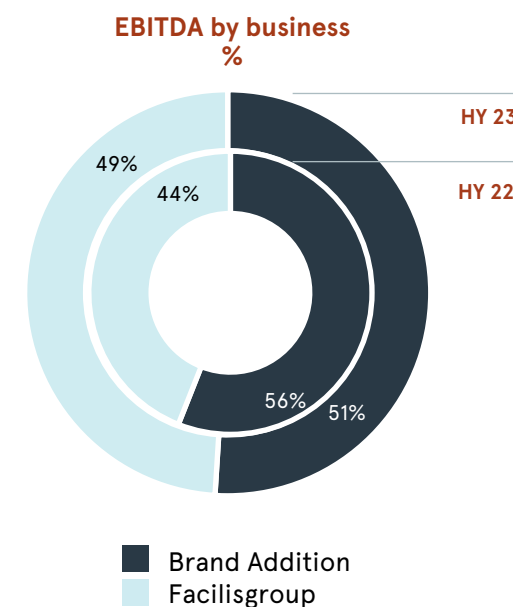
Continued revenue growth in both businesses

Facilisgroup increasing as a proportion of Group EBITDA



## Commentary

- Facilisgroup subscription-based revenue
- Brand Addition margin on products and services



## Commentary

- 47% EBITDA margins of Facilisgroup (HY 22: 48%)
- 8% EBITDA margins of Brand Addition (HY 22: 8%)

# Income Statement

HY 23

Revenue growth

+5%

Gross profit

+4ppt

EBITDA growth

+12%

| £'m                             | HY 23       | HY 22       | FY 22        |
|---------------------------------|-------------|-------------|--------------|
| <b>Revenue</b>                  | <b>63.3</b> | <b>60.3</b> | <b>134.0</b> |
| Gross profit                    | 27.1        | 23.2        | 52.7         |
| People & overhead               | (18.4)      | (15.3)      | (32.3)       |
| Adjusted EBITDA pre-Head Office | 8.7         | 7.9         | 20.4         |
| Head office costs               | (1.2)       | (1.2)       | (2.4)        |
| <b>Adjusted EBITDA</b>          | <b>7.5</b>  | <b>6.7</b>  | <b>18.0</b>  |
| Depreciation and amortisation   | (3.4)       | (3.0)       | (6.5)        |
| Share-based payments charge     | (0.8)       | (0.6)       | (1.3)        |
| <b>Operating profit</b>         | <b>3.3</b>  | <b>3.1</b>  | <b>10.2</b>  |

## Commentary

Combination of increased margins at BA and increasing proportion of FG of Group as a whole

Investment supporting medium term growth ambitions at FG and increased complexity at BA

Amortisation of new product development at Facilisgroup

|                    |              |       |       |
|--------------------|--------------|-------|-------|
| Gross profit %     | <b>42.8%</b> | 38.5% | 39.3% |
| Adjusted EBITDA %  | <b>11.8%</b> | 11.1% | 13.4% |
| Operating profit % | <b>5.2%</b>  | 5.1%  | 7.6%  |



# Cash Flow

HY 23

Operating cashflow

## +£5.5<sub>m</sub>

| £'m                                 | HY 23         | HY 22         | FY 22       | Commentary  |
|-------------------------------------|---------------|---------------|-------------|---|
| <b>Adjusted EBITDA</b>              | <b>7.5</b>    | <b>6.7</b>    | <b>18.0</b> | Predominately Brand Addition, movement in line with usual cycle       |
| Movement in working capital         | (9.7)         | (14.8)        | (3.4)       |   |
| Capital expenditure                 | (4.0)         | (3.6)         | (8.4)       | Facilisgroup, £2.8m, Brand Addition, £1.1m, Central operations, £0.1m |
| Leases                              | (0.9)         | (0.9)         | (1.7)       |   |
| <b>Adjusted operating cash flow</b> | <b>(7.1)</b>  | <b>(12.6)</b> | <b>4.5</b>  |   |
| Taxes paid                          | (1.5)         | (0.3)         | (1.7)       |   |
| Net finance costs                   | (1.3)         | 5.2           | (0.5)       | £1.0m dividend payment, HY 22 includes RCF drawdown of £5.5m          |
| - Dividend                          | (1.0)         | -             | -           |   |
| - RCF draw down                     | -             | 5.5           | -           |   |
| - Other                             | (0.3)         | (0.3)         | (0.5)       |   |
| Exchange (loss)/gain                | (1.0)         | 1.0           | 0.7         |   |
| <b>Net cash flow</b>                | <b>(10.9)</b> | <b>(6.7)</b>  | <b>3.0</b>  |   |

