The Pebble Group

16 September 2020

THE PEBBLE GROUP PLC
(“The Pebble Group,” the “Company” or the “Group”)
AIM: PEBB

HALF YEARLY RESULTS 2020

The Pebble Group, a leading provider of technology, services and products to the global promotional products industry, announces its results for the half year ended 30 June 2020 (“H1 2020” or the “Period”).

Financial summary

Adjusted results	**H1 2020**	H1 2019 Restated[1]	FY 2019
Revenue	**£33.6m**	£48.1m	£107.2m
Gross profit	**£13.6m**	£17.4m	£40.1m
Gross profit margin	**40.6%**	36.1%	37.4%
Adjusted EBITDA[2]	**£2.6m**	£5.3m	£15.2m
Adjusted operating profit[3]	**£1.2m**	£4.2m	£13.0m
Adjusted profit before tax[4]	**£0.9m**	£0.7m	£7.6m
Adjusted operating cash flow[5]	**£(7.2)m**	£3.0m	£13.0m
Net cash / (debt) position	**£(4.5)m**	£(69.7)m	£2.5m
Adjusted earnings per share[6]	**(0.05)p**	(0.50)p	2.81p

Statutory results	**H1 2020**	H1 2019 Restated[1]	FY 2019
Operating profit/(loss)	**£0.9m**	£(0.2)m	£(4.9)m
Profit/(loss) before tax	**£0.6m**	£(3.6)m	£(10.3)m
Basic and diluted loss per share	**(0.18)p**	(44.79)p	(12.56)p

[1] *H1 2019 has been restated to align half year reporting with FY 2019, and recognise deferred payments to the vendors of Facilisgroup as a post-acquisition exceptional charge to the income statement.*
[2] *Adjusted EBITDA means operating profit before depreciation, amortisation and exceptional items in note 4.*
[3] *Adjusted operating profit means operating profit before amortisation of acquired intangible assets and exceptional items.*
[4] *Adjusted profit before tax means profit before tax before amortisation of acquired intangible assets and exceptional items.*
[5] *Adjusted operating cash flow is calculated as Adjusted EBITDA less movements in working capital, capital expenditure and lease payments.*
[6] *Adjusted EPS represents Adjusted earnings, calculated as adjusted profit before tax less tax, divided by, for 2020, the weighted average number of shares for the period, and for 2019, the weighted average number of shares in issue post Admission to trading on AIM on 5 December 2019. This has been applied retrospectively to the number of shares in issue at 30 June 2019, and is disclosed to indicate the underlying earnings of the Group.*

Key points

- Swift action taken in response to impact of COVID-19 lockdown, managing the challenges and implementing cash conservation measures
- Balance sheet remains strong and financial liquidity position continues to be robust, with cash balances of £9.2m at 14 September 2020, including £7.7m drawdown from the Company's £10.0m committed revolving credit facility
- Cash outflow in H1 2020 was as expected, as trade debtor payments and exceptionals normalised (details in the Chief Financial Officer's Review) - working capital unwinding as expected post Period end
- The indicators within this statement are the Board's current view of trading and financial performance for the remainder of 2020 and into 2021
- Whilst uncertainties remain, based on current trends, the Board feels positive about the trajectory of the recovery at Brand Addition, and the strength of Facilisgroup

Brand Addition

	H1 2020	H1 2019
Revenue	**£28.5m**	£43.6m
Adjusted EBITDA	**£0.4m**	£3.3m

- Positive start to the year with two significant new client wins, but sales impacted by COVID-19 related lockdown restrictions
- Order trends began to recover from a low point in April 2020, as the Period progressed, and all clients have been retained
- A cost reduction programme was implemented in Q2 2020, protecting the business through a challenging period
- Total orders invoiced or received during the year to 31 August amounted to £53.4m, compared with £71.3m in the same period in the prior year (FY 2019: £97.9m)
- Order intake continues to recover and to date in H2 is averaging c.60% of prior year levels – this level is expected to persist for the remainder of FY 2020
- With a highly resourceful team and a global, blue chip client base in the Health & Beauty, TMT, Transport, Engineering and Financial Services sectors, the Board expects the re-emergence of sales demand through 2021, and a return towards 2019 levels is being targeted

Facilisgroup

	H1 2020	H1 2019
Revenue	**£5.1m**	£4.6m
Adjusted EBITDA	**£2.9m**	£2.4m

- Strong performance in H1, achieving growth in revenue and adjusted EBITDA despite COVID-19
- Partner (customer) numbers increased to 167 in the year to date with a further six contracted, awaiting implemtation (31 December 2019: 149)
- Sales processed by Partners through Facilisgroup on a rolling 12-month basis broke through $1.0bn (FY19: $0.8bn) in the Period, a significant milestone for the business
- Focus on delivering further growth by adding quality Partners, enhancing and introducing new Partner and supplier services, and developing technology for early stage businesses
- On track with original market expectation to grow revenues, increase EBITDA, retain c.100% of its Partners (customers) and accelerate new Partner growth
- The Board is very pleased with the performance of Facilisgroup in the year to date and is increasingly confident in the prospects for this business

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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About The Pebble Group plc – www.thepebblegroup.com

The Pebble Group is a provider of products, services, and technology to the global promotional products industry, comprising two differentiated businesses, focused on specific areas of the promotional products market:

Brand Addition - www.brandaddition.com

The Group's promotional product merchandise business, Brand Addition, is a leading provider of promotional products to global brands. Brand Addition utilises its global network to source and deliver complex and creative promotional product solutions to support the marketing efforts of its multi-national clients, who operate in sectors which include health & beauty, fast moving consumer goods, transport, technology, banking & finance and charity. Brand Addition's clients primarily comprise major global brands under contract.

Facilisgroup - www.facilisgroup.com

The Group's SaaS business, Facilisgroup, provides subscription-based services to SME promotional product distributors (Partners) in the United States and Canada. Facilisgroup's suite of services includes business intelligence software, buying power and community events. Through its @ease proprietary software, Facilisgroup offers a SaaS technology platform that enables its network of Partners to improve order management, CRM and sales analysis and reporting. Facilisgroup also provides its Partners with access on favourable terms to a selected group of preferred suppliers, by consolidating the purchasing power of its Partners. This attracts rebates from suppliers, who in turn benefit from efficient access to a network of high-quality distributors.

CHIEF EXECUTIVE OFFICER'S REVIEW

Results overview

The first half of the year was dominated by COVID-19, with the resultant social and economic disruption having a material impact on the revenues at Brand Addition. Facilisgroup, however, continued to perform strongly, proving the resilience of the business model and increasing our confidence in its future growth prospects.

The Group approached the challenges of H1 2020 responsibly and aimed to make decisions targeted at enabling the business to emerge strongly from the COVID-19 crisis, for the long-term benefit of all stakeholders.

