

# The Pebble Group

7 September 2021

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.

**THE PEBBLE GROUP PLC**  
("The Pebble Group", the "Group" or the "Company")

**UNAUDITED HALF YEAR RESULTS 2021**  
*Strong recovery with positive outlook*

The Pebble Group, a leading provider of technology, services and products to the global promotional products industry, announces its unaudited results for the six months ended 30 June 2021 ("HY 21" or the "Period"), which demonstrate a swift recovery. With strong progress in HY 21, the Board is confident that performance will be at least in line with market expectations for the year ending 31 December 2021 ("FY 21").

## Financials

<b>Adjusted results</b>	<b>HY 21</b>	<b>HY 20</b>	<b>HY 19</b>	<b>FY 20</b>
Revenue	<b>£46.8m</b>	£33.6m	£48.1m	£82.4m
Gross profit	<b>£17.2m</b>	£13.6m	£17.4m	£31.0m
Gross profit margin	<b>36.8%</b>	40.6%	36.1%	37.6%
Adjusted EBITDA <sup>1</sup>	<b>£4.4m</b>	£2.6m	£5.3m	£9.8m
Adjusted operating profit <sup>2</sup>	<b>£2.6m</b>	£1.2m	£4.2m	£6.8m
Adjusted profit before tax <sup>3</sup>	<b>£2.4m</b>	£0.9m	£0.7m	£6.1m
Underlying operating cash flow <sup>4</sup>	<b>£(10.5)m</b>	£(3.6)m	£3.0m	£7.2m
Net (debt) / cash <sup>5</sup>	<b>£(4.2)m</b>	£1.9m	£(63.7)m	£7.1m
Adjusted earnings per share <sup>6</sup>	<b>1.08p</b>	(0.05)p	(0.50)p	2.96p
<b>Statutory results</b>	<b>HY 21</b>	<b>HY 20</b>	<b>HY 19</b>	<b>FY 20</b>
Operating profit/(loss)	<b>£2.2m</b>	£0.9m	£(0.2)m	£5.7m
Profit/(loss) before tax	<b>£1.9m</b>	£0.6m	£(3.6)m	£5.0m
Basic profit/(loss) per share	<b>0.85p</b>	(0.18)p	(44.79)p	2.44p
Diluted profit/(loss) per share	<b>0.84p</b>	(0.18)p	(44.79)p	2.44p

<sup>1</sup> Adjusted EBITDA means operating profit before depreciation, amortisation, share-based payments charge and exceptional items in note 4

<sup>2</sup> Adjusted operating profit means operating profit before amortisation of acquired intangible assets, share-based payments charge and exceptional items

<sup>3</sup> Adjusted profit before tax means profit before tax before amortisation of acquired intangible assets, share-based payments charge and exceptional items

<sup>4</sup> Underlying operating cash flow is calculated as Adjusted EBITDA less movements in working capital, capital expenditure and lease payments excluding movements in transaction related accruals and payments in respect of acquisitions

<sup>5</sup> Net (debt)/cash is calculated as cash and cash equivalents less borrowings (excluding lease liabilities)

<sup>6</sup> Adjusted Earnings Per Share ("EPS") represents Adjusted Earnings meaning profit after tax before amortisation of acquired intangible assets, share-based payments charge and exceptional items divided by a weighted average number of shares

## Group highlights and outlook

- The recovery in HY 21 has been strong with Group revenues at £46.8m being 39.3% ahead of HY 20 (£33.6m) and slightly lower than HY 19 (£48.1m)
- Facilisgroup US Dollar (“USD”) Annual Recurring Revenue (“ARR”) was 27.0% ahead of HY 20 and 44.8% ahead of HY 19
- Facilisgroup achieved Adjusted EBITDA margins of 54.6%, with further investment in people and technology, as we remain focused on our stated aspiration to grow ARR to \$50m by the end of FY 24
- Brand Addition revenues for FY 21 are expected to be well ahead of FY 20 and slightly ahead of FY 19, demonstrating its ability to win, grow and retain major client contracts
- Cash outflow in HY 21 has supported the high value of Brand Addition Consumer Promotion revenue in HY 21 amplifying the normal in-year cycle. Working capital is reducing as expected as client receipts are collected to terms
- Net debt at 6 September was £4.8m and we expect Net cash at 31 December 2021 to be ahead of previous market expectations at no less than £8.0m (31 December 2020: £7.1m)
- The Board is very encouraged by the Group’s performance in HY 21 and expects FY 21 to be at least in line with market expectations

## Facilisgroup

- FY 21 USD ARR growth over prior year is expected to be approaching 30%
- 190 Partners at 31 August 2021 with a further 7 contracted awaiting implementation
- The increase in purchases through Preferred Suppliers is ahead of management expectations
- H2 21 Gross Merchandise Value running at 136% of H2 20 and 141% of H2 19
- New ecommerce solution launched in beta form with 51 Partners in early access

## Brand Addition

- Total FY 21 revenues expected to be well ahead of FY 20 and slightly ahead of FY 19
- Significant growth in Consumer Promotions revenue expected in FY 21, compared to both FY 20 and FY 19
- Growth in Corporate Programmes revenue expected in FY 21, compared to FY 20, supported by new business wins from FY 20 and recovery continues against FY 19
- Total orders invoiced or received to be invoiced in 2021 at 31 August amounted to £81.8m, being 153% of 2020 (£53.4m) and 114% of 2019 (£71.3m)

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**About The Pebble Group plc - [www.thepebblegroup.com](http://www.thepebblegroup.com)**

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

**Facilisgroup - [www.facilisgroup.com](http://www.facilisgroup.com)**

Facilisgroup focuses on supporting the growth of mid-sized Promotional Product businesses in North America by providing a technology platform, which enables those businesses to benefit from significant business efficiency and gain meaningful supply chain advantage from the ability to purchase from quality suppliers under preferred terms.

**Brand Addition - [www.brandaddition.com](http://www.brandaddition.com)**

Brand Addition focuses upon providing promotional products and related services under contract to some of the world's most recognisable brands. Its largest contracts are valued in the millions of pounds with the products and services supplied being used for brand building, customer engagement and employee rewards. Working in close collaboration with its clients, Brand Addition designs products and product ranges, hosts client-branded global web stores and provides international sourcing and distribution solutions.

We categorise our revenues into two divisions, Corporate Programmes, that supports our clients' general marketing activities, and Consumer Promotions, that supports our clients in driving their own sales volumes.

A copy of the Half Year Results 2021 Investor Presentation will be available on the Company's website later today <https://www.thepebblegroup.com/investors/results-reports-and-presentations/>.