# Balance Sheet

HY 23

| £'m                            | HY 23        | HY 22        | FY 22        |
|--------------------------------|--------------|--------------|--------------|
| <b>Non-current assets</b>      | <b>69.4</b>  | <b>69.4</b>  | <b>69.8</b>  |
| Inventories                    | 14.8         | 16.0         | 15.4         |
| Trade & other receivables      | 36.9         | 38.6         | 34.7         |
| Cash & cash equivalents        | 4.2          | 5.4          | 15.1         |
| <b>Current assets</b>          | <b>55.9</b>  | <b>60.0</b>  | <b>65.2</b>  |
| <b>Total assets</b>            | <b>125.3</b> | <b>129.4</b> | <b>135.0</b> |
| Lease liability                | 6.8          | 8.2          | 7.5          |
| Deferred tax liability         | 2.4          | 3.7          | 2.9          |
| <b>Non-current liabilities</b> | <b>9.2</b>   | <b>11.9</b>  | <b>10.4</b>  |
| Borrowings                     | -            | 5.5          | -            |
| Lease liability                | 1.5          | 1.6          | 1.6          |
| Trade and other payables       | 28.4         | 30.5         | 36.4         |
| Current tax liability          | 0.4          | 0.2          | 1.0          |
| <b>Current liabilities</b>     | <b>30.3</b>  | <b>37.8</b>  | <b>39.0</b>  |
| <b>Total liabilities</b>       | <b>39.5</b>  | <b>49.7</b>  | <b>49.4</b>  |
| <b>Net assets</b>              | <b>85.8</b>  | <b>79.7</b>  | <b>85.6</b>  |

Goodwill and intangibles: £44.3m,  
Software: £16.1m, PPE: £8.8m,  
Deferred Tax asset £0.3m

Brand Addition, inventory for short turn  
around orders underwritten in client  
contracts

Brand Addition, blue-chip backed  
receivables

HY 22 utilisation of committed RCF  
facility

# Use of capital from our cash generation

## Principles of cash utilisation

### 1. Balance Sheet strength

- Maintain a debt free, prudent position

### 2. Working capital

**Facilisgroup:** minimal

**Brand Addition:** blue-chip backed inventory and debtors moves in line with revenue

### 3. Capital Expenditure

**Facilisgroup:**

- Large expansion of addressable market through two new technology products
- Customer acquisition is increasing
- Revenue impact has started in FY 23

**Brand Addition:**

- Evolving internal systems

### 4. Dividend

Implemented a progressive policy

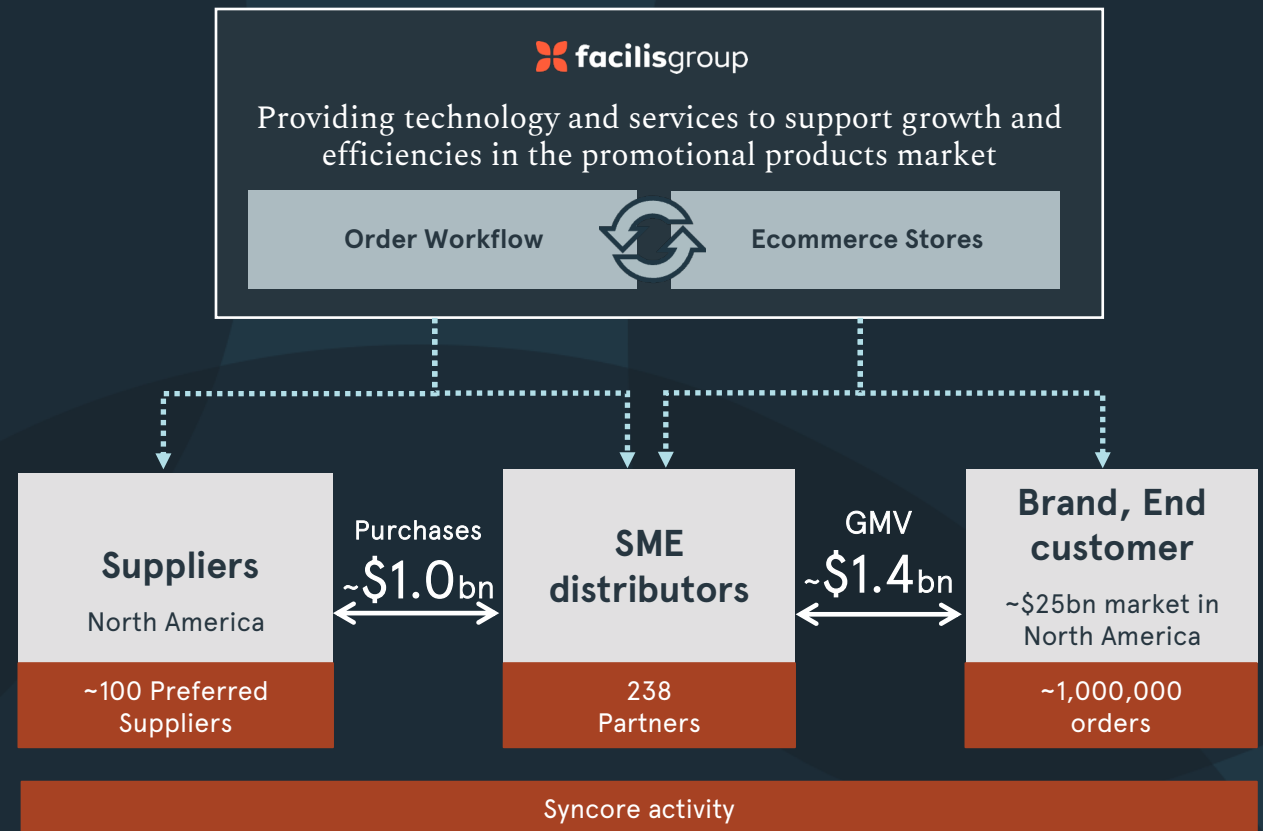
- Aim is to build towards an annual distribution of 30% of Profit After Tax