In H1 2020, Group revenue was £33.6m (H1 2019: £48.1m), generating adjusted EBITDA of £2.6m (H1 2019: £5.3m). Brand Addition's revenue reduced to £28.5m (H1 2019: £43.6m), primarily due to the impact on order demand within its Corporate Programme business, as lockdown restrictions severely affected clients' normal operations. Cost saving initiatives were implemented in the business which mitigated the impact on its profit, resulting in adjusted EBITDA of £0.4m (H1 2019: £3.3m). Facilisgroup performed strongly, proving its ability to deliver growth in revenue and profit in the most challenging market conditions. Revenue increased to £5.1m (H1 2019: £4.6m) and its ability to efficiently translate revenue into profits continued, with return on sales at 58% (H1 2019: 53%) and adjusted EBITDA of £2.9m (H1 2019: £2.4m).

The Group's financial liquidity remains strong and the Group is strategically well-placed to take advantage of the growth opportunities at Facilisgroup and, over time, the return of Brand Addition revenues to 2019 levels and beyond.

Brand Addition

H1 revenue and profit analysis Brand Addition

	2020	2019
Revenue	**£28.5m**	£43.6m
Gross profit	**£8.6m**	£12.8m
Gross profit margin	**30.0%**	29.4%
Adjusted EBITDA	**£0.4m**	£3.3m

Our vision is to be recognised as the supplier of choice for global brands that use creative merchandise as a key stakeholder engagement tool.

Our strategy is to organically grow revenues through long-term, contracted relationships, by expanding the spend of our existing clients whilst attracting new client contracts.

Total orders invoiced or received in 2020 to 31 August amounted to £53.4m, compared with £71.3m in the same period in the prior year (2019 FY: £97.9m). Order intake continues to recover and to date in H2 is averaging c.60% of prior year levels.

Over the long-term, Brand Addition has maintained a gross margin of c30% which is expected to continue in 2020.

The vast majority of investment in overhead is in our people and people related costs. H1 2020 overheads of £8.2m is after total savings of £1.5m in Q2 2020 derived from the UK Job Retention Scheme (£0.9m), temporary salary reductions (£0.4m) and halting non-essential spend (£0.2m). A similar level of total savings are expected in H2 with the six month temporary salary reductions taken by the Brand Addition team and the Board finishing at the end of Q3 2020. In July we made a number of permanent changes in our US business to align costs with expected sales activity in 2021 and we are currently evaluating our sales outlook in Europe and Asia, again with the aim of balancing the people investment with sales expectations.

Facilisgroup

H1 revenue and profit analysis Facilisgroup

	2020	2019
Revenue	**£5.1m**	£4.6m
Gross profit	**£5.1m**	£4.6m
Gross profit margin	**100%**	100%
Adjusted EBITDA	**£2.9m**	£2.4m

Our vision is to be the leading technology provider for the promotional industry, using technology and services to propel forward the growth and efficiency of entrepreneurial distributors (Partners) and suppliers.

Our strategy is to grow revenues through adding quality Partners, enhancing and introducing new Partner and supplier services, and developing technology for early stage businesses.

Facilisgroup performed strongly in H1 2020. Against the backdrop of industry estimates of a 35% in year reduction in the North American promotional products market, Facilisgroup remains on track with original expectation to grow revenues, increase EBITDA, retain c.100% of its Partners (customers), and accelerate new Partner growth.

The number of Partners, a key value driver, has increased throughout the Period. Partner numbers now total 167 (31 December 2019: 149), with a further six contracted and awaiting implementation.

Sales order values processed by Partners through Facilisgroup technology in the year to 31 August 2020, had increased by 55% compared to the same period in 2019 with both sales from new Partners and sales of personal protective equipment (“PPE”) being drivers of this growth. The rolling 12-month value of sales has passed $1.0bn for the first time (FY19: $0.8bn), a significant milestone for the business.

Management Fees for our subscription-based technology (c.70% divisional revenue) are currently fixed into a banding at the beginning of the year for each Partner based on their prior year sales values, giving the business a predictable revenue stream.

Marketing Fund income (c.20% divisional revenue) is based upon the value of purchases placed by Partners with our Preferred Suppliers in the year. To date, the swing towards PPE products has resulted in a lower percentage but broadly similar value of purchases through these Preferred Suppliers compared to 2019.

Other revenues (c.10% divisional income) are from ancillary services to Partners and these remain close to our original expectations for FY 2020.

Continuing to target the existing return on sales, we have made investments into our team, expanding our management, technology and sales expertise to ensure the planned acceleration in growth is based on firm foundations.

Current trading and outlook

The Board is very pleased with the performance of Facilisgroup. Driven forward by an excellent team, the business has significantly developed its infrastructure and strategy since being acquired in December 2018, and the Board is increasingly confident in the prospects for the business. We continue to explore opportunities to accelerate its growth through further expansion and improvement of its service offering.

Brand Addition has global clients in established sectors and an experienced and resourceful team. The current sales trend is expected to be supported in Q4 2020, as the two major new clients contracted in 2020 go live. Both these clients are expected to enter the top ten clients in FY 2021. If current economic conditions continue to stabilise, we expect Brand Addition's overall run-rate in H2 2020 to date to persist for the remainder of the current year.

Whilst we do not expect a significant return of conferences or events until at least H2 2021, the current sales trend and the contracted, long-term nature of our client relationships give us confidence in the re-emergence of sales demand through 2021, where we are targeting a return towards 2019 levels.

A small reduction in Brand Addition's gross margin is expected in 2021, due to a higher than normal proportion of new business contributing to overall sales expectation.

The indicators within this statement are the Board's current view of trading and financial performance for the remainder of 2020 and into 2021. Whilst uncertainties remain, based on current trends, the Board feels positive about the trajectory of the recovery at Brand Addition, and the strength of Facilisgroup.

We look forward to fulfilling the Group's potential.

Christopher Lee
Chief Executive Officer
16 September 2020

CHIEF FINANCIAL OFFICER'S REVIEW

	H1 2020	H1 2019 Restated	FY 2019
	Unaudited	Unaudited	Audited
Revenue	**£33.6m**	£48.1m	£107.2m
Gross profit	**£13.6m**	£17.4m	£40.1m
Gross profit margin	**40.6%**	36.1%	37.4%
Adjusted EBITDA	**£2.6m**	£5.3m	£15.2m
Adjusted EBITDA margin	***7.6%***	*11.0%*	*14.2%*
Depreciation and amortisation	**£(1.7)m**	£(1.4)m	£(2.7)m
Exceptional items	**-**	£(4.1)m	£(17.3)m
Operating profit/(loss)	**£0.9m**	£(0.2)m	£(4.9)m
Net finance costs	**£(0.3)m**	£(3.5)m	£(5.4)m
Profit/(loss) before tax	**£0.6m**	£(3.6)m	£(10.3)m
Tax	**£(0.9)m**	£(0.7)m	£(2.0)m
Loss for the Period	**£(0.3)m**	£(4.4)m	£(12.3)m
Adjusted weighted average number of shares (2019: pro-forma)	**167,450,893**	167,450,893	167,450,893
Adjusted EPS (2019: pro-forma)	**(0.05)p**	(0.50)p	2.81p
Weighted average number of shares	**167,450,893**	9,751,341	97,390,317
Basic EPS	**(0.18)p**	(44.79)p	(12.56)p

Revenue

Revenue for the Period to 30 June was £33.6m (2019: £48.1m), a reduction of 30%. This reduction relates solely to Brand Addition and is the direct impact of COVID-19 on the demand for product and services within this business. Facilisgroup revenues increased 11% in the Period as Partner retention was augmented by the impact of new Partner wins in 2019 and new Partner implementations in 2020.