## CHIEF EXECUTIVE OFFICER'S REVIEW

### Overview

The focus during HY 21 has been the continued investment in our people and technology to support the excellent growth prospects of Facilisgroup, alongside demonstrating the ability of Brand Addition to recover quickly from the revenue reduction suffered in 2020. We have made good progress on these objectives.

Our teams across Asia, Europe and North America continue to be incredibly flexible and adapt quickly to support their colleagues, clients, Partners and suppliers. Their dedication and talent has resulted in our Group recovering strongly from the end-market demand challenges of 2020. The promotional products industry is recovering, albeit with disruption remaining within the supply chain which we expect to continue until at least Q2 22. Here again, our teams continue to lean on their experience, working with our suppliers for the long-term benefit of all stakeholders.

Against this backdrop, the Board is very encouraged by the Group's performance in HY 21.

In HY 21, Group revenue was £46.8m (HY 20: £33.6m, HY 19: £48.1m), generating Adjusted EBITDA of £4.4m (HY 20: £2.6m, HY 19: £5.3m) and Operating profit of £2.2m (HY 20: £0.9m, HY 19: £(0.2m)).

Below we summarise the results and progress of our businesses.

### Facilisgroup

#### HY revenue and profit analysis Facilisgroup

	HY 21	HY 20	HY 19
Recurring revenue	<b>£5.4m</b>	£4.8m	£4.1m
Other revenue	<b>£0.2m</b>	£0.3m	£0.5m
Total revenue	<b>£5.6m</b>	£5.1m	£4.6m
Gross profit	<b>£5.6m</b>	£5.1m	£4.6m
Gross profit margin	<b>100%</b>	100%	100%
Adjusted EBITDA	<b>£3.1m</b>	£2.9m	£2.4m
Operating profit/(loss)	<b>£2.2m</b>	£2.3m	£(2.2m)

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

Our aspiration is to grow ARR to \$50m by the end of 2024 through increasing user numbers and introducing new technology products into the promotional products industry.

We continue to be pleased with the progress made by the business. Total revenue in the Period has increased to £5.6m, 11.5% ahead of the same period in 2020 when measured in Sterling. Recurring revenue at \$7.5m was encouragingly 27.0% ahead of HY 20, when measured in Facilisgroup's home currency of USD, and 44.8% ahead of HY 19.

We have made further investment in people and technology to support our aspirational growth plans. Alongside this investment, Facilisgroup delivered Adjusted EBITDA returns of 54.6% (HY 20: 57.8%, HY 19: 53.3%) and Operating profit of 39.2% (HY 20: 45.5%, HY 19: (48.5%)), demonstrating the highly profitable dynamics of the business model.

The number of Partners, a key value driver, has increased throughout the Period. Partner numbers today total 190 (31 December 2020: 175), with a further 7 contracted and awaiting implementation.

The Gross Merchandise Value (GMV) processed by Partners through Facilisgroup technology in the Period to 31 August 2021 was strong at \$668m. This figure is comparable with HY 20, which included a small number of large value sales of personal protective equipment creating a spike in GMV.

To date in H2 21, GMV has been accelerating compared to prior years, running at 136% of H2 20 and 141% of H2 19, a positive reflection of the increasing Partner numbers and the recovering end markets of our Partners.

The fee structures within the business result in a very robust and predictable recurring revenue stream.

Our Management Fee (c.70% divisional income in FY 20) has grown in line with Partner numbers.

Our Marketing Fund (c.25% divisional income in FY 20) has benefited from an increase in the proportion of purchases made with Preferred Suppliers, which is returning towards FY 19 levels along with an underlying fee improvement from the delivery of additional efficiencies in the Preferred Supplier to Partner workflow.

As planned, our first ecommerce product, allowing for the easy implementation of online popup stores, was launched in beta form to our Partners in the Period. Uptake has been positive with 51 Partners utilising the product in early access. The revenue impact from this product is expected to start from Q2 22.

Integration of this ecommerce platform, which includes the online popup store, into our existing order workflow software is now expected to be in Q2 22, as recent development time has been focused on enhanced functionality following Partner feedback. The launch of this product into the wider promotional products market is expected in late 2022.

In order to clearly articulate our expanded offering to our target markets within the North American promotional products industry, we have rebranded our order workflow product, upon which the business has traded to date, from @ease to Syncore and our new ecommerce platform will go to market under the brand Commercio.

From the above activities, we expect to meet our FY 21 aspirational milestones, as set out in our Audited Final Results 2020 announcement of 23 March 2021, and USD ARR growth to be approaching 30% in FY 21.

## Brand Addition

### HY revenue and profit analysis Brand Addition

	HY 21	HY 20	HY 19
Revenue	<b>£41.1m</b>	£28.5m	£43.6m
Gross profit	<b>£11.6m</b>	£8.6m	£12.8m
Gross profit margin	<b>28.2%</b>	30.0%	29.4%
Adjusted EBITDA	<b>£2.5m</b>	£0.4m	£3.3m
Operating profit/(loss)	<b>£1.2m</b>	£(0.7)m	£2.5m

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

Revenue for HY 21 has increased to £41.1m, being 144% of 2020 and 94.4% of 2019. This recovery over HY 20 and return towards HY 19 revenue reflects an excellent performance, underpinned by significant growth in our Consumer Promotions division (~40% FY 20 divisional sales) as existing clients have consolidated their spend across geographies using Brand Addition as a preferred and trusted supplier.

Gross profit decreased slightly in the Period, as expected, to 28.2% (HY 20: 30.0%, HY 19: 29.4%), as the business successfully continues to manage its clients through the supply chain challenges resulting from Brexit and global freight and labour disruption together with implementing two significant new business wins from 2020. Our medium term aim remains a 30% Gross profit target.

The costs between Gross profit and Adjusted EBITDA are predominately people related. These costs have increased from HY 20, when we utilised the UK Job Retention Scheme and were supported by our team taking temporary salary reductions. Neither of these reductions to costs have been applicable in HY 21.

The above resulted in Adjusted EBITDA returns of 6.1% (HY 20: 1.2%, HY 19: 7.5%) and Operating profit returns of 2.9% (HY 20: (2.4%), HY 19: 5.7%).

Looking to FY 21, total orders invoiced or received to be invoiced in 2021 at 31 August amounted to £81.8m, being 153% of 2020 (£53.4m) and 114% of 2019 (£71.3m) against FY 20 revenue of £72.6m and FY 19 revenue of £97.9m.

Through the normal order receipt to invoice cycle, the majority of our Consumer Promotion orders that will be invoiced in FY 21 have now been received. Therefore, the revenue in the remainder of the year will be generated primarily from our Corporate Programmes division, which is recovering towards 2019 levels. Corporate Programme orders in the five weeks to the end of August were c.90% of the comparable period in 2019.