### 5. Other opportunities



Facilisgroup is focused on transforming the promotional products industry through digital commerce that enables customers to benefit from significant business efficiencies and supply chain advantages

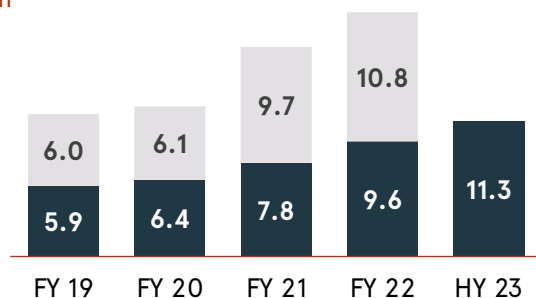
▶ Visit [facilisgroup.com](https://facilisgroup.com) to learn more



# Results Summary

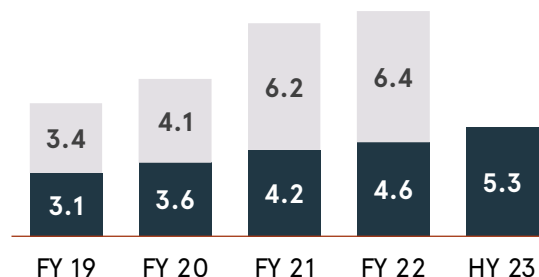
## Revenue

USD'm



## EBITDA

USD'm



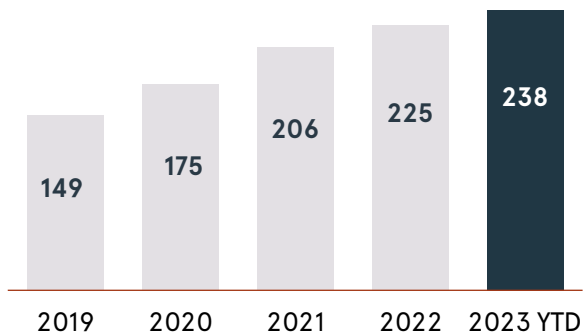
## Growth and margins

**21%**  
Revenue CAGR  
3-years to 30 June 2023

**+50%**  
EBITDA margin  
Over years FY 19 to FY 22

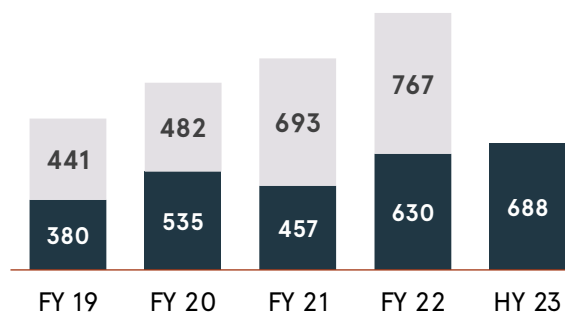
## Syncore Partners

#



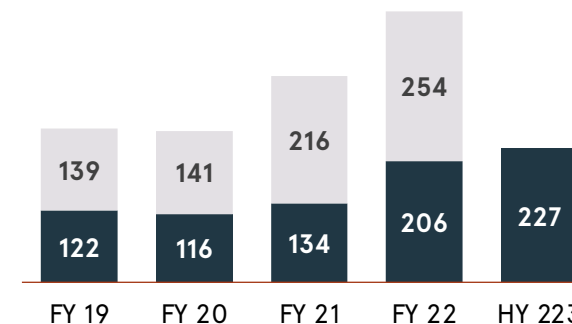
## GMV

USD'm



## Preferred Spend

USD'm



# Our evolving technology stack

| Product  | Growth driver |             |
|--|---------------|-------------|
|  | GMV           | Attach rate |
| <b>Syncore</b>   |               |             |
| <i>Order workflow</i><br><i>Distributors &gt; \$2m</i>   | +             | +           |
| <b>Commercio:</b><br>- Stores                            | -             | +           |
| <i>Ecommerce stores</i><br><i>All sized distributors</i> |               |             |
| <b>Commercio:</b><br>- Orders                            | +             | +           |
| <i>Order workflow</i><br><i>Distributors &lt; \$2m</i>   |               |             |