Gross profit

Gross Profit as a percentage of turnover increased during the Period by 4.5 p.p.t from 36.1% to 40.6%. As Facilisgroup becomes a larger proportion of the Group and delivers 100% Gross margins, this will continue. Brand Addition also positively impacted with a 0.6 p.p.t uplift in the Period.

Adjusted EBITDA

Adjusted EBITDA reduced by £2.7m in the period, being a £2.9m reduction in Brand Addition due to the pandemic and £0.3m of incremental Head Office costs associated with the administration of the PLC offset by £0.5m of growth in Facilisgroup arising from continued increases in Partner numbers.

The £0.7m Head Office costs included in H1 2020 aligns with the run rate expectation for FY2020.

Depreciation and amortisation

The charge for the Period was £1.7m (2019: £1.4m) this increase includes £0.1m incremental depreciation on leases capitalised in the Period in accordance with IFRS 16 and £0.2m incremental amortisation costs as the Group continues to accelerate investment into its proprietary technology.

Exceptional items

No exceptional costs were incurred during the Period (2019: £4.1m). Prior year costs in the period to 30 June related to accrued deferred consideration payments due to the vendors of Facilisgroup.

Operating profit

Operating profit for the Period was £0.9m (2019: loss £0.2m). The loss in 2019 included deferred consideration payable to the vendors of Facilisgroup.

Taxation

The tax charge for the Period to 30 June was £0.9m (2019: £0.7m) and is based on full year Group expected tax rates for 2020 of c.25%. This is higher than the UK Corporation tax rate due to the proportion of Group profits earned overseas where the rates are higher than the UK, current year tax losses carried forward and non-deductible Group amortisation costs.

Earnings per share

Adjusted weighted average earnings per share for the period ending 30 June 2020 was (0.05)p (2019 pro-forma: (0.50)p) reflecting the decrease in adjusted EBITDA for the Period offset by a reduction in finance expenses following the Group's admission to AIM in December 2019.

Basic earnings per share was (0.18)p (2019: (44.79)p).

Dividends

On Admission to AIM in December 2019, the Group's stated intention was to make dividend payments of c.30% of profit after tax. Given the impact of the pandemic, the focus on cash preservation and use of government job retention support schemes, the Board considers that a Dividend payment in respect of 2020 would be inappropriate. This position will be reviewed again in 2021.

Cashflow

The Group had a cash balance of £10.2m at 30 June (2019: £5.3m), which included £7.7m drawn down from its £10.0m committed revolving credit facility (2019: £2.3m).

Cashflow for the Period is set out below

	2020	2019	FY 2019
		Restated	
	Unaudited	Unaudited	Audited
	£'m	£'m	£'m
Adjusted EBITDA	**£2.6m**	£5.3m	£15.2m
Movement in working capital	**£(7.7)m**	£(0.7)m	£1.1m
Capital expenditure	**£(1.3)m**	£(1.0)m	£(2.1)m
Lease payments	**£(0.8)m**	£(0.6)m	£(1.2)m
Adjusted operating cash flow	**£(7.2)m**	£3.0m	£13.0m
Tax paid	**£(0.2)m**	£(1.0)m	£(2.5)m
Net finance cash flows	**£8.3m**	£0.6m	£9.0m
Acquisitions and financing	**-**	£(1.4)m	£(1.3)m
Exceptional items	**-**	£(4.1)m	£(17.3)m
Exchange gain/(loss)	**£0.5m**	£0.1m	£(0.2)m
Net cash flow	**£1.4m**	£(2.8)m	£0.7m

The movement in working capital in the Period was £(7.7)m (2019: £(0.7)m). This movement is due to (i) a £4.0m timing difference on trade debtor receipts for a Consumer Promotions customer collected ahead of terms in 2019. Receipts for these orders in 2020 have been collected on normal terms through July and August in line with expectation. (ii) £4.4m non trading accruals for deferred consideration included in the prior year comparative.

Capital expenditure in the Period was £1.3m (2019: £1.0m). In order to preserve cash through the COVID-19 pandemic, all non-committed capital expenditure has been postponed and this will be continued through 2020. Equally, investment has continued into Facilisgroup technology to maintain the growth momentum in this business along with certain customer facing investments in Brand Addition to ensure the business is positively positioned to capture opportunities as we move towards more normal economic conditions.

Lease payments are in respect of leases capitalised in accordance with IFRS 16 are £0.2m higher due to leases capitalised in the Period.

Net finance cash flows in the Period of £8.3m (2019: £0.6m) relate to utilisations on committed facilities less interest payments in respect of leases capitalised in accordance with IFRS 16. The prior year also included interest and capital repayments in respect of the Group's financing prior to Admission.

Cash and liquidity

The Group had cash of £9.2m at 14 September 2020. This includes a £7.7m drawdown from the £10.0m committed revolving credit facility and is after the payment of principally all outstanding IPO costs and repayment of amounts deferred using government COVID-19 cash deferral assistance. As communicated through our AGM trading update on 24 June 2020, the Group's working capital cycle is unwinding as expected. The high point experienced in the period from June to August 2020 is reducing as we move towards the year end. We expect cash at the full year end, 31 December 2020, to be similar to the prior year cash position after settlement of all IPO costs included in the prior year cash balance. Payment terms on trading working capital have remained in line with expectation throughout the year.

Claire Thomson
Chief Financial Officer
16 September 2020

CONSOLIDATED INCOME STATEMENT

	Notes	*Unaudited Period ended 30 June 2020*	*Unaudited Period ended 30 June 2019 (Restated)*	*Audited Year ended 31 December 2019*
		£'000	£'000	£'000
Revenue		33,564	48,143	107,163
Cost of goods sold		(19,951)	(30,753)	(67,107)
Gross profit		**13,613**	**17,390**	**40,056**
Operating expenses		(12,717)	(13,467)	(27,585)
Operating expenses – exceptionals	4	-	(4,089)	(17,338)
Total operating expenses		**(12,717)**	**(17,556)**	**(44,923)**
Operating profit/(loss)		**896**	**(166)**	**(4,867)**
Analysed as:				
Adjusted EBITDA[1]		2,564	5,303	15,172
Depreciation	8	(719)	(631)	(1,246)
Amortisation	7	(949)	(749)	(1,455)
Exceptional items	4	-	(4,089)	(17,338)
Operating profit/(loss)		**896**	**(166)**	**(4,867)**
Finance expense		(303)	(3,462)	(5,426)
Profit/(loss) before taxation		**593**	**(3,628)**	**(10,293)**
Income tax expense	5	(897)	(739)	(2,032)
Loss for the period		**(304)**	**(4,367)**	**(12,325)**
Basic and diluted loss per share	6	(0.18)p	(44.79)p	(12.56)p