From the strong value of orders already received, alongside current activity, we expect FY 21 revenues in Brand Addition to be significantly ahead of FY 20 and slightly ahead of FY 19.

Added to the above, the business has continued to attract new client contracts which will positively impact sales in 2022.

### **Environmental, Social and Governance (“ESG”)**

We are pleased to announce that we will be publishing our first ESG Report in October 2021, which will set out the strategy and framework that underpins our approach. Details of how to access this report will be announced on publication.

### **Outlook**

The highly recurring nature of the revenues at Facilisgroup and the value of orders received to date at Brand Addition lead the Board to be confident that FY 21 performance will be at least in line with market expectations.

We believe the prospects for the Group to be strong.

**Christopher Lee**  
**Chief Executive Officer**

7 September 2021

## CHIEF FINANCIAL OFFICER'S REVIEW

	<b>HY 21</b>	HY 20	FY 20
	<b>Unaudited</b>	Unaudited	Audited
	<b>£'m</b>	£'m	£'m
Revenue	<b>46.8</b>	33.6	82.4
Gross profit	<b>17.2</b>	13.6	31.0
Gross profit margin	<b>36.8%</b>	40.6%	37.6%
Adjusted EBITDA	<b>4.4</b>	2.6	9.8
<i>Adjusted EBITDA margin</i>	<b>9.5%</b>	7.6%	11.8%
Depreciation and amortisation	<b>(2.0)</b>	(1.7)	(3.5)
Share-based payment charge	<b>(0.2)</b>	-	-
Exceptional items	-	-	(0.6)
Operating profit	<b>2.2</b>	0.9	5.7
Net finance costs	<b>(0.3)</b>	(0.3)	(0.7)
Profit before tax	<b>1.9</b>	0.6	5.0
Tax	<b>(0.5)</b>	(0.9)	(0.9)
Profit/(Loss) for the Period	<b>1.4</b>	(0.3)	4.1
Weighted average number of shares	<b>167,450,893</b>	167,450,893	167,450,893
Adjusted EPS	<b>1.08p</b>	(0.05)p	2.96p
Basic EPS	<b>0.85p</b>	(0.18)p	2.44p

### Revenue

Revenue for the Period to 30 June was £46.8m (HY 20: £33.6m), an increase of £13.2m (39.3%) compared to the same period in 2020. Of this increase, £12.6m relates to Brand Addition from growth in the Consumer Promotions division (£7.2m) and a recovery in the Corporate Programmes division (£5.4m). Facilisgroup total revenues increased £0.6m (11.5%) with the Sterling growth against prior year being reduced by the strength of Sterling against USD. Facilisgroup ARR growth when measured in its home currency of USD was 27.0%. This was achieved through increases in our Management Fees from additional Partner numbers and a growth in our Marketing Fund where we benefited from Partners returning towards normal purchasing patterns through our Preferred Suppliers and an underlying fee increase.

### Gross profit

Gross profit as a percentage of revenue was 36.8% (HY 20: 40.6%). This largely reflects the impact of the increased weighting of Brand Addition sales as a proportion of the total Group, as the business recovers from the sales impact in 2020. In Brand Addition, there was also a 1.8 p.p.t reduction in margin as new business, which has lower than average initial margins, impacted the sales mix in the short term and the business navigating a period of increased costs associated with Brexit, freight rate pricing, and freight capacity challenges.

### Adjusted EBITDA

Adjusted EBITDA was £4.4m (HY 20: £2.6m). The movement from HY 20 is made up as follows:

- Facilisgroup £0.2m increase from incremental revenue net of the costs of investment in the team to support delivery of the 2024 recurring revenue aspirations;
- Brand Addition £2.1m increase driven by £3.0m incremental sales volumes offset in part by £0.9m additional people costs as HY 20 included contributions or savings from the use of Government furlough or equivalent schemes, and temporary salary and bonus reductions; and

- Central costs increased by £0.5m in the period, £0.1m from temporary salary savings in HY 20, the balance being incremental costs through the growth of the team and the Group's investment in ESG.

The Adjusted EBITDA margin increased to 9.5% (HY 20: 7.6%) as revenues in Brand Addition return towards 2019 levels.

### **Depreciation and amortisation**

The total charge for the Period was £2.0m (HY 20: £1.7m) of which £1.1m (HY 20: £0.9m) related to the amortisation of intangible assets. This increase is in line with expectation and reflects the Group's continued investment in its technology. £0.7m of the charge relates to depreciation on leases capitalised in accordance with IFRS 16, an increase of £0.2m on the previous year. Both increases reflect investment in the Group's infrastructure as it scales to meet its 2024 aspirations.

### **Share-based payments**

The total charge for the Period under IFRS 2 "Share-based payments" was £0.2m (HY 20: nil). This charge related to the 2020 awards made under the 2019 Long Term Incentive Plan.

### **Operating profit**

Operating profit for the Period was £2.2m (HY 20: £0.9m).

### **Taxation**

The tax charge for the Period to 30 June was £0.5m (2020: £0.9m) and is based on full year Group expected tax rates for 2021 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.

### **Earnings per share**

Adjusted weighted average earnings per share for the Period was 1.08p (HY 20: (0.05)p) reflecting the increase in Adjusted EBITDA for the Period as discussed above.

Basic earnings per share was 0.85p (HY 20: (0.18)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. This policy remains in place. However, as we believe the opportunities ahead of us are significant, in particular investment in Facilisgroup, we have taken the decision to retain cash in the business and not to pay an interim dividend in 2021. The timing of implementing our stated dividend policy will be considered again against the Group's full year progress and an update provided at that time.

### **Cashflow**

The Group had a cash balance of £3.6m at 30 June 2021 (30 June 2020: £10.2m), which included £7.7m drawn down from its £10.0m committed revolving credit facility (30 June 2020: £8.4m).



Cashflow for the Period is set out below

	<b>HY 21</b>	HY 20	FY 20
	<b>Unaudited</b>	Unaudited	Audited
	<b>£'m</b>	£'m	£'m
Adjusted EBITDA	<b>4.4</b>	2.6	9.8
Movement in working capital excluding IPO related accruals	<b>(12.3)</b>	(4.4)	1.7
Capital expenditure excluding acquisition of intangible assets	<b>(2.0)</b>	(1.3)	(3.1)
Leases	<b>(0.6)</b>	(0.5)	(1.2)
<b>Underlying operating cash flow</b>	<b>(10.5)</b>	(3.6)	7.2
Movement in working capital IPO related accruals	<b>(0.4)</b>	(3.4)	(3.5)
Acquisition of intangible assets	<b>(0.2)</b>	-	(2.6)
<b>Adjusted operating cash flow</b>	<b>(11.1)</b>	(7.0)	1.1
Tax paid	<b>(0.1)</b>	(0.2)	(1.3)
Net finance cash flows	<b>7.5</b>	8.1	(0.7)
Exceptional items	-	-	(0.5)
Exchange loss	<b>0.2</b>	0.5	(0.4)
<b>Net cash flow</b>	<b>(3.5)</b>	1.4	(1.8)

The movement in working capital in the Period was £(12.3m) (HY 20: £(4.4m)). The outflow has supported the high value of Brand Addition Consumer Promotion revenue in HY 21 amplifying the normal in-year cycle which peaks in Q3 as these orders are delivered and invoiced. The incremental outflow of £7.9m relates to the significant increased trading volumes principally (i) £2.5m Consumer Promotions orders in transit to the customer; and (ii) £5.4m trade receivables net of trade payables.