+

 Adding customer numbers and/or;  
Supporting existing customer growth

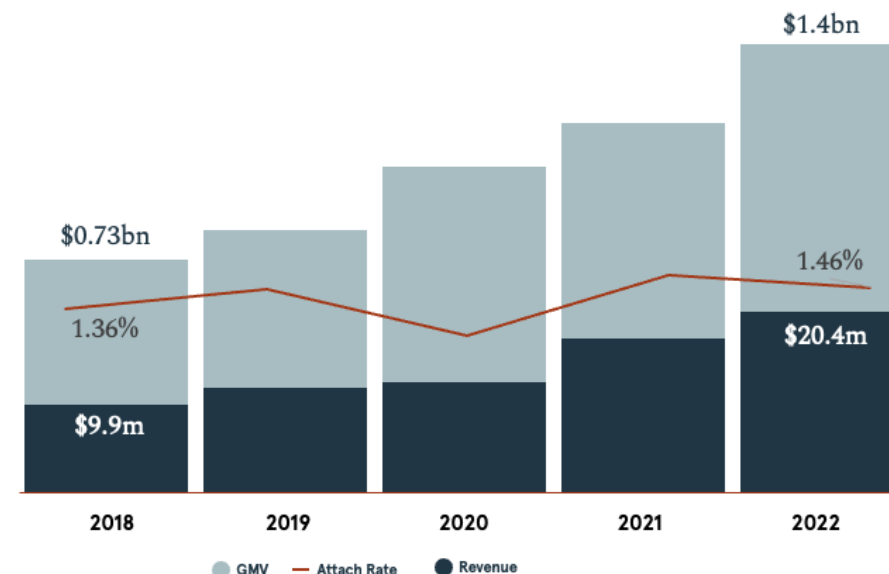
+

 Driving purchases through the Preferred Supplier Network and/or;  
Additional paid for products and services

# Our evolving headline KPI

## Attach rate

Translating the income collected against our Gross Merchandise Value ("GMV") into an 'Attach Rate' percentage



# Growing our addressable market and income streams

Three complementary technology products cover the spectrum of needs of the c.21,600 businesses in the North American promotional products market

Increases our income streams via new addressable markets, growing GMV and growing the technology and services provided alongside this GMV

