2021

The Pebble Group

Full Year Results 2021

22 March 2022

Introduction

Claire Thomson
CFO

Chris Lee
CEO

The industry

c.$50bn promotional products market

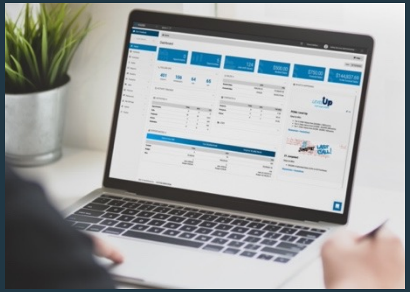
The Pebble Group

facilisgroup

brand addition.

The Pebble Group

Digital commerce, products and related services to the global promotional products industry



facilisgroup

Our vision is to be the industry leader in digital commerce providing a combination of integrated products that offer the full suite of technology required for entrepreneurial businesses to grow and professionalise

brand addition.

Our vision is to be the industry leader in providing products and related services, under contract, to the best-known brands in the world that use promotional products as a key engagement tool

The industry

c.$50bn promotional products market

The Pebble Group

facilisgroup

brand addition.

Highlights FY 21, KPIs

The Pebble Group

40% growth in Group Revenue

Balance sheet remains strong and cash was ahead of expectation at 31 Dec 2021, being £12.1m

Facilisgroup

40% USD growth in Annual Recurring Revenue
60% EBITDA margins
98% Partner (customer) retention rate

Brand Addition

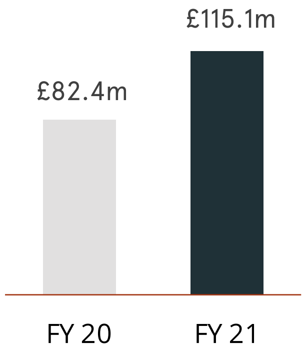
41% growth in Revenue

Supply chain well-managed

Highlights FY 21, KPIs

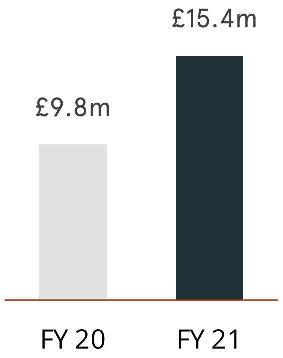
Revenue

+39.7%



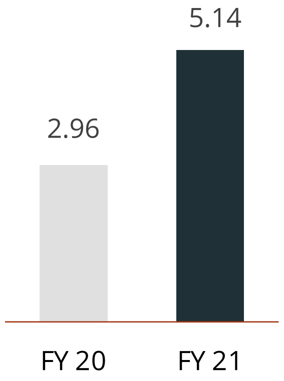
Adjusted EBITDA[1]

+57.1%



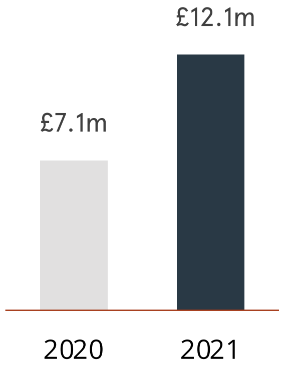
Basic adjusted EPS[2]

+2.18p



Net cash[3]

+£5.0m



1 Adjusted EBITDA is defined as operating profit adjusted to add back depreciation of property, plant and equipment, amortisation, share based payments charge and exceptional items

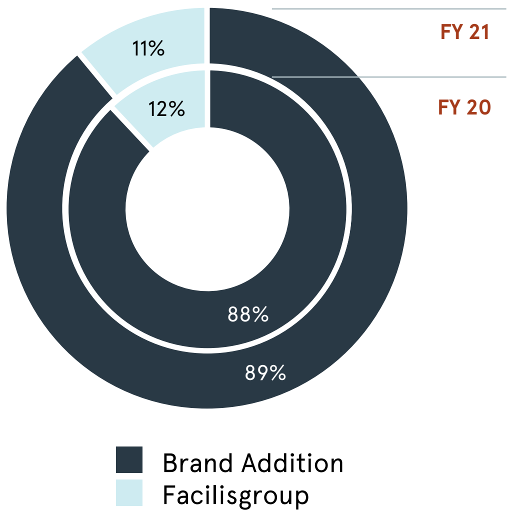
2 Basic adjusted EPS is calculated as profit after tax before amortisation of acquired intangibles, share-based payments charge, and exceptional items divided by the weighted average number of shares in issue