Capital expenditure in the Period was £2.0m (HY 20: £1.3m). The £0.7m additional spend relates to the ongoing investment in Facilisgroup technology products.

Lease payments relate to leases capitalised in accordance with IFRS 16. The increase arises as the Group entered into a new office for Facilisgroup in December 2020.

Net finance cash flows in the Period of £7.5m (HY 20: £8.1m) relate to utilisations on committed facilities less interest payments in respect of leases capitalised in accordance with IFRS 16.

### **Cash and liquidity**

The Group's working capital cycle is unwinding as expected, the high point experienced in the period from June to August 2021 is reducing as we move through the year, with clients and Partners continuing to pay to agreed terms. The Group had Net debt of £4.8m at 6 September 2021. This includes a £9.2m drawdown from the £10.0m committed revolving credit facility. We expect Net cash at the full year end, 31 December 2021 to be ahead of previous expectation at no less than £8.0m (31 December 2020: £7.1m).

**Claire Thomson**  
**Chief Financial Officer**  
7 September 2021

## CONSOLIDATED INCOME STATEMENT

		<i>Unaudited</i> <i>Period ended</i> <i>30 June</i> <i>2021</i> <i>£'000</i>	<i>Unaudited</i> <i>Period ended</i> <i>30 June</i> <i>2020</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31 December</i> <i>2020</i> <i>£'000</i>
	<i>Notes</i>			
Revenue		46,759	33,564	82,374
Cost of goods sold		(29,533)	(19,951)	(51,382)
<b>Gross profit</b>		<b>17,226</b>	<b>13,613</b>	<b>30,992</b>
Operating expenses		(15,064)	(12,717)	(24,781)
Operating expenses – exceptionals	4	-	-	(542)
<b>Total operating expenses</b>		<b>(15,064)</b>	<b>(12,717)</b>	<b>(25,323)</b>
<b>Operating profit</b>		<b>2,162</b>	<b>896</b>	<b>5,669</b>
<b>Analysed as:</b>				
Adjusted EBITDA <sup>1</sup>		4,448	2,564	9,755
Depreciation	8	(986)	(719)	(1,567)
Amortisation	7	(1,071)	(949)	(1,963)
Share-based payment charge	12	(229)	-	(14)
Exceptional items	4	-	-	(542)
<b>Operating profit</b>		<b>2,162</b>	<b>896</b>	<b>5,669</b>
Finance expense		(269)	(303)	(700)
<b>Profit before taxation</b>		<b>1,893</b>	<b>593</b>	<b>4,969</b>
Income tax expense	5	(473)	(897)	(889)
<b>Profit/(loss) for the period</b>		<b>1,420</b>	<b>(304)</b>	<b>4,080</b>
<b>Basic profit/(loss) per share</b>	6	<b>0.85p</b>	<b>(0.18)p</b>	<b>2.44p</b>
<b>Diluted profit/(loss) per share</b>	6	<b>0.84p</b>	<b>(0.18)p</b>	<b>2.44p</b>

Note 1: Adjusted EBITDA, which is defined as operating profit before depreciation, amortisation, exceptional items and share-based payment charge is a non-GAAP metric used by management and is not an IFRS disclosure.

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	<i>Unaudited</i> <i>Period ended</i> <i>30 June</i> <i>2021</i>	<i>Unaudited</i> <i>Period ended</i> <i>30 June</i> <i>2020</i>	<i>Audited</i> <i>Year ended</i> <i>31 December</i> <i>2020</i>
	£'000	£'000	£'000
<i>Items that may be subsequently reclassified to profit and loss</i>			
Foreign operations – foreign currency translation differences	(218)	1,299	(708)
<b>Other comprehensive (expense)/income for the period/year</b>	<b>(218)</b>	<b>1,299</b>	<b>(708)</b>
Profit/(loss) for the period/year	1,420	(304)	4,080
<b>Total comprehensive income for the period/year</b>	<b>1,202</b>	<b>995</b>	<b>3,372</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<i>Unaudited</i> <i>As at</i> <i>30 June</i> <i>2021</i> £'000	<i>Unaudited</i> <i>As at</i> <i>30 June</i> <i>2020</i> £'000	<i>Audited</i> <i>As at 31</i> <i>December</i> <i>2020</i> £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	7	54,387	51,140	54,017
Property, plant and equipment	8	8,460	6,182	9,102
Deferred tax asset		316	167	493
<b>Total non-current assets</b>		<b>63,163</b>	<b>57,489</b>	<b>63,612</b>
<b>Current assets</b>				
Inventories	9	15,635	12,404	12,109
Trade and other receivables		30,032	18,920	20,988
Cash and cash equivalents		3,601	10,249	7,066
Current tax asset		533	-	829
<b>Total current assets</b>		<b>49,801</b>	<b>41,573</b>	<b>40,992</b>
<b>TOTAL ASSETS</b>		<b>112,964</b>	<b>99,062</b>	<b>104,604</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Lease liability	10	7,068	5,388	7,645
Trade and other payables		-	-	930
Deferred tax liability		2,630	1,904	2,637
<b>Total non-current liabilities</b>		<b>9,698</b>	<b>7,292</b>	<b>11,212</b>
<b>Current liabilities</b>				
Borrowings		7,750	8,368	-
Lease liability	10	1,422	1,003	1,334
Trade and other payables		26,399	17,647	25,775
Current tax liability		-	859	-
<b>Total current liabilities</b>		<b>35,571</b>	<b>27,877</b>	<b>27,109</b>
<b>TOTAL LIABILITIES</b>		<b>45,269</b>	<b>35,169</b>	<b>38,321</b>
<b>NET ASSETS</b>		<b>67,695</b>	<b>63,893</b>	<b>66,283</b>
Share capital		1,675	1,800	1,800
Share premium		78,451	78,451	78,451
Capital reserve		125	-	-
Merger reserve		(103,581)	(103,581)	(103,581)
Translation reserve		(1,822)	403	(1,604)
Share-based payments reserve		223	-	13
Retained earnings		92,624	86,820	91,204
<b>TOTAL EQUITY</b>		<b>67,695</b>	<b>63,893</b>	<b>66,283</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Merger reserve	Translation reserve	Share-based payments reserve	Retained earnings	Total equity
	£'000	£'000		£'000	£'000		£'000	£'000
<b>At 1 January 2020</b>	<b>1,800</b>	<b>78,451</b>	<b>-</b>	<b>(103,581)</b>	<b>(896)</b>	<b>-</b>	<b>87,124</b>	<b>62,898</b>
Loss for the period	-	-	-	-	-	-	(304)	(304)
Other comprehensive income for the period	-	-	-	-	1,299	-	-	1,299
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,299</b>	<b>-</b>	<b>(304)</b>	<b>995</b>
<b>At 30 June 2020</b>	<b>1,800</b>	<b>78,451</b>	<b>-</b>	<b>(103,581)</b>	<b>403</b>	<b>-</b>	<b>86,820</b>	<b>63,893</b>
Profit for the period	-	-	-	-	-	-	4,384	4,384
Other comprehensive expense for the period	-	-	-	-	(2,007)	-	-	(2,007)
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,007)</b>	<b>-</b>	<b>4,384</b>	<b>2,377</b>
Employee share schemes – value of employee services	-	-	-	-	-	13	-	13
<b>Total transactions with owners recognised in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>
<b>At 31 December 2020</b>	<b>1,800</b>	<b>78,451</b>	<b>-</b>	<b>(103,581)</b>	<b>(1,604)</b>	<b>13</b>	<b>91,204</b>	<b>66,283</b>
Profit for the period	-	-	-	-	-	-	1,420	1,420
Other comprehensive expense for the period	-	-	-	-	(218)	-	-	(218)
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(218)</b>	<b>-</b>	<b>1,420</b>	<b>1,202</b>
Purchase of deferred shares	(125)	-	125	-	-	-	-	-
Employee share schemes – value of employee services	-	-	-	-	-	210	-	210
<b>Total transactions with owners recognised in equity</b>	<b>(125)</b>	<b>-</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>210</b>
<b>At 30 June 2021</b>	<b>1,675</b>	<b>78,451</b>	<b>125</b>	<b>(103,581)</b>	<b>(1,822)</b>	<b>223</b>	<b>92,624</b>	<b>67,695</b>