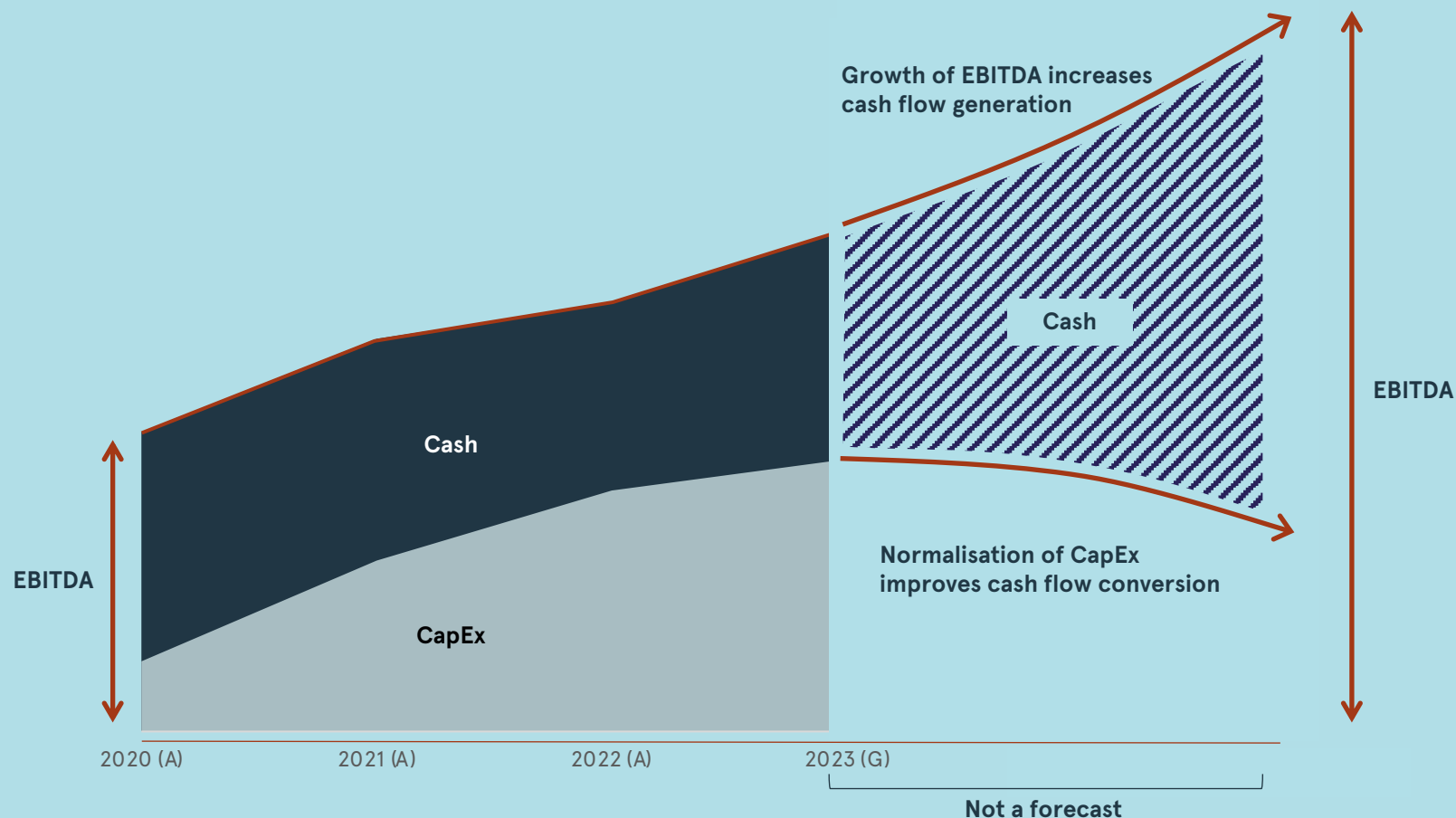
- Paying
- Non-paying



# Capital Expenditure at Facilisgroup

## Changing profile

- ➔ High Capex investment as new products developed 2021-2023
- ➔ Development peaks in 2023
- ➔ Potential for significant cash flow change





# Goals in 2023

- ➔ Continue to develop Syncore to maintain high Partner retention levels and accelerate Partner attraction
- ➔ Make progress in establishing Commercio as a marketing leading product in ecommerce for the promotional products industry in North America
- ➔ Launch our order workflow product Orders for distributors with sales of less than USD2m

# brand addition.

Brand Addition provides full-scale promotional products services that help global brands build culture, awareness and meaningful connections. We extend our clients' values in thoughtful, sustainable, globally conscious ways to create branded moments that people love

▶ Visit [brandaddition.com](https://brandaddition.com) to learn more

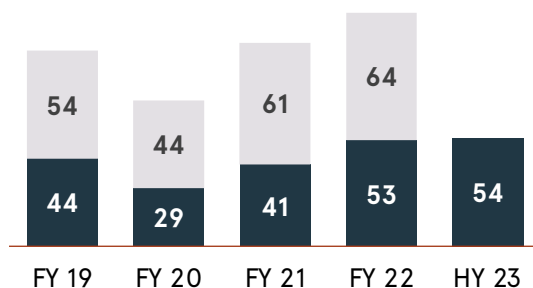


brand addition.