3 Net cash is defined as cash and cash equivalents less borrowings (excluding lease liabilities)

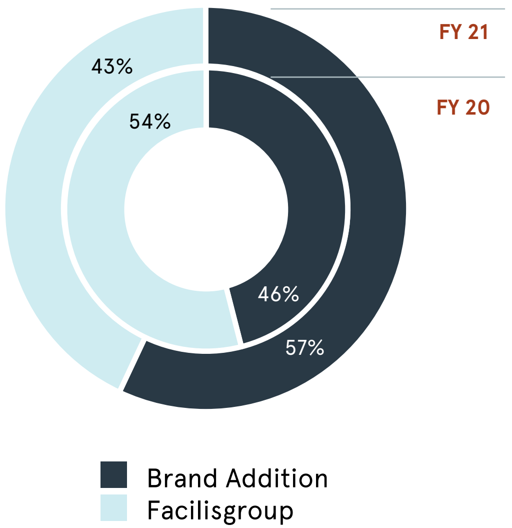
Key financial dynamics

Revenue recovery at Brand Addition flows through to EBITDA, high margins on ARR at Facilisgroup

Revenue by business
%



EBITDA by business
%



Commentary
- Facilisgroup subscription-based revenue
- Brand Addition product-based revenue

Commentary
- 60% EBITDA margins of Facilisgroup (FY 20: 61%)
- 10% EBITDA margins of Brand Addition (FY 20: 7%)

Income statement FY 21

40% Revenue growth compared to FY 20

Full Revenue recovery over FY 19

£'m	FY 21	FY 20	FY 19	
Revenue	**115.1**	**82.4**	**107.2**	Detail in segmental analysis
Gross profit	42.0	31.0	40.1	
People & overhead	(24.5)	(19.8)	(24.3)	
Adjusted EBITDA pre-Head Office	17.5	11.2	15.8	
Head office costs	(2.1)	(1.4)	(0.6)	COVID-19 reduced salaries in FY 20. In FY 21 full year's cost, plus investment made into ESG
Adjusted EBITDA	**15.4**	**9.8**	**15.2**	
Depreciation and amortisation	(4.8)	(3.5)	(2.7)	Investment into aspirational revenue goals
Exceptional items	–	(0.6)	(17.4)	
Share-based payments charge	(0.7)	–	–	Charge for LTIP and SAYE
Operating profit	**9.9**	**5.7**	**(4.9)**	

Gross profit %	36.5%	37.6%	37.4%	Weighting associated with recovery of Brand Addition and incremental Brexit and freight costs
Adjusted EBITDA %	**13.4%**	**11.9%**	**14.2%**	
Operating profit %	**8.6%**	**6.9%**	**(4.6)%**	

Cash flow FY 21

The Pebble Group

£'m	FY 21	FY 20	FY 19
Adjusted EBITDA	**15.4**	**9.8**	**15.2**
Movement in working capital	(2.8)	(1.8)	1.1
Capital expenditure	(5.3)	(5.7)	(2.1)
Leases	(1.4)	(1.2)	(1.2)
Adjusted operating cash flow	**5.9**	**1.1**	**13.0**
Taxes paid	(0.5)	(1.3)	(2.5)
Net finance costs	(0.6)	(0.7)	9.0
Acquisition and financing	–	–	(1.3)
Exceptional items	–	(0.5)	(17.3)
Exchange gain / (loss)	0.2	(0.4)	(0.2)
Net cash flow	**5.0**	**(1.8)**	**0.7**

- Increased trading in Brand Addition driving growth in trade receivables
- Facilisgroup, £3.8m, including £0.3m deferred consideration on software acquisition Brand Addition, £1.5m
- FY 20 overpayments refunded or offset against FY 21 payments

Balance Sheet FY 21

£'m	FY 21	FY 20	FY 19
Non-current assets	**63.9**	**63.6**	**56.4**
Inventories	10.1	12.1	8.0
Trade & other receivables	29.4	21.0	25.5
Cash & cash equivalents	12.1	7.1	8.9
Current tax asset	-	0.8	-
Current assets	**51.6**	**41.0**	**42.4**
Total assets	**115.5**	**104.6**	**98.8**
Lease liability	6.4	7.7	5.5
Trade and other payables	-	0.9	-
Deferred tax liability	3.0	2.6	1.8
Non-current liabilities	**9.4**	**11.2**	**7.3**
Lease liability	1.4	1.3	0.8
Trade and other payables	30.1	25.8	27.6
Current tax liability	-	-	0.2
Current liabilities	**31.5**	**27.1**	**28.6**
Total liabilities	**40.9**	**38.3**	**35.9**
Net assets	**74.6**	**66.3**	**62.9**

- Goodwill and intangibles: £44.4m, Software: £11.3m, PPE: £7.9m, DT asset £0.3m
- New business legacy stock received at the end of FY20, sold through in FY21
- Brand Addition, blue-chip backed receivables. Incremental volume as activity recovers

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

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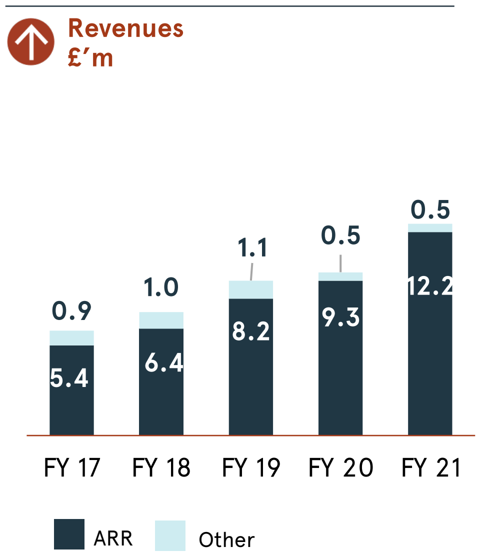
Segmental Analysis FY 21

£'m	FY 21	FY 20	FY 19	Commentary
Recurring Revenue	12.2	9.3	8.2	+30% ARR in GBP, +40% in USD home currency
Other Revenue	0.5	0.5	1.1	
Total Revenue	12.7	9.8	9.3	
People & overhead	(5.1)	(3.8)	(4.2)	Investment in team to support growth aspirations
Adjusted EBITDA	**7.6**	**6.0**	**5.1**	
Depreciation and amortisation	(2.2)	(1.3)	(1.1)	Continued investment in Facilisgroup product development, capitalised in line with IAS 38
Exceptional items	–	(0.1)	(13.5)	
Share-based payments charge	(0.3)	–	–	
Operating profit	**5.1**	**4.6**	**(9.5)**	
£:US$ average rate	**1.38**	**1.28**	**1.28**	Results in GBP significantly impacted by strengthening £:US$
Recurring revenue $m	16.7	11.9	10.5	ARR c.95% of total revenue
Recurring revenue $m growth %	40.3%	13.3%	22.1%	
Adjusted EBITDA %	59.6%	61.4%	54.8%	Strong combination of ARR growth and EBITDA % return
Operating profit %	40.7%	47.6%	-101.7%	Operating profit return reflecting investment to support growth

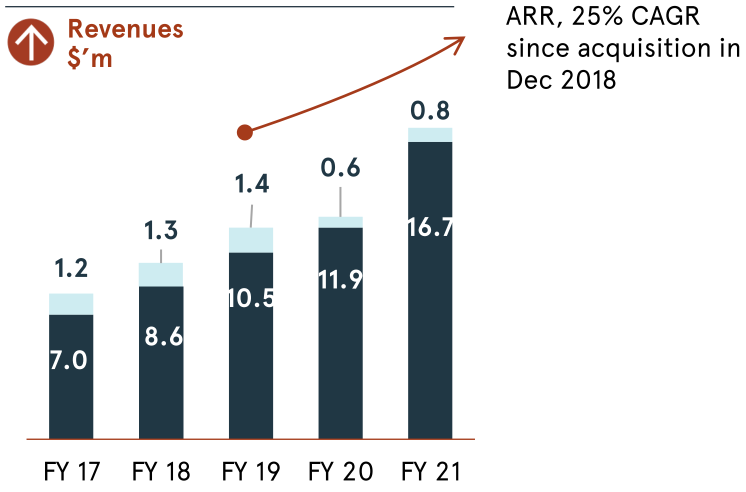
Recurring Revenues

High visibility through ARR with a loyal and growing Partner (customer) base



Commentary

- Annual Recurring Revenues (ARR) are c.95% of FY 21 Revenue



Commentary

- US$ revenue chart demonstrates consistent revenue growth in the operating currency of Facilisgroup
- FY 21, ARR of $16.7m, an increase of 40% compared to FY 20

Partner Activity

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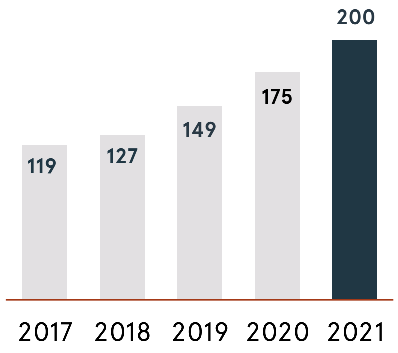
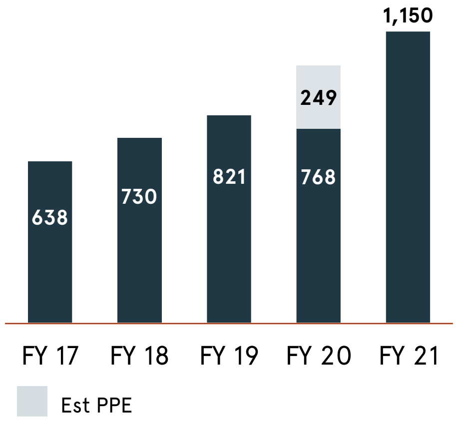
Growth in all key indicators that influence the growth of the business's ARR, alongside a 98% Partner retention rate

Partner numbers
#



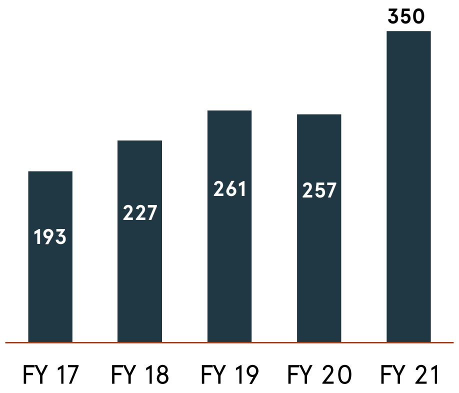
Commentary
- Partner growth continues with 200 Partners implemented at 31 December 2021
- 98% Partner retention rate
- As at 18 March 2022 Partners implemented or contracted awaiting implementation total 211

Gross Merchandise Value
$'m



Commentary
- Continued increase in GMV as Partner numbers grow
- Estimated PPE sales in 2020 consisted of several large, one-off orders

Preferred Supplier Purchases
$'m



Commentary
- Increase in Preferred Supplier spend influenced by growing Partner numbers and the recovery of the industry in 2021

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Addressable market opportunities

- Facilisgroup is focused on the large, niche promotional products industry, providing a digital commerce platform that enables customers to benefit from significant business efficiencies and supply chain advantages
- Gartner recognises the digital commerce sector, which includes companies such as Magento/Adobe (used by Brand Addition) and Shopify
- We believe there is a strong need for such an integrated platform for SMEs in the promotional products sector to compete and grow
- Our addressable market is calculated through estimated spend of target businesses

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Facilisgroup
Digital commerce platform

Syncore
Workflow: **$2m - $20m**
Target # businesses: **~2,000**
200+ Partners (customers)

SYNCORE LITE
Workflow: **<$2m**
Target # businesses: **~23,000**
Launch mid-2023

Commercio
Ecommerce stores: **All sized businesses**
Target # businesses: **~25,000**
Paid for component from June 2022

North American promotional products sector
~$700m
Addressable market

Large sector opportunity, then new geographies, adjacent sectors

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Milestones – our internal aspirations to 2024 and beyond

Internal aspirations

	2020 (A)	2021 (A)	2022	2023	2024
Customer numbers #	175	200	330 ○	575	950
Gross Merchandise Value $'bn	1.0	1.1	1.2 ◉	1.5	1.9
Spent with Preferred Suppliers $'bn	0.3	0.4	0.4 ◉	0.5	0.6
	Actual				

Aspiration 2024

$50m

Annual Recurring Revenues

Beyond 2024

- Gains in existing market
- New geographies
- Adjacent sectors

◉ Achieved $1.2bn of GMV and $0.4bn of Spend with Preferred Suppliers in the R52W to 18 March 2022

○ To do be achieved upon the success of our expanding offering

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Goals in 2022

- Meet our internal milestones for our 2024 internal aspirations
- Successfully launch Commercio to materially grow 2023 ARR
- Set the foundation for `Syncore Lite′ launch in 2023

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

Segmental Analysis FY 21

brand addition.

brand addition.

£'m	FY 21	FY 20	FY 19
Revenue	**102.4**	**72.6**	**97.9**
Gross profit	29.3	21.2	30.8
People & overhead	(19.4)	(16.0)	(20.1)
Adjusted EBITDA	**9.9**	**5.2**	**10.7**
Depreciation and amortisation	(2.5)	(2.2)	(1.6)
Exceptional items	-	(0.4)	-
Share-based payments charge	(0.3)	-	-
Operating profit	**7.1**	**2.6**	**9.1**

Revenue growth %	41.0%	(25.8)%	6.1%
Gross profit %	28.6%	29.2%	31.5%
Adjusted EBITDA %	9.7%	7.2%	10.9%
Operating profit %	6.9%	3.6%	9.3%

Commentary

- Full recovery ahead of FY 19
- Successfully navigated supply chain challenges
- FY 20 included furlough contributions and temporary salary reductions

- Increased revenue improving EBITDA %

Immediate and full recovery compared to pre-COVID-19 performance

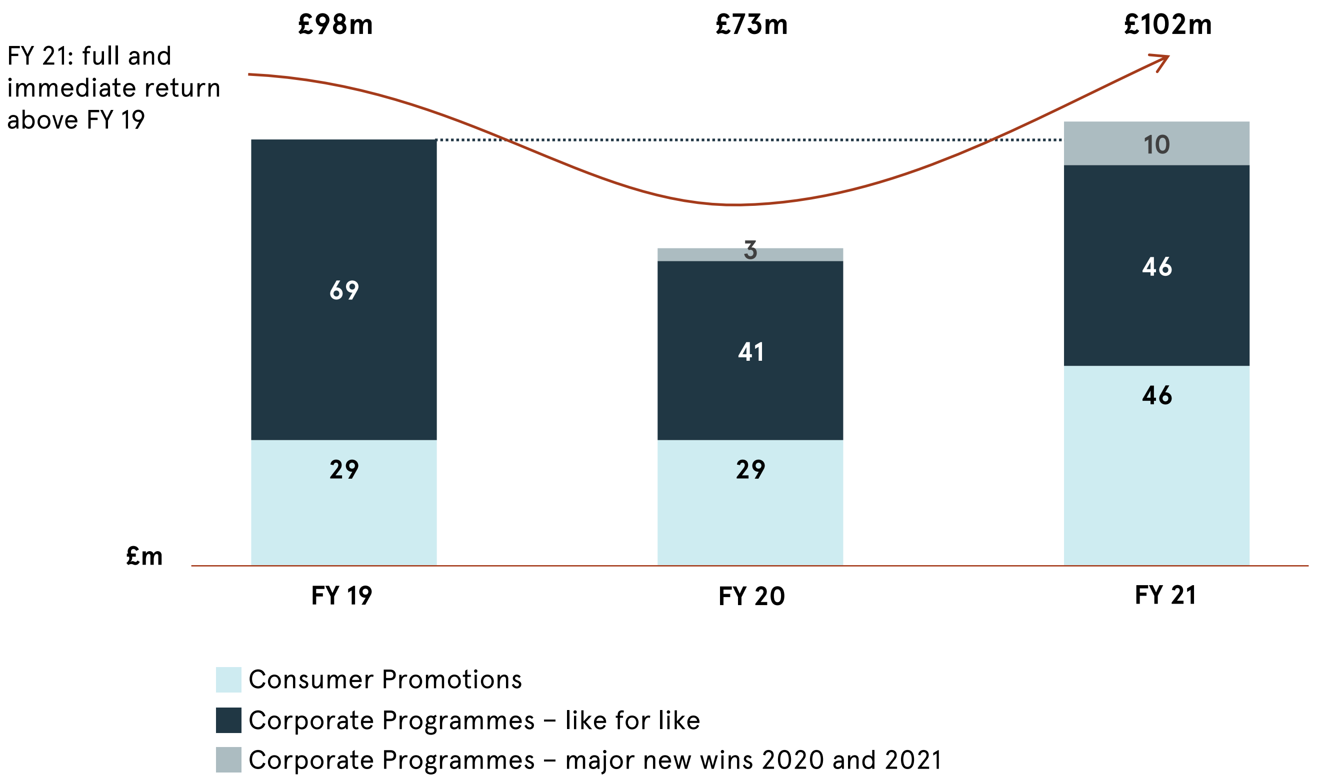
1. Consumer promotions
– growth was achieved with our existing clients, who, throughout the pandemic, have continued to use promotional products as a strategic marketing tool to drive sales across their retail outlets

2. Corporate Programmes – like for like
– growth was achieved through the recovery of sales in existing clients that were impacted in 2020

3. Corporate Programmes – new wins
– a full year contribution of new contracts won in 2020
– new contracts won in FY 21 will positively impact Brand Addition revenues in FY 22

4. Start to FY 22
– 2022 has started well. Year to date at 18 March 2022, the order intake has been positive and sales invoiced or received to be invoiced was up 11% year on year
– Supply chain continues to be well controlled by our teams

brand addition.



Revenue Diversity

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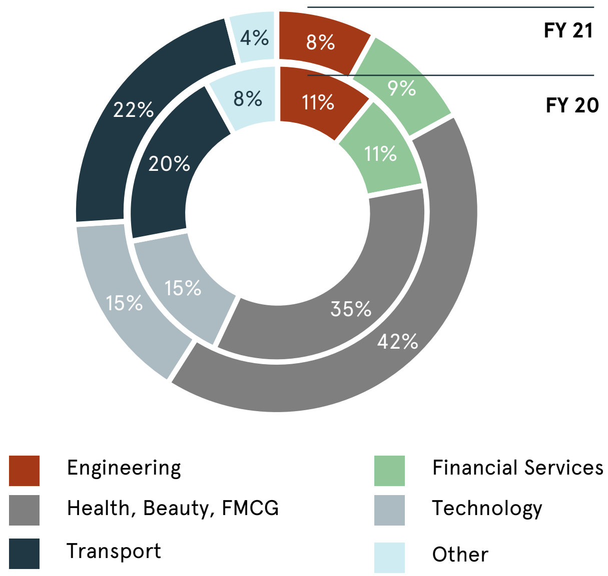
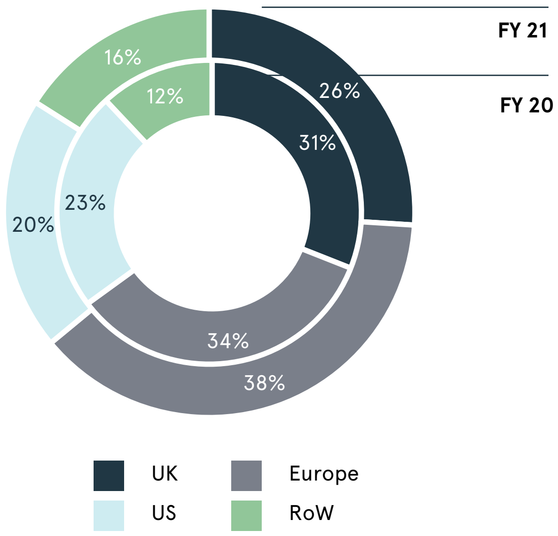
Strong sectors, across multiple geographies

Revenue by client sector
%



Commentary
- Growth in the Health & Beauty sector reflects the success of our Consumer Promotions division
- Excellent client retention record, headroom for growth compared to 2019 remains

Revenue by destination
%



Commentary
- Global nature of our business and contracts ensures diversity across geographic regions

* 0.5% Brand Addition FY 21 Revenue to Russia and Ukraine

brand addition.

Supply chain overview: Actions, results, direction

Well-managed supply chain, meeting client delivery expectations

Market conditions	2021 Action	Inherent mitigants	Result	2022 Direction
1. Raw material prices 2. Wage inflation 3. Energy availability 4. COVID-19 outbreaks 5. Freight / capacity pricing 6. Brexit	▪ Engaged with raw material suppliers directly, drove economies of scale, and diversified supply chain ▪ Suppliers planned production schedules around energy availability. Many suppliers in unaffected areas ▪ COVID-19 outbreaks had minimal impact on production in 2021 ▪ Sharpened focus on freight partnerships and invested into internal expertise ▪ Entities and experience in the UK and EU worked closely to ensure to client deliveries were met	• Hold stock for Corporate Programmes • Buying and selling prices at spot rates • Adapt product or quantities to meet client budgets • Buffers built into custom-made order lead times	• Higher-touch operational involvement • Client deliveries met • Minimal gross margin impact	▪ Continue to work to broaden supply chain and sourcing regions ▪ Pressure on wages at wholesale suppliers ▪ Chinese government is focused on energy production to stabilise supply ▪ Recent COVID-19 lockdowns in China but, today, no production stoppages or port closures ▪ Freight delays ongoing but applying caution to lead times and costs ▪ Clearer knowledge of processes. Extended suppliers within the EU

Quality, experienced internal teams. Strong client and supplier relationships.

brand addition.

Goals in 2022

- Continued retention of major clients and the successful implementation of contracts won in 2021
- Attract new contracts with major international brands
- Well-managed supply chain, tracking gross margins back towards our 30% internal target (FY 21: 28.6%)

Environmental, Social and Governance (ESG)

Our framework

ESG cornerstone	Priorities	UN SDG*
Impact of our business on the environment and our communities	• Energy and climate change • Packaging and waste • Responsible sourcing	12 Responsible consumption and production 13 Climate action 14 Life below water 15 Life on land
Diversity, health, well-being and engagement	• Diversity, equity and inclusion (DEI) • Employee health, safety and well-being • Employee recruitment, retention and development	3 Good health and well-being 5 Gender equality 8 Decent work and economic growth 10 Reduced inequalities
Board independence, ethics and leadership	• Governance, accountability and business culture • Economic performance	8 Decent work and economic growth 16 Peace, justice and strong institutions
Responsible business practices	• Business ethics and integrity • Human rights • Product integrity and transparency • Data security and privacy • Risk management	8 Decent work and economic growth 12 Responsible consumption and production 16 Peace, justice and strong institutions

*** Priorities aligned with the relevant United Nations Sustainable Development Goals**

Focussing our approach

- Bespoke framework developed based upon Group-wide materiality assessment
- ESG leads in place in each of our businesses
- Priority areas identified based upon our four ESG cornerstones and where we can have the greatest impact.
- Objectives defined and aligned with the UN Sustainable Development Goals
- Progress reported in annual ESG report and annual report and accounts

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Environmental, Social and Governance (ESG)

Our Progress

- Implementation of a Global reporting framework for monitoring energy usage and carbon emissions
- Started transitioning to renewable energy across the Group
- Implementation of carbon neutral logistics options for outbound deliveries in Europe
- Developing innovative sustainable products for our clients
- Conducted our first gender pay review exercise
- DEI training undertaken and staff wellbeing program introduced
- Giving back to the community

Group Outlook

The Pebble Group

The new financial year has started well and in line with our expectations

Facilisgroup
To 18 March 2022

GMV is 57% ahead of the prior year comparative

Partners implemented or contracted awaiting implementation total 211

Brand Addition
To 18 March 2022

Order intake has been positive. Sales invoiced or received to be invoiced was up 11% year on year.

Supply chain continues to be well controlled by our teams

Financial Guidance

Financial Guidance

- **CAPITAL EXPENDITURE:**
  (excluding amounts capitalised under IFRS 16)

	Actual	Actual	Est
£m	2020	2021	2022
Tangible	0.8	0.7	1.2
Intangible	6.2	4.3	7.6

- **DEPRECIATION AND AMORTISATION:**

	Actual	Actual	Est
£m	2020	2021	2022
Depreciation	1.5	2.0	2.2
Amortisation*	2.0	2.8	4.2

** Includes acquired intangibles 2020: £0.5m 2021: £0.9m, 2022 £1.2m*

- **TAXATION:**

2022 guidance rate, 