## CONSOLIDATED CASH FLOW STATEMENT

		<i>Unaudited</i> <i>Period ended</i> <i>30 June</i> <i>2021</i>	<i>Unaudited</i> <i>Period ended</i> <i>30 June</i> <i>2020</i>	<i>Audited</i> <i>Year ended</i> <i>31 December</i> <i>2020</i>
	<i>Notes</i>	£'000	£'000	£'000
<b>Operating profit</b>		2,162	896	5,669
Adjustments for:				
- Amortisation	7	1,071	949	1,963
- Depreciation	8	986	719	1,567
- Share-based payments charge	12	229	-	13
- Loss on disposal of fixed assets		-	10	-
<b>Cash flows from operating activities before changes in working capital</b>		<b>4,448</b>	<b>2,574</b>	<b>9,212</b>
- Change in inventories		(3,526)	(4,452)	(4,157)
- Change in trade receivables		(9,044)	6,624	4,556
- Change in trade payables		(129)	(9,920)	(2,146)
<b>Cash flows (used in)/from operating activities</b>		<b>(8,251)</b>	<b>(5,174)</b>	<b>7,465</b>
- Income taxes paid		(46)	(236)	(1,313)
<b>Net cash flows (used in)/from operating activities</b>		<b>(8,297)</b>	<b>(5,410)</b>	<b>6,152</b>
<b>Cash flows from investing activities</b>				
- Purchase of property, plant and equipment		(257)	(236)	(806)
- Purchase of intangible assets		(1,983)	(1,054)	(4,871)
<b>Net cash flows used in investing activities</b>		<b>(2,240)</b>	<b>(1,290)</b>	<b>(5,677)</b>
<b>Cash flows from financing activities</b>				
- Lease payments		(594)	(521)	(1,141)
- Interest paid		(269)	(303)	(700)
- Receipts from secured loan facilities		7,750	8,368	-
<b>Net cash flows from/(used in) financing activities</b>		<b>6,887</b>	<b>7,544</b>	<b>(1,841)</b>
<b>NET CASH FLOWS</b>		<b>(3,650)</b>	<b>844</b>	<b>(1,366)</b>
Cash and cash equivalents at beginning of period		7,066	8,861	8,861
Effect of exchange rate fluctuations on cash held		185	544	(429)
<b>Cash and cash equivalents at end of period</b>		<b>3,601</b>	<b>10,249</b>	<b>7,066</b>

## NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The principal activity of The Pebble Group plc (the “Company”) is that of a holding company and the principal activity of the Company and its subsidiaries (the “Group”) is the sale of products, services and technology to the promotional merchandise industry. The Group has two segments, Brand Addition and Facilisgroup. For Brand Addition this is the sale of promotional products internationally, to many of the world’s best-known brands, and for Facilisgroup the provision of technology, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services.

The Company was incorporated on 27 September 2019 in the United Kingdom and is a public company limited by shares registered in England and Wales. The registered office of the Company is Broadway House, Trafford Wharf Road, Trafford Park, Manchester, England M17 1DD. The Company registration number is 12231361.

### 2. BASIS OF PREPARATION

These condensed consolidated interim financial statements of the Group are for the period ended 30 June 2021. They have been prepared on the basis of the policies set out in the 2020 annual financial statements and in accordance with UK adopted IAS 34. Financial information for the period ended 30 June 2020 included herein is derived from the condensed consolidated interim financial statements for that period.

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 2020 annual financial statements, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Financial information for the year ended 31 December 2020 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.

The condensed consolidated interim 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 condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020 as described in the Group’s Annual Report and full financial statements for that year and as available on the Group’s website ([www.thepebblegroup.com](http://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.

#### Forward looking statements

Certain statement in these condensed consolidated interim financial statements are forward looking with respect to the operations, strategy, performance, financial condition and growth opportunities of the Group. The terms “expect”, “anticipate”, “should be”, “will be”, “is likely to” and similar expressions identify forward-looking statements. Although the Board believes that the expectations reflected in these forward-looking statements are reasonable, by their nature these statements are based on assumptions and are subject to a number of risks and uncertainties. Actual events could differ materially from those expressed or implied by these forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, without limitation: general economic conditions and business conditions in the Group’s markets; customers’ expectations and behaviours; supply chain developments; technology changes; the actions of competitors; exchange rate fluctuations; and legislative, fiscal and regulatory developments. Information contained in these condensed consolidated interim financial statements relating to the Group should not be relied upon as a guide to future performance.