# Results Summary

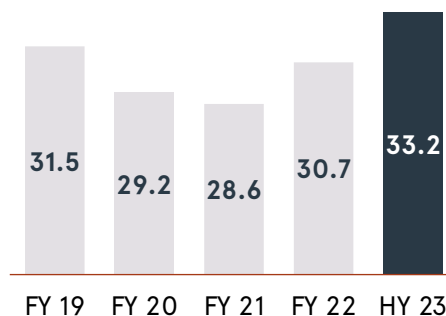
## Revenue

£'m



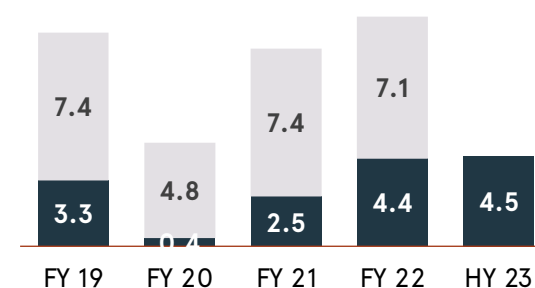
## Gross profit margins

%

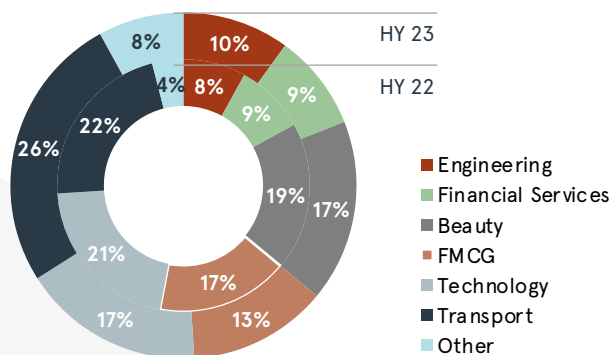


## EBITDA

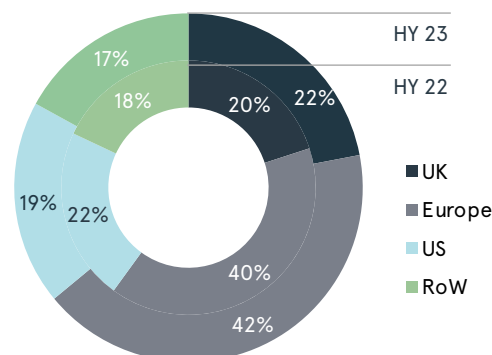
£'m



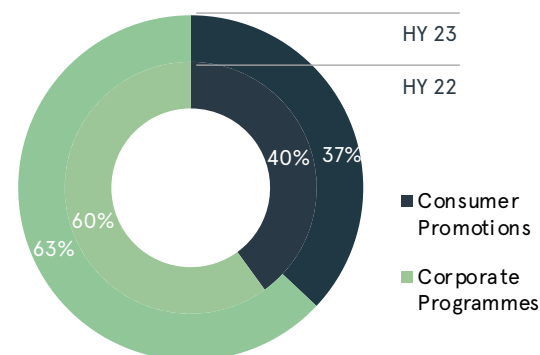
## Revenue by client sector



## Revenue by destination



## Revenue by sales type



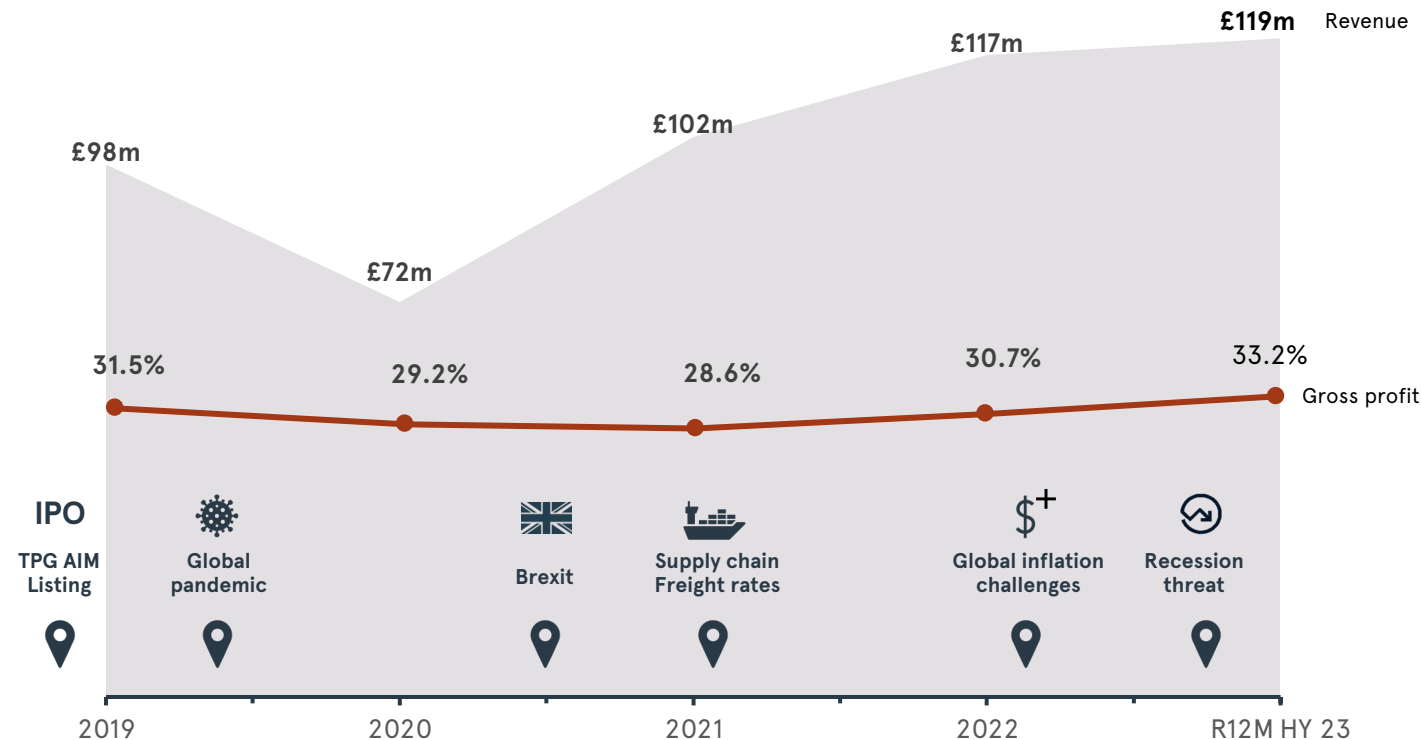
# Post IPO revenue growth and margin strength

2019 to HY 2023

## Brand Addition

- ➔ Experienced team
- ➔ Long term client relationships
- ➔ Global proposition
- ➔ Leading ESG approach

## Market conditions



brand addition.