Note 1: Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation, exceptional items and private equity monitoring costs is a non-GAAP metric used by management and is not an IFRS disclosure.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited Period ended 30 June 2020	*Unaudited Period ended 30 June 2019 (Restated)*	*Audited Year ended 31 December 2019*
	£'000	£'000	£'000
Items that may be subsequently reclassified to profit and loss			
Foreign operations – foreign currency translation differences	1,299	130	(569)
Other comprehensive income/(expense) for the period/year	**1,299**	**130**	**(569)**
Loss for the year	(304)	(4,367)	(12,325)
Total comprehensive income/(expense) for the period/year	**995**	**(4,237)**	**(12,894)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	*Unaudited As at 30 June 2020*	*Unaudited As at 30 June 2019 (Restated)*	*Audited As at 31 December 2019*
		£'000	£'000	£'000
ASSETS				
Non-current assets				
Intangible assets	7	51,140	50,649	50,167
Property, plant and equipment	8	6,182	5,784	6,081
Deferred tax assets		167	269	167
Total non-current assets		**57,489**	**56,702**	**56,415**
Current assets				
Inventories	9	12,404	10,624	7,952
Trade and other receivables		18,920	21,446	25,544
Cash and cash equivalents		10,249	5,325	8,861
Total current assets		**41,573**	**37,395**	**42,357**
TOTAL ASSETS		**99,062**	**94,097**	**98,772**
LIABILITIES				
Non-current liabilities				
Borrowings		-	66,743	-
Lease liability	10	5,388	5,039	5,502
Deferred tax liabilities		1,904	1,935	1,816
Total non-current liabilities		**7,292**	**73,717**	**7,318**
Current liabilities				
Borrowings		8,368	2,300	-
Lease liability	10	1,003	894	838
Trade and other payables		17,647	24,658	27,569
Current tax liabilities		859	178	149
Total current liabilities		**27,877**	**28,030**	**28,556**
TOTAL LIABILITIES		**35,169**	**101,747**	**35,874**
NET ASSETS/(LIABILITIES)		**63,893**	**(7,650)**	**62,898**
Share capital		1,800	58	1,800
Share premium		78,451	942	78,451
Merger reserve		(103,581)	-	(103,581)
Translation reserve		403	(197)	(896)
Retained earnings/(accumulated losses)		86,820	(8,453)	87,124
TOTAL EQUITY		**63,893**	**(7,650)**	**62,898**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Merger reserve	Translation reserve	(Accumulated losses)/ retained earnings	**Total equity**
	£'000	£'000	£'000	£'000	£'000	**£'000**
At 1 January 2019	**58**	**942**	**-**	**(327)**	**(4,086)**	**(3,413)**
Loss for the period (restated)	-	-	-	-	(4,367)	**(4,367)**
Other comprehensive income for the period	-	-	-	130	-	**130**
Total comprehensive expense	**-**	**-**	**-**	**130**	**(4,367)**	**(4,237)**
At 30 June 2019 (restated)	**58**	**942**	**-**	**(197)**	**(8,453)**	**(7,650)**
Loss for the period	**-**	**-**	**-**	-	(7,958)	**(7,958)**
Other comprehensive expense for the period	**-**	**-**	**-**	(699)	-	**(699)**
Total comprehensive expense	**-**	**-**	**-**	**(699)**	**(7,958)**	**(8,657)**
Issue of shares in year	58	-	105,236	-	-	**105,294**
Group reorganisation	(58)	(942)	(104,294)	-	-	**(105,294)**
Bonus issue of shares	104,523	-	(104,523)	-	-	**-**
Capital reduction	(103,535)	-	-	-	103,535	**-**
New shares issued on IPO	754	78,451	-	-	-	**79,205**
Total transactions with owners recognised in equity	**1,742**	**77,509**	**(103,581)**	**-**	**103,535**	**79,205**
At 31 December 2019	**1,800**	**78,451**	**(103,581)**	**(896)**	**87,124**	**62,898**
Loss for the period	-	-	-	-	(304)	**(304)**
Other comprehensive income for the period	-	-	-	1,299	-	**1,299**
Total comprehensive income	**-**	**-**	**-**	**1,299**	**(304)**	**995**
At 30 June 2020	**1,800**	**78,451**	**(103,581)**	**403**	**86,820**	**63,893**

CONSOLIDATED CASH FLOW STATEMENT

	Notes	*Unaudited Period ended -30 June 2020*	*Unaudited Period ended 30 June 2019 (Restated)*	*Audited Year ended 31 December 2019*
		£'000	£'000	£'000
Operating profit/(loss)		896	(166)	(4,867)
Adjustments for:				
- Amortisation	7	949	749	1,455
- Depreciation	8	719	631	1,246
- Loss on disposal of fixed assets		10	-	18
Cash flows from operating activities before changes in working capital		**2,574**	**1,214**	**(2,148)**
- Change in inventories		(4,452)	(3,174)	(502)
- Change in trade receivables		6,624	5,179	1,081
- Change in trade payables		(9,920)	(2,683)	545
Cash flows from operating activities		**(5,174)**	**536**	**(1,024)**
- Income taxes paid		(236)	(1,027)	(2,486)
Net cash flows from operating activities		**(5,410)**	**(491)**	**(3,510)**
Cash flows from investing activities				
- Purchase of property, plant and equipment		(236)	(427)	(603)
- Purchase of intangible assets		(1,054)	(581)	(1,483)
- Acquisition of subsidiaries and net cash outflows on change in ownership		-	(1,417)	(1,293)
Net cash flows used in investing activities		**(1,290)**	**(2,425)**	**(3,379)**
Cash flows from financing activities				
- Repayment of borrowings		-	(517)	(62,312)
- Lease payments		(743)	(616)	(1,190)
- Interest paid		(81)	(1,149)	(7,894)
- Receipts from new secured loan facilities		8,368	2,300	-
- Ordinary shares issued		-	-	79,205
Net cash flows from financing activities		**7,544**	**18**	**7,809**
NET CASH FLOWS		**844**	**(2,898)**	**920**
Cash and cash equivalents at beginning of period		8,861	8,150	8,150
Effect of exchange rate fluctuations on cash held		544	73	(209)
Cash and cash equivalents at end of period		**10,249**	**5,325**	**8,861**

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Pebble Group plc ("the Company") is a public limited company incorporated in England with the registered number 12231361.

The address of its registered office is Broadway House, Trafford Wharf Road, Trafford Park, Manchester M17 1DD. The Company's shares are quoted on the Alternative Investment Market.