### 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](http://www.thepebblegroup.com)) and are summarised below.

Market	Strategic	Financial	Operational
<ul style="list-style-type: none"><li>- Pandemic related disruption</li><li>- Macroeconomic environment</li></ul>	<ul style="list-style-type: none"><li>- Concentrated client base</li><li>- Acquisition risk</li></ul>	<ul style="list-style-type: none"><li>- Currency and foreign exchange</li></ul>	<ul style="list-style-type: none"><li>- Retaining and attracting key personnel</li><li>- Reliance on IT systems</li><li>- Breach of IT security</li><li>- Climate Change</li></ul>

### Going Concern statement

The Group meets its day-to-day working capital requirements through its own cash balances and committed banking facilities. In assessing the appropriateness of adopting the going concern basis in the preparation of these condensed consolidated interim financial statements, the Directors have prepared cash flow forecasts and projections up to 31 December 2022.

The forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying reductions to revenue growth and margin, to consider a severe but plausible downside. Under both the base and sensitised case 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 committed available 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 the condensed consolidated interim financial statements.



### 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 is presented below:

#### Income statement for the period ended 30 June 2021

	<i>Brand Addition</i>	<i>Facilisgroup</i>	<i>Central operations</i>	<i>Period ended 30 June 2021</i>
	£'000	£'000	£'000	£'000
Revenue	41,124	5,635	-	46,759
Cost of goods sold	(29,533)	-	-	(29,533)
<b>Gross profit</b>	<b>11,591</b>	<b>5,635</b>	<b>-</b>	<b>17,226</b>
Operating expenses	(10,379)	(3,428)	(1,257)	(15,064)
<b>Total operating expenses</b>	<b>(10,379)</b>	<b>(3,428)</b>	<b>(1,257)</b>	<b>(15,064)</b>
<b>Operating profit/(loss)</b>	<b>1,212</b>	<b>2,207</b>	<b>(1,257)</b>	<b>2,162</b>
<b>Analysed as:</b>				
Adjusted EBITDA	2,523	3,076	(1,151)	4,448
Depreciation	(705)	(260)	(21)	(986)
Amortisation	(533)	(538)	-	(1,071)
Share-based payment charge	(73)	(71)	(85)	(229)
<b>Operating profit/(loss)</b>	<b>1,212</b>	<b>2,207</b>	<b>(1,257)</b>	<b>2,162</b>
Finance expense	(191)	(15)	(63)	(269)
<b>Profit/(loss) before taxation</b>	<b>1,021</b>	<b>2,192</b>	<b>(1,320)</b>	<b>1,893</b>
Income tax expense	(255)	(548)	330	(473)
<b>Profit/(loss) for the period</b>	<b>766</b>	<b>1,644</b>	<b>(990)</b>	<b>1,420</b>

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 period ended 30 June 2020

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

## Income statement for the year ended 31 December 2020

	<i>Brand Addition</i>	<i>Facilisgroup</i>	<i>Central operations</i>	<i>Year ended 31 December 2020</i>
	£'000	£'000	£'000	£'000
Revenue	72,608	9,766	-	82,374
Cost of goods sold	(51,382)	-	-	(51,382)
<b>Gross profit</b>	<b>21,226</b>	<b>9,766</b>	<b>-</b>	<b>30,992</b>
Operating expenses	(18,233)	(5,077)	(1,471)	(24,781)
Operating expenses – exceptional	(429)	(42)	(71)	(542)
<b>Total operating expenses</b>	<b>(18,662)</b>	<b>(5,119)</b>	<b>(1,542)</b>	<b>(25,323)</b>
<b>Operating profit/(loss)</b>	<b>2,564</b>	<b>4,647</b>	<b>(1,542)</b>	<b>5,669</b>
<b>Analysed as:</b>				
Adjusted EBITDA	5,209	5,994	(1,448)	9,755
Depreciation	(1,316)	(242)	(9)	(1,567)
Amortisation	(900)	(1,063)	-	(1,963)
Share-based payment charge	-	-	(14)	(14)
Exceptional items	(429)	(42)	(71)	(542)
<b>Total operating profit/(loss)</b>	<b>2,564</b>	<b>4,647</b>	<b>(1,542)</b>	<b>5,669</b>
Finance expense	(433)	(29)	(238)	(700)
<b>Profit/(loss) before taxation</b>	<b>2,131</b>	<b>4,618</b>	<b>(1,780)</b>	<b>4,969</b>
Income tax expense	(176)	(1,182)	469	(889)
<b>Profit/(loss) for the year</b>	<b>1,955</b>	<b>3,436</b>	<b>(1,311)</b>	<b>4,080</b>

Statement of Financial Position as at 30 June 2021

	<i>Brand Addition</i>	<i>Facilisgroup</i>	<i>Central operations</i>	<i>As at 30 June 2021</i>
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	37,744	16,643	-	54,387
Property, plant and equipment	5,146	3,215	99	8,460
Deferred tax asset	41	19	256	316
<b>Total non-current assets</b>	<b>42,931</b>	<b>19,877</b>	<b>355</b>	<b>63,163</b>
<b>Current assets</b>				
Inventories	15,635	-	-	15,635
Trade and other receivables	27,524	2,456	52	30,032
Cash and cash equivalents	2,967	394	240	3,601
Current tax asset	(193)	194	532	533
<b>Total current assets</b>	<b>45,933</b>	<b>3,044</b>	<b>824</b>	<b>49,801</b>
<b>TOTAL ASSETS</b>	<b>88,864</b>	<b>22,921</b>	<b>1,179</b>	<b>112,964</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Lease liability	4,630	2,438	-	7,068
Deferred tax liability	-	2,630	-	2,630
<b>Total non-current liabilities</b>	<b>4,630</b>	<b>5,068</b>	<b>-</b>	<b>9,698</b>
<b>Current liabilities</b>				
Borrowings	7,750	-	-	7,750
Lease liability	1,100	322	-	1,422
Trade and other payables	23,462	2,405	532	26,399
<b>Total current liabilities</b>	<b>32,312</b>	<b>2,727</b>	<b>532</b>	<b>35,571</b>
<b>TOTAL LIABILITIES</b>	<b>36,942</b>	<b>7,795</b>	<b>532</b>	<b>45,269</b>
<b>NET ASSETS</b>	<b>51,922</b>	<b>15,126</b>	<b>647</b>	<b>67,695</b>