## Robust performance

Revenue growth  
**19%**  
FY 19 to FY 22

Gross margins  
**33%**  
HY 23

Client retention  
**100%**  
of top 10 clients from 2019

New contracts  
**£17M**  
revenue in FY 22 from  
clients added since FY 19

**brand addition.**

# Goals in 2023

- ➔ Retain major client contracts together with the successful implementation of contracts won in 2022
- ➔ Attract new contracts with major international brands through our credentials in ESG, technology and creativity
- ➔ Maintain our gross margins at the long-term target of 30% (HY 23: 33.2%)

# Evolving our ESG cornerstones to deliver stakeholder value



## Advancing sustainability

- Reducing GHG emissions and our environmental impact
- Enhancing the range of sustainable products
- Supporting customers to become more sustainable



## Empowering our people

- Expanding Group diversity
- Attracting, retaining and developing our employees
- Providing opportunities and training to help our people achieve their goals



## Responsible leadership

- Implementing key policies and frameworks to provide effective governance
- Regular stakeholder engagement
- Effective risk identification and management
- Raising standards in our supply chain and increasing ESG supplier screening



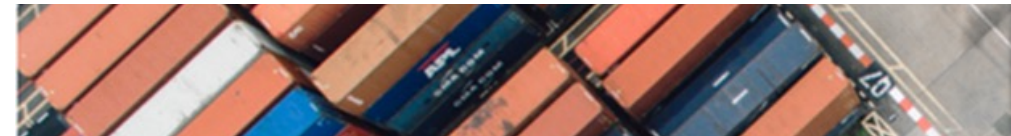
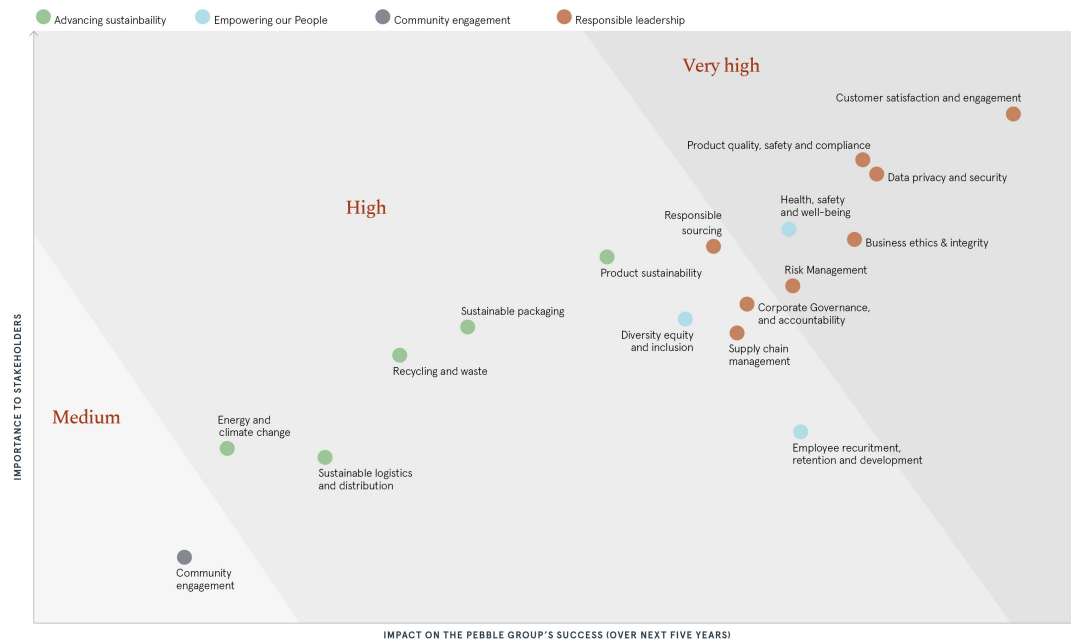
## Community engagement

- Providing support and charitable giving to local communities
- Building and growing relationships, in the industry to expand the Facilisgroup community

# Listening to our stakeholders and engaging with our supply chain

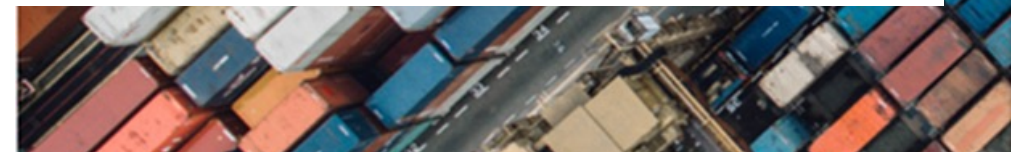
Updated materiality assessment to include input from all stakeholders

Supply chain engagement to begin tackling Scope 3 emissions



Brand Addition wants to know more about your carbon emissions

- How far have you come in tracking your company's emissions
- What those emissions were for the period of **1 Jan 2022 – 31 Dec 2022**
- What your company is doing to reduce your emissions



# Group Outlook

The Pebble Group logo consists of a light blue circle with the text "The Pebble Group" inside it.