The principal activity of The Pebble Group plc and its subsidiaries (the "Group") is the sale of products, services and technology to the promotional merchandise industry.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements of the Group are for the period ended 30 June 2020. They have been prepared in accordance with the AIM rules and IAS 34 "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial statements have not been reviewed or audited, nor do they comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006, and do not include all of the information or disclosures required in the annual financial statements and should therefore be read in conjunction with the Group's 2019 consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Financial information for the year ended 31 December 2019 included herein is derived from the statutory accounts for that year, which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

These half year results are the first half year results since the IPO in December 2019. For the purpose of providing comparative information for the six months ended 30 June 2019 and to help users of this information to assess the underlying financial performance of the Group, this announcement contains unaudited information derived from Part V: Unaudited Consolidated Interim Financial Information of the Group of the Admission Document dated 2 December 2019, as adjusted for the Prior Period Restatement outlined below and reclassification of administrative expenses to be consistent with the audited 2019 consolidated financial statements.

The interim condensed consolidated financial statements are presented in the Group's functional currency of pounds Sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019 as described in the Group's Annual Report and full financial statements for that year and as available on the Company's website (www.thepebblegroup.com).

Taxation

Taxes on income in the interim periods are accrued using management's best estimate of the weighted average annual tax rate that would be applicable to expected total annual earnings.

Government grants

In preparing the interim condensed consolidated financial statements, IAS 20, 'Accounting for Government Grants and Disclosure of Government Assistance' has been applied such that grants have been recognised in profit or loss on a systematic basis over the periods in which we have recognised the expense for the related costs for which the grants are intended to compensate. As part of the Coronavirus Job Retention Scheme, a benefit of £0.9 million has been credited to the Income Statement in the period to 30 June 2020. There are no unfulfilled conditions or other contingencies attached to this grant. In the US, a benefit of $0.9 million has been received and sits on the Statement of Financial Position as at 30 June 2020 to match against costs incurred over the period July to December 2020.

Forward looking statements

Certain statement in these condensed consolidated interim financial statements constitute forward-looking statements. Any statement in this document that is not a statement of historical fact is a forward-looking statement. Such statements are subject to risks and uncertainties that may cause actual results to differ materially. These include, among other factors, changing economic, financial, business or other market conditions which amongst other factors could adversely affect the outcome and financial effects of the plans and events described in these condensed consolidated interim financial statements. As a result, you are cautioned not to place reliance on these forward-looking statements and nothing in this document should be construed as a profit forecast.

Key risks and uncertainties

The Group has in place a structured risk management process which identifies key risks and uncertainties along with their associated mitigants. The key risks and uncertainties that could affect the Group's medium-term performance, and the factors that mitigate those risks have not substantially changed from those set out in the Group's Annual Report which can be found on the Group's website www.Thepebblegroup.com and are summarised below.

Market	Strategic	Financial	Operational
- COVID-19 - Macroeconomic environment	- Concentrated client base - Acquisition risk	- Currency and foreign exchange	- Retaining and attracting key personnel - Reliance on IT systems - Breach of IT security

At the time of publication, the impact of the COVID-19 pandemic was beginning to escalate and "lock down" measures were being introduced in all geographies in which the Group operates. In response to this escalation, the Group included in its Annual Report COVID-19 as a key risk and provided details of its mitigation strategy at that point. As the pandemic progressed, the Group continued to react quickly, enhancing its monitoring and management of the situation and where possible mitigating the impact on its operations. Specifically these actions included:

- The introduction of remote working capabilities for all staff ensuring client service was maintained whilst managing the health and wellbeing of our teams;
- Increased frequency of communication at Group, site, team, and individual level;
- Control of costs and tight management of liquidity through curtailment of non-committed capital expenditure and introduction of weekly senior management review of working capital investment;
- Introduction of appropriate personal protective equipment at all sites along with effective social distancing protocols;
- Enhanced management of the Group's Far East supply chain, working closely with suppliers to ensure agreed customer timelines were met. This was of particular importance in the light of continued strong demand from Consumer Promotions clients; and
- Increased frequency of key metric reporting to both the Board and site senior management enabling the Group to proactively manage its response at an individual site and Group level and inform key decision making.

The Board remains confident in the Group's ability to manage the disruption caused by the pandemic and is confident in the long-term prospects for the business. The strength and robustness of the Facilisgroup business model has been demonstrated throughout this Period, and the successful implementations of two significant new clients in Brand Addition over the course of the last six months continues to demonstrates the attractiveness of its offering.

Going Concern statement

In assessing the appropriateness of adopting the Going Concern basis in the preparation of these interim financial statements, the Directors have prepared cash flow forecasts and projections for the period ending 31 December 2021. These projections build on the work undertaken by the Directors at the time of the announcement of the Group's 2019 Final Results, when the outbreak of the COVID-19 pandemic and in particular its impact on the Corporate Programmes business within the Group was becoming clear. In response to this, a number of different scenarios of increasing severity were considered to confirm that under each one the Group continued to operate as a Going Concern. In reconsidering these expectations for the interim financial statements, the actual performance to June has been reflected along with an assessment for the remainder of the year which includes the cost saving actions implemented by the Directors in place until October 2020 and reflects continued subdued trading conditions through the remainder of 2020 and, to varying degrees 2021. These projections are not the forecasts for the Group but are designed to stress test liquidity and covenant compliance.

The principle assumptions behind these scenarios in order of severity are as follows:

Base case
The base case assumes that revenues in Brand Addition begin to slowly recover through H2 from a low point in April building to reach ~75% of FY19 revenues by the end of 2020. This improving trend is assumed to continue through 2021 along with the inclusion of revenue from new customers implemented in Q4 2020. Facilisgroup is assumed to meet original expectations for 2020.

Sensitivity 1
This case assumes that revenue in Brand Addition recovers in H2 but only reaching ~60% of FY19 revenues by the end of 2020. For 2021, revenue is assumed to continue to improve through the year to be at 20% below 2019 for the full year. Facilisgroup is held flat with 2020 expectations

Sensitivity 2
This scenario sensitises further the Brand Addition case above, assuming a reduction in current intake levels such that revenues fall to ~45% of 2019 in Q4 with a slower return to growth in 2021 where full year sales assumed to be 30% below 2019.

Taking account of all scenarios modelled and their impact on trading performance, all forecasts and projections show that the Group is expected to have headroom against covenants and a sufficient level of financial resources available through existing facilities when the future funding requirements of the Group are compared with the level of available committed facilities. Based on this, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing these interim financial statements.

Prior Period Restatement
The restatement at 30 June 2019 is to reflect:
(i) Work in progress treated as intangible assets rather than fixed assets. The net book value reclassified as at 30 June 2019 was £1,663,000.
(ii) Re-evaluation of the provisional purchase price allocation of the 2018 Facilisgroup acquisition. Firstly to recognise a separate customer relationship intangible asset of £9,420,000 at acquisition date, with a corresponding reduction in goodwill. Secondly, to reflect an additional amount of £1,293,000 within consideration in calculating goodwill, which related to the amount due, and paid, in 2019 for the final working capital acquired and not linked to ongoing employment of the vendors.
(iii) Treatment of deferred payments to the vendors of Facilisgroup as post-acquisition expenses charged to profit and loss rather than forming part of the consideration payable for the acquisition. The deferred contingent payments required the vendors to remain in employment with the Group for the duration of the deferral period. As such, they are treated as remuneration for post-acquisition services and the cost charged to profit and loss over the deferral periods, rather than forming part of the settlement consideration. The deferred contingent payments have been charged to exceptional operating expenses in the income statement.

3. SEGMENTAL ANALYSIS
The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews The Pebble Group Plc's internal reporting in order to assess performance and allocate resources. The Board of Directors has determined that the operating segments are those of Brand Addition and Facilisgroup.

Segment information about the above segments are presented below:

Income statement for the period ended 30 June 2020

	Brand Addition	*Facilisgroup*	*Central operations*	*Period ended 30 June 2020*
	£'000	£'000	£'000	£'000
Revenue	28,511	5,053	-	33,564
Cost of goods sold	(19,951)	-	-	(19,951)
Gross profit	**8,560**	**5,053**	**-**	**13,613**
Operating expenses	(9,251)	(2,752)	(714)	(12,717)
Total operating expenses	**(9,251)**	**(2,752)**	**(714)**	**(12,717)**
Operating profit/(loss)	**(691)**	**2,301**	**(714)**	**896**
Analysed as:				
Adjusted EBITDA	355	2,923	(714)	2,564
Depreciation	(612)	(107)	-	(719)
Amortisation	(434)	(515)	-	(949)
Exceptional items	-	-	-	-
Operating profit/(loss)	**(691)**	**2,301**	**(714)**	**896**
Finance expense	(219)	(15)	(69)	(303)
Profit/(loss) before taxation	**(910)**	**2,286**	**(783)**	**593**
Income tax expense	(303)	(594)	-	(897)
(Loss)/profit for the period	**(1,213)**	**1,692**	**(783)**	**(304)**

Income statement for the period ended 30 June 2019

	Brand Addition	*Facilisgroup*	*Central operations*	*Period ended 30 June 2019 (Restated)*
	£'000	£'000	£'000	£'000
Revenue	43,584	4,559	-	48,143
Cost of goods sold	(30,753)	-	-	(30,753)
Gross profit	**12,831**	**4,559**	**-**	**17,390**
Operating expenses	(10,364)	(2,706)	(397)	(13,467)
Operating expenses – exceptionals	-	(4,062)	(27)	(4,089)
Total operating expenses	**(10,364)**	**(6,768)**	**(424)**	**(17,556)**
Operating profit/(loss)	**2,467**	**(2,209)**	**(424)**	**(166)**
Analysed as:				
Adjusted EBITDA	3,271	2,429	(397)	5,303
Depreciation	(515)	(116)	-	(631)
Amortisation	(289)	(460)	-	(749)
Exceptional items	-	(4,062)	(27)	(4,089)
Operating profit/(loss)	**2,467**	**(2,209)**	**(424)**	**(166)**
Finance expense	(264)	(19)	(3,179)	(3,462)
Profit/(loss) before taxation	**2,203**	**(2,228)**	**(3,603)**	**(3,628)**
Income tax expense	(264)	(475)	-	(739)
Profit/(loss) for the period	**1,939**	**(2,703)**	**(3,603)**	**(4,367)**

Due to the timing on the delivery of orders, the Brand Addition segment of The Pebble Group Plc traditionally raises a higher number of invoices in the period July to December which results in The Pebble Group Plc's performance being weighted to the second half of the year.

All the above revenues are generated from contracts with customers.

Income statement for the year ended 31 December 2019

	Brand Addition	Facilisgroup	Central operations	Year ended 31 December 2019
	£'000	£'000	£'000	£'000
Revenue	97,872	9,291	-	107,163
Cost of goods sold	(67,107)	-	-	(67,107)
Gross profit	**30,765**	**9,291**	**-**	**40,056**
Operating expenses	(21,685)	(5,277)	(623)	(27,585)
Operating expenses – exceptional	-	(13,465)	(3,873)	(17,338)
Total operating expenses	**(21,685)**	**(18,742)**	**(4,496)**	**(44,923)**
Operating (loss)/profit	**9,080**	**(9,451)**	**(4,496)**	**(4,867)**
Analysed as:				
Adjusted EBITDA	10,703	5,092	(623)	15,172
Depreciation	(1,012)	(234)	-	(1,246)
Amortisation	(611)	(844)	-	(1,455)
Exceptional items	-	(13,465)	(3,873)	(17,338)
Total operating (loss)/profit	**9,080**	**(9,451)**	**(4,496)**	**(4,867)**
Finance expense	(481)	(37)	(4,908)	(5,426)
(Loss)/profit before taxation	**8,599**	**(9,488)**	**(9,404)**	**(10,293)**
Income tax expense	(1,651)	(1,011)	630	(2,032)
(Loss)/profit for the year	**7,578**	**(10,499)**	**(9,404)**	**(12,325)**

Statement of Financial Position as at 30 June 2020

	Brand Addition	*Facilisgroup*	*Central operations*	*As at 30 June 2020*
	£'000	£'000	£'000	£'000
ASSETS				
Non-current assets				
Intangible assets	37,313	13,827	-	51,140
Property, plant and equipment	5,440	742	-	6,182
Deferred tax assets	167	-	-	167
Total non-current assets	**42,920**	**14,569**	**-**	**57,489**
Current assets				
Inventories	12,404	-	-	12,404
Trade and other receivables	17,044	1,746	130	18,920
Cash and cash equivalents	3,101	2,412	4,736	10,249
Total current assets	**32,549**	**4,158**	**4,866**	**41,573**
TOTAL ASSETS	**75,469**	**18,727**	**4,866**	**99,062**
LIABILITIES				
Non-current liabilities				
Borrowings	-	-	-	-
Lease liabilities	5,082	306	-	5,388
Deferred tax liabilities	-	1,904	-	1,904
Total non-current liabilities	**5,082**	**2,210**	**-**	**7,292**
Current liabilities				
Borrowings	8,368	-	-	8,368
Lease liabilities	879	124	-	1,003
Trade and other payables	14,837	2,004	806	17,647
Current tax liabilities	372	532	(45)	859
Total current liabilities	**24,456**	**2,660**	**761**	**27,877**
TOTAL LIABILITIES	**29,538**	**4,870**	**761**	**35,169**
NET ASSETS	**45,931**	**13,857**	**4,105**	**63,893**

Statement of Financial Position as at 30 June 2019

	Brand Addition	*Facilisgroup*	*Central operations*	*As at 30 June 2019 (Restated)*
	£'000	£'000	£'000	£'000
ASSETS				
Non-current assets				
Intangible assets	38,104	12,545	-	50,649
Property, plant and equipment	4,855	929	-	5,784
Deferred tax assets	269	-	-	269
Total non-current assets	**43,228**	**13,474**	**-**	**56,702**
Current assets				
Inventories	10,624	-	-	10,624
Trade and other receivables	19,882	1,547	17	21,446
Cash and cash equivalents	3,567	1,288	470	5,325
Total current assets	**34,073**	**2,835**	**487**	**37,395**
TOTAL ASSETS	**77,301**	**16,309**	**487**	**94,097**
LIABILITIES				
Non-current liabilities				
Borrowings	-	-	66,743	66,743
Lease liabilities	4,628	411	-	5,039
Deferred tax liabilities	-	1,935	-	1,935
Total non-current liabilities	**4,628**	**2,346**	**66,743**	**73,717**
Current liabilities				
Borrowings	2,300	-	-	2,300
Lease liabilities	783	111	-	894
Trade and other payables	18,393	5,454	811	24,658
Current tax liabilities	149	74	(45)	178
Total current liabilities	**21,625**	**5,639**	**766**	**28,030**
TOTAL LIABILITIES	**26,253**	**7,985**	**67,509**	**101,747**
NET ASSETS / (LIABILITIES)	**51,048**	**8,324**	**(67,022)**	**(7,650)**

Statement of financial position as at 31 December 2019

	Brand Addition	Facilisgroup	Central operations	As at 31 December 2019
	£'000	£'000	£'000	£'000
ASSETS				
Non-current assets				
Intangible assets	39,666	10,501	-	50,167
Property, plant and equipment	5,303	778	-	6,081
Deferred tax assets	167	-	-	167
Total non-current assets	**45,136**	**11,279**	**-**	**56,415**
Current assets				
Inventories	7,952	-	-	7,952
Trade and other receivables	24,079	1,403	62	25,544
Cash and cash equivalents	5,931	1,083	1,847	8,861
Total current assets	**37,962**	**2,486**	**1,909**	**42,357**
TOTAL ASSETS	**83,098**	**13,765**	**1,909**	**98,772**
LIABILITIES				
Non-current liabilities				
Lease liability	5,151	351	-	5,502
Deferred tax liability	-	1,816	-	1,816
Total non-current liabilities	**5,151**	**2,167**	**-**	**7,318**
Current liabilities				
Lease liability	724	114	-	838
Trade and other payables	22,314	1,321	3,934	27,569
Current tax liabilities	252	(60)	(43)	149
Total current liabilities	**23,290**	**1,375**	**3,891**	**28,556**
TOTAL LIABILITIES	**28,441**	**3,542**	**3,891**	**35,874**
NET ASSETS/(LIABILITIES)	**54,657**	**10,223**	**(1,982)**	**62,898**

4. OPERATING EXPENSES – EXCEPTIONAL

	Unaudited Period ended 30 June 2020	*Unaudited Period ended 30 June 2019 (Restated)*	*Audited Year ended 31 December 2019*
	£'000	£'000	£'000
Transaction and IPO related costs	-	-	3,873
Contingent consideration payments to vendors of Facilisgroup	-	4,062	13,465
Private equity monitoring costs	-	27	-
	-	**4,089**	**17,338**

Exceptional items relate to the following:

- Transaction and IPO related costs - incremental external costs related to the acquisition in 2018 and IPO in 2019 and which relate to professional fees, the write-off of unamortised loan note fees as of the date of the IPO, and IPO related bonus payments; and
- The sale and purchase agreement for the acquisition of Facilisgroup in December 2018 detailed deferred payments to be made to the vendors for the sale of the shares. The deferred contingent payments required the vendors to remain in employment with the Group for the duration of the deferral period. As such, they are treated as remuneration for post-acquisition services and the cost charged to profit and loss over the deferral periods, rather than forming part of the settlement consideration. The deferred contingent payments have been charged to exceptional operating expenses in the income statement. All the deferred payments were settled in full prior to Admission.

Private equity costs include monitoring and other fees were incurred in the period prior to IPO.

5. INCOME TAX EXPENSE

The income tax expense for the half year period ended 30 June 2020 is based upon management's best estimate of the weighted average annual tax rate expected for the full year ending 31 December 2020. The income tax expense is higher than the standard rate of 19% due to higher standard income tax rates in overseas territories, overseas losses carried forward and non-deductible expenses.

6. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year. As at 30 June 2020, no instruments with a potential or actual dilutive impact were in issue and therefore diluted EPS is the same as basic EPS.

The calculation of basic profit per share is based on the following data:

Statutory EPS

	Unaudited Period ended 30 June 2020	*Unaudited Period ended 30 June 2019 (Restated)*	*Audited Year ended 31 December 2019*
Earnings (£'000)			
Loss for the purposes of basic earnings per share being loss for the attributable to equity shareholders	(304)	(4,367)	(12,325)
Number of shares			
Weighted average number of shares for the purposes of basic earnings per share	167,450,893	9,751,341	97,390,317
Basic and diluted loss per ordinary share (pence)	(0.18)	(44.79)	(12.56)

Pro-forma EPS

The calculation of pro-forma earnings per share for 2020 is based on the weighted average number of shares in issue and for 2019, the weighted average number of shares in issue post Admission on 5 December 2019. This has been applied retrospectively to the number of shares in issue at 30 June 2019 and the metric has been restated to ensure that the adjusted earnings per share figures are comparable over the two periods.

	Unaudited Period ended 30 June 2020	Unaudited Period ended 30 June 2019 (Restated)	Audited Year ended 31 December 2019
Earnings (£'000)			
Loss for the purposes of basic earnings per share being profit for the attributable to equity shareholders	(304)	(4,367)	(12,325)
Number of shares			
Weighted average number of shares for the purposes of basic earnings per share	167,450,893	167,450,893	167,450,893
Basic and diluted pro-forma loss per ordinary share (pence)	(0.18)	(2.61)	(7.36)

Adjusted EPS

The calculation of adjusted earnings per share is based on the after tax adjusted operating profit after adding back certain costs as detailed in the table below. Adjusted earnings per share figures are given to exclude the effects of amortisation of acquired intangible assets and exceptional items, all net of taxation, and are considered to show the underlying performance of the Group.

The calculation of adjusted earnings per share for 2020 is based on the weighted average number of shares in issue and for 2019, the weighted average number of shares in issue post Admission on 5 December 2019. This has been applied retrospectively to the number of shares in issue at 30 June 2019 (on the same basis as pro-forma EPS above) and the metric has been restated to ensure that the adjusted earnings per share figures are comparable over the two periods.

	Unaudited Period ended 30 June 2020	Unaudited Period ended 30 June 2019 (Restated)	Audited Year ended 31 December 2019
Earnings (£'000)			
(Loss)/earnings for the purposes of basic earnings per share being adjusted earnings	(83)	(836)	4,702
Number of shares			
Weighted average number of shares for the purposes of basic earnings per share (2019 pro-forma)	167,450,893	167,450,893	167,450,893
Basic and diluted adjusted (loss)/earnings per ordinary share (pence)	(0.05)	(0.50)	2.81

The calculation of basic adjusted earnings per share is based on the following data:

	Unaudited Period ended 30 June 2020	Unaudited Period ended 30 June 2019 (Restated)	Audited Year ended 31 December 2019
	£'000	£'000	£'000
Loss for the period attributable to equity shareholders	(304)	(4,367)	(12,325)
Add back/(deduct):			
Amortisation charge on acquired intangible assets	273	270	525
Exceptional items	-	4,089	17,338
Tax effect of the above	(52)	(828)	(836)
Adjusted (loss)/earnings	(83)	(836)	4,702

7. INTANGIBLE ASSETS

	Goodwill	Customer relationships	Software and Development costs	Work in progress	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 31 December 2018	**35,958**	**10,751**	**8,613**	**1,433**	**56,755**
FX difference on translation	7	31	43	-	81
Additions (restated)	-	-	575	230	805
Balance at 30 June 2019 (restated)	**35,965**	**10,782**	**9,231**	**1,663**	**57,641**
FX difference on translation	(83)	(345)	(80)	-	(508)
Additions	-	-	609	69	678
Reclassifications	-	-	1,396	(1,396)	-
Balance at 31 December 2019	**35,882**	**10,437**	**11,156**	**336**	**57,811**
FX difference on translation	184	658	142	-	984
Additions	-	-	920	134	1,054
Disposals	-	-	(278)	-	(278)
Reclassifications	-	-	35	(35)	-
Balance at 30 June 2020	**36,066**	**11,095**	**11,975**	**435**	**59,571**
Accumulated amortisation					
Balance at 31 December 2018	**-**	**110**	**6,097**	**-**	**6,207**
FX difference on translation	-	-	36	-	36
Charge for the period	-	270	479	-	749
Balance at 30 June 2019 (restated)	**-**	**380**	**6,612**	**-**	**6,992**
FX difference on translation	-	-	(54)	-	(54)
Charge for the period	-	255	451	-	706
Balance at 31 December 2019	**-**	**635**	**7,009**	**-**	**7,644**
FX difference on translation	-	33	80	-	113
Charge for the period	-	273	676	-	949
Disposals	-	-	(275)	-	(275)
Balance at 30 June 2020	**-**	**941**	**7,490**	**-**	**8,431**
Net book value					
At 31 December 2018	35,958	10,641	2,516	1,433	50,548
At 30 June 2019 (restated)	35,965	10,402	2,619	1,663	50,649
At 31 December 2019	35,882	9,802	4,147	336	50,167
At 30 June 2020	**36,066**	**10,154**	**4,485**	**435**	**51,140**

The Group tests annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

As a result of the impact of the COVID-19 pandemic on Corporate Programmes within the Brand Addition business, the Group has updated its impairment reviews for the purposes of these interim financial statements. The Directors are satisfied that as at 30 June no impairment has arisen in the period, these tests will be completed again at the year end.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property	Fixtures and fittings	Computer hardware	Right-of-use Assets	**Total**
	£'000	£'000	£'000	£'000	**£'000**
Cost					
Balance at 31 December 2018	**1,199**	**2,365**	**2,060**	**8,701**	**14,325**
Impact of foreign exchange translation	2	(50)	(19)	-	**(67)**
Additions	47	219	161	1,207	**1,634**
Balance at 30 June 2019 (restated)	**1,248**	**2,534**	**2,202**	**9,908**	**15,892**
Impact of foreign exchange translation	-	(4)	(1)	(145)	**(150)**
Additions	2	74	100	894	**1,070**
Disposals	**-**	-	(26)	(151)	**(177)**
Balance at 31 December 2019	**1,250**	**2,604**	**2,275**	**10,506**	**16,635**
FX difference on translation	17	110	58	374	**559**
Additions	19	72	145	379	**615**
Disposals	-	(340)	(133)	(969)	**(1,442)**
Balance at 30 June 2020	**1,286**	**2,446**	**2,345**	**10,290**	**16,367**
Accumulated depreciation					
Balance at 31 December 2018	**924**	**2,077**	**1,726**	**4,804**	**9,531**
Impact of foreign exchange translation	5	(51)	(8)	-	**(54)**
Charge for the period	27	46	91	467	**631**
Balance at 30 June 2019 (restated)	**956**	**2,072**	**1,809**	**5,271**	**10,108**
Disposals	-	-	(22)	-	**(22)**
Impact of foreign exchange translation	-	3	(2)	(148)	**(147)**
Charge for the period	80	33	80	422	**615**
Balance at 31 December 2019	**1,036**	**2,108**	**1,865**	**5,545**	**10,554**
Disposals	-	(354)	(120)	(961)	**(1,435)**
Impact of foreign exchange translation	7	88	44	208	**347**
Charge for the period	21	81	94	523	**719**
Balance at 30 June 2020	**1,064**	**1,923**	**1,883**	**5,315**	**10,185**
Net book value					
Balance at 31 December 2018	275	288	334	3,897	4,794
Balance at 30 June 2019 (restated)	292	462	393	4,637	5,784
Balance at 31 December 2019	214	496	410	4,961	6,081
Balance at 30 June 2020	**222**	**523**	**462**	**4,975**	**6,182**
Right-of-use assets – net book value					
Balance at 31 December 2018	3,644	79	174	-	3,897
Balance at 30 June 2019	4,438	54	145	-	4,637
Balance at 31 December 2019	4,800	21	140	-	4,961
Balance at 30 June 2020	**4,855**	**-**	**120**	**-**	**4,975**

9. INVENTORIES

Inventory levels are higher at the June period end compared to December predominantly due to higher levels of stock in transit to satisfy higher sales activity in the second half of the financial year to December.

10. LEASES

Amounts recognised in the Unaudited Interim Consolidated Statement of Financial Position

In addition to the right-of-use assets included within Note 8 above, the balance sheet shows the following amounts relating to leases:

Lease liabilities	*Unaudited Period ended 30 June 2020*	*Unaudited Period ended 30 June 2019 (Restated)*	*Audited Year ended 31 December 2019*
	£'000	£'000	£'000
Maturity analysis – contractual undiscounted cash flows:			
Less than one year	1,404	1,220	1,044
More than one year, less than two years	1,230	1,174	1,305
More than two years, less than three years	1,053	1,087	1,070
More than three years, less than four years	988	1,027	977
More than four years, less than five years	926	965	933
More than five years	2,467	3,273	2,822
Total undiscounted lease liabilities at period end	8,068	8,746	8,151
Finance costs	(1,677)	(2,813)	(1,811)
Total discounted lease liabilities at period end	**6,391**	**5,933**	**6,340**
Lease liabilities included in the statement of financial position			
Current	1,003	894	838
Non-current	5,388	5,039	5,502
	6,391	**5,933**	**6,340**

Amounts recognised in the Unaudited Consolidated Income Statement

The Unaudited Consolidated Income Statement shows the following amounts relating to leases:

	Unaudited Period ended 30 June 2020	*Unaudited Period ended 30 June 2019 (Restated)*	*Audited Year ended 31 December 2019*
	£'000	£'000	£'000
Depreciation charge – leasehold property	485	414	782
Depreciation charge – fixtures and fittings	16	24	54
Depreciation charge – computer hardware	22	29	53
	523	467	889
Interest expense (within finance expense)	222	195	419

11. FINANCIAL INSTRUMENTS

The fair values of all financial instruments included in the statement of financial position are a reasonable approximation of their carrying values.