Statement of Financial Position as at 30 June 2020

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

## Statement of financial position as at 31 December 2020

	Brand Addition	Facilisgroup	Central operations	As at 31 December 2020
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	37,839	16,178	-	54,017
Property, plant and equipment	5,558	3,424	120	9,102
Deferred tax asset	23	-	470	493
<b>Total non-current assets</b>	<b>43,420</b>	<b>19,602</b>	<b>590</b>	<b>63,612</b>
<b>Current assets</b>				
Inventories	12,109	-	-	12,109
Trade and other receivables	19,353	1,571	64	20,988
Cash and cash equivalents	5,677	538	851	7,066
Current tax asset	310	474	45	829
<b>Total current assets</b>	<b>37,449</b>	<b>2,583</b>	<b>960</b>	<b>40,992</b>
<b>TOTAL ASSETS</b>	<b>80,869</b>	<b>22,185</b>	<b>1,550</b>	<b>104,604</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Lease liability	4,893	2,661	91	7,645
Trade and other payables	-	930	-	930
Deferred tax liability	-	2,637	-	2,637
<b>Total non-current liabilities</b>	<b>4,893</b>	<b>6,228</b>	<b>91</b>	<b>11,212</b>
<b>Current liabilities</b>				
Lease liability	1,096	218	20	1,334
Trade and other payables	22,995	2,181	599	25,775
<b>Total current liabilities</b>	<b>24,091</b>	<b>2,399</b>	<b>619</b>	<b>27,109</b>
<b>TOTAL LIABILITIES</b>	<b>28,984</b>	<b>8,627</b>	<b>710</b>	<b>38,321</b>
<b>NET ASSETS</b>	<b>51,885</b>	<b>13,558</b>	<b>840</b>	<b>66,283</b>

#### 4. OPERATING EXPENSES – EXCEPTIONAL

	<i>Unaudited Period ended 30 June 2021</i>	<i>Unaudited Period ended 30 June 2020</i>	<i>Audited Year ended 31 December 2020</i>
	£'000	£'000	£'000
Reorganisation and restructuring	-	-	430
Transaction costs	-	-	112
	-	-	<b>542</b>

Exceptional items relate to the following:

- reorganisation and restructuring - costs were incurred in Brand Addition as a result of changes made to headcount to align people costs with anticipated ongoing sales volumes; and
- transaction costs - incremental external costs related to the acquisition of software assets and a license.

## 5. INCOME TAX EXPENSE

The income tax expense for the period ended 30 June 2021 is based upon management's best estimate of the weighted average annual tax rate expected for the full year ending 31 December 2021. 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. The income tax expense for the year ended 31 December 2020 was lower than the standard rate due to the benefit in year from corporate interest rate deductions that were previously disallowed for taxation purposes.

## 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 was the same as basic EPS. The impact of the potentially dilutive share options issued under The Pebble Group Plc Long-Term Incentive Plan on 21 December 2020 and 8 June 2021 as detailed in note 12 is 0.01p for the period ended 30 June 2021.

When calculating diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of 1,363,350 (2019: nil) of dilutive options granted to employees.

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

### Statutory EPS

	<i>Unaudited Period ended 30 June 2021</i>	<i>Unaudited Period ended 30 June 2020</i>	<i>Audited Year ended 31 December 2020</i>
<b>Earnings (£'000)</b>			
Earnings/(loss) for the purposes of basic and diluted earnings per share being profit/(loss) for the period attributable to equity shareholders	1,420	(304)	4,080
<b>Number of shares</b>			
Weighted average number of shares for the purposes of basic earnings/(loss) per share	167,450,893	167,450,893	167,450,893
Weighted average dilutive effects of conditional share awards	1,363,350	-	-
Weighted average number of shares for the purposes of diluted earnings/(loss) per share	168,814,243	167,450,893	167,450,893
<b>Profit/(loss) per ordinary share (pence)</b>			
Basic profit/(loss) per ordinary share	0.85	(0.18)	2.44
Diluted profit/(loss) per ordinary share	0.84	(0.18)	2.44

### 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, share based payment charges and exceptional items, all net of taxation, and are considered to show the underlying performance of the Group.

	<i>Unaudited Period ended 30 June 2021</i>	<i>Unaudited Period ended 30 June 2020</i>	<i>Audited Year ended 31 December 2020</i>
<b>Earnings (£'000)</b>			
Earnings/(loss) for the purposes of basic and diluted earnings per share being adjusted earnings/(loss)	1,808	(83)	4,965
<b>Number of shares</b>			
Weighted average number of shares for the purposes of basic earnings/(loss) per share	167,450,893	167,450,893	167,450,893
Weighted average dilutive effects of conditional share awards	1,363,350	-	-
Weighted average number of shares for the purposes of diluted earnings/(loss) per share	168,814,243	167,450,893	167,450,893
<b>Adjusted earnings/(loss) per ordinary share (pence)</b>			
Basic adjusted earnings/(loss) per ordinary share	1.08	(0.05)	2.96
Diluted adjusted earnings/(loss) per ordinary share	1.07	(0.05)	2.96

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

	<i>Unaudited Period ended 30 June 2021</i>	<i>Unaudited Period ended 30 June 2020</i>	<i>Audited Year ended 31 December 2020</i>
	£'000	£'000	£'000
Profit/(loss) for the period attributable to equity shareholders	1,420	(304)	4,080
Add back/(deduct):			
Amortisation charge on acquired intangible assets	250	273	537
Share-based payments charge	229	-	14
Exceptional items	-	-	542
Tax effect of the above	(91)	(52)	(208)
<b>Adjusted earnings/(loss)</b>	<b>1,808</b>	<b>(83)</b>	<b>4,965</b>

## 7. INTANGIBLE ASSETS

	Goodwill	Customer relationships	Software and Development costs	Work in progress	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
<b>Balance at 31 December 2019</b>	<b>35,882</b>	<b>10,437</b>	<b>11,156</b>	<b>336</b>	<b>57,811</b>
FX difference on translation	184	658	142	-	984
Additions	-	-	920	134	1,054
Disposals	-	-	(278)	-	(278)
Reclassifications	-	-	35	(35)	-
<b>Balance at 30 June 2020</b>	<b>36,066</b>	<b>11,095</b>	<b>11,975</b>	<b>435</b>	<b>59,571</b>
FX difference on translation	(264)	(951)	(163)	-	(1,378)
Additions	-	-	4,946	159	5,105
Reclassifications	-	-	372	(372)	-
<b>Balance at 31 December 2020</b>	<b>35,802</b>	<b>10,144</b>	<b>17,130</b>	<b>222</b>	<b>63,298</b>
FX difference on translation	(86)	(183)	(76)	-	(345)
Additions	-	-	1,612	174	1,786
<b>Balance at 30 June 2021</b>	<b>35,716</b>	<b>9,961</b>	<b>18,666</b>	<b>396</b>	<b>64,739</b>
<b>Accumulated amortisation</b>					
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>635</b>	<b>7,009</b>	<b>-</b>	<b>7,644</b>
FX difference on translation	-	33	80	-	113
Charge for the period	-	273	676	-	949
Disposals	-	-	(275)	-	(275)
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>941</b>	<b>7,490</b>	<b>-</b>	<b>8,431</b>
FX difference on translation	-	(48)	(116)	-	(164)
Charge for the period	-	264	750	-	1,014
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>1,157</b>	<b>8,124</b>	<b>-</b>	<b>9,281</b>
Charge for the period	-	250	821	-	1,071
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>1,407</b>	<b>8,945</b>	<b>-</b>	<b>10,352</b>
<b>Net book value</b>					
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
At 31 December 2020	35,802	8,987	9,006	222	54,017
<b>At 30 June 2021</b>	<b>35,716</b>	<b>8,554</b>	<b>9,721</b>	<b>396</b>	<b>54,387</b>