The Pebble Group

We are continuing to deliver on our stated strategies for Facilisgroup and Brand Addition. Both businesses have strong and differentiated market positions and we look forward to FY 23 when results are expected to be in line with market expectations



## Other information

The Pebble Group

# Segmental Analysis

HY 23

| £'m                           | HY 23       | HY 22       | FY 22       | Commentary  |
|-------------------------------|-------------|-------------|-------------|---|
| Recurring Revenue             | 8.6         | 7.0         | 15.5        | Investment in team to support growth aspirations plus spend on Partner community events |
| Other Revenue                 | 0.6         | 0.4         | 1.1         |   |
| <b>Total Revenue</b>          | <b>9.2</b>  | <b>7.4</b>  | <b>16.6</b> |   |
| People & overhead             | (4.9)       | (3.9)       | (7.6)       | Strong EBITDA margins with scaling revenue  |
| <b>Adjusted EBITDA</b>        | <b>4.3</b>  | <b>3.5</b>  | <b>9.0</b>  |   |
| Depreciation and amortisation | (1.8)       | (1.6)       | (3.6)       | Continued investment in product development capitalised in line with IAS 38             |
| Share-based payments charge   | (0.3)       | (0.2)       | (0.4)       |   |
| <b>Operating profit</b>       | <b>2.2</b>  | <b>1.7</b>  | <b>5.0</b>  |   |
| <b>£:US\$ average rate</b>    | <b>1.23</b> | <b>1.30</b> | <b>1.24</b> |   |

|                                |       |       |       |
|--------------------------------|-------|-------|-------|
| Recurring revenue \$m          | 10.6  | 9.1   | 19.0  |
| Recurring revenue \$m growth % | 16.5% | 21.3% | 13.8% |
| Adjusted EBITDA %              | 46.7% | 47.3% | 54.2% |
| Operating profit %             | 23.9% | 23.0% | 30.1% |

brand addition.

# Segmental Analysis

HY 23

| £'m                           | HY 23       | HY 22       | FY 22        | Commentary  |
|-------------------------------|-------------|-------------|--------------|---|
| <b>Revenue</b>                | <b>54.2</b> | <b>52.9</b> | <b>117.4</b> |   |
| Gross profit                  | 18.0        | 15.8        | 36.1         |   |
| People & overhead             | (13.5)      | (11.4)      | (24.6)       | Investment in team to support sales growth and increasing business complexity |
| <b>Adjusted EBITDA</b>        | <b>4.5</b>  | <b>4.4</b>  | <b>11.5</b>  |   |
| Depreciation and amortisation | (1.5)       | (1.3)       | (2.9)        |   |
| Share-based payments charge   | (0.3)       | (0.3)       | (0.6)        | Investment in internal systems to drive efficiency                            |
| <b>Operating profit</b>       | <b>2.7</b>  | <b>2.8</b>  | <b>8.0</b>   |   |

|                    |              |       |       |  |
|--------------------|--------------|-------|-------|--|
| Revenue growth %   | <b>2.5%</b>  | 28.7% | 14.6% |  |
| Gross profit %     | <b>33.2%</b> | 29.9% | 30.7% |  |
| Adjusted EBITDA %  | <b>8.3%</b>  | 8.3%  | 9.8%  |  |
| Operating profit % | <b>5.0%</b>  | 5.3%  | 6.8%  | Improvement to invest into clients' evolving needs |

# Financial Guidance

## CAPITAL EXPENDITURE:

(excluding amounts capitalised under IFRS 16)

|            | Actual | Actual | Est  |
|------------|--------|--------|------|
| £m         | 2021   | 2022   | 2023 |
| Tangible   | 0.7    | 0.9    | 1.0  |
| Intangible | 4.3    | 6.5    | 7.4  |

## DEPRECIATION AND AMORTISATION:

|               | Actual | Actual | Est  |
|---------------|--------|--------|------|
| £m            | 2021   | 2022   | 2023 |
| Depreciation  | 2.0    | 2.4    | 2.4  |
| Amortisation* | 2.8    | 4.2    | 4.9  |

\* Includes acquired intangibles 2021: £0.9m, 2022 £1.4m, 2023 estimate £1.4m

## TAXATION:

2023 guidance rate, 25%

## CURRENCY RATES:

|                                 | Actual | Actual | Actual | Est  |
|---------------------------------|--------|--------|--------|------|
| £:US\$                          | 2020   | 2021   | 2022   | 2023 |
| Income Statement (average rate) | 1.28   | 1.38   | 1.24   | 1.26 |
| Balance Sheet (year end rate)   | 1.36   | 1.35   | 1.20   | 1.26 |

There is a translational affect on our US\$ denominated profits at Facilisgroup and Brand Addition US

|                                 | Actual | Actual | Actual | Est  |
|---------------------------------|--------|--------|--------|------|
| £:€                             | 2020   | 2021   | 2022   | 2023 |
| Income Statement (average rate) | 1.13   | 1.16   | 1.17   | 1.17 |
| Balance Sheet (year end rate)   | 1.11   | 1.19   | 1.13   | 1.17 |

## SHARE BASED PAYMENTS CHARGE:

FY 22 charge, £1,300,000. FY 23 estimate, £1,500,000

## CENTRAL COSTS:

FY 22 charge, £2.4m FY 23 estimate, £2.6m

Building brands.  
Growing relationships.  
Strengthening businesses.

**The Pebble Group**