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

## 8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property £'000	Fixtures and fittings £'000	Computer hardware £'000	Right-of-use Assets £'000	Total £'000
<b>Cost</b>					
<b>Balance at 31 December 2019</b>	<b>1,250</b>	<b>2,604</b>	<b>2,275</b>	<b>10,506</b>	<b>16,635</b>
Impact of foreign exchange translation	17	110	58	374	559
Additions	19	72	145	379	615
Disposals	-	(340)	(133)	(969)	(1,442)
<b>Balance at 30 June 2020</b>	<b>1,286</b>	<b>2,446</b>	<b>2,345</b>	<b>10,290</b>	<b>16,367</b>
Impact of foreign exchange translation	(45)	(115)	(71)	(401)	(632)
Additions	71	79	434	3,474	4,058
Disposals	-	(9)	-	(568)	(577)
<b>Balance at 31 December 2020</b>	<b>1,312</b>	<b>2,401</b>	<b>2,708</b>	<b>12,795</b>	<b>19,216</b>
Impact of foreign exchange translation	(7)	(28)	(18)	(129)	(182)
Additions	-	20	237	269	526
Disposals	-	-	-	(175)	(175)
<b>Balance at 30 June 2021</b>	<b>1,305</b>	<b>2,393</b>	<b>2,927</b>	<b>12,760</b>	<b>19,385</b>
<b>Accumulated depreciation</b>					
<b>Balance at 31 December 2019</b>	<b>1,036</b>	<b>2,108</b>	<b>1,865</b>	<b>5,545</b>	<b>10,554</b>
Impact of foreign exchange translation	7	88	44	208	347
Charge for the period	21	81	94	523	719
Disposals	-	(354)	(120)	(961)	(1,435)
<b>Balance at 30 June 2020</b>	<b>1,064</b>	<b>1,923</b>	<b>1,883</b>	<b>5,315</b>	<b>10,185</b>
Impact of foreign exchange translation	(29)	(89)	(47)	(178)	(343)
Charge for the period	21	45	141	641	848
Disposals	-	-	-	(576)	(576)
<b>Balance at 31 December 2020</b>	<b>1,056</b>	<b>1,879</b>	<b>1,977</b>	<b>5,202</b>	<b>10,114</b>
Impact of foreign exchange translation	(2)	(20)	(9)	(30)	(61)
Charge for the period	23	70	161	732	986
Disposals	-	-	-	(114)	(114)
<b>Balance at 30 June 2021</b>	<b>1,077</b>	<b>1,929</b>	<b>2,129</b>	<b>5,790</b>	<b>10,925</b>
<b>Net book value</b>					
Balance at 31 December 2019	214	496	410	4,961	6,081
Balance at 30 June 2020	222	523	462	4,975	6,182
Balance at 31 December 2020	256	522	731	7,593	9,102
<b>Balance at 30 June 2021</b>	<b>228</b>	<b>464</b>	<b>798</b>	<b>6,970</b>	<b>8,460</b>
<b>Right-of-use assets – net book value</b>					
Balance at 31 December 2019	4,800	21	140	-	4,961
Balance at 30 June 2020	4,855	-	120	-	4,975
Balance at 31 December 2020	7,267	227	99	-	7,593
<b>Balance at 30 June 2021</b>	<b>6,710</b>	<b>184</b>	<b>76</b>	<b>-</b>	<b>6,970</b>



## 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 Consolidated Statement of Financial Position**

In addition to the right-of-use assets included within Note 8 above, the Consolidated Statement of Financial Position shows the following amounts relating to leases:

	<i>Unaudited Period ended 30 June 2021</i>	<i>Unaudited Period ended 30 June 2020</i>	<i>Audited Year ended 31 December 2020</i>
<b>Lease liabilities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Maturity analysis – contractual undiscounted cash flows:			
Less than one year	1,818	1,404	1,761
More than one year, less than two years	1,529	1,230	1,703
More than two years, less than three years	1,330	1,053	1,403
More than three years, less than four years	1,173	988	1,204
More than four years, less than five years	1,193	926	1,185
More than five years	2,872	2,467	3,513
Total undiscounted lease liabilities at period end	9,915	8,068	10,769
Finance costs	(1,425)	(1,677)	(1,790)
<b>Total discounted lease liabilities at period end</b>	<b>8,490</b>	<b>6,391</b>	<b>8,979</b>
Lease liabilities included in the statement of financial position			
Current	1,422	1,003	1,334
Non-current	7,068	5,388	7,645
	<b>8,490</b>	<b>6,391</b>	<b>8,979</b>

### **Amounts recognised in the Consolidated Income Statement**

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

	<i>Unaudited Period ended 30 June 2021</i>	<i>Unaudited Period ended 30 June 2020</i>	<i>Audited Year ended 31 December 2020</i>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Depreciation charge – leasehold property	670	485	1,069
Depreciation charge – fixtures and fittings	40	16	51
Depreciation charge – computer hardware	22	22	44
	<b>732</b>	<b>523</b>	<b>1,164</b>
Interest expense (within finance expense)	197	222	433

## 11. FINANCIAL INSTRUMENTS

The fair values of all financial instruments included in the Consolidated Statement of Financial Position are a reasonable approximation of their carrying values.

## 12. SHARE-BASED PAYMENTS

The Group operates an equity-settled share-based payment plan for certain employees of the Group under The Pebble Group Plc Long-Term Incentive Plan (the 'LTIP').

On 8<sup>th</sup> June 2021, under the LTIP, the Group made awards of 960,510 conditional shares to certain Directors and employees.

The Group recognised total expenses of £229,000 (period ending 30 June 2020: £nil) in respect of equity-settled share-based payment transactions for the period ended 30 June 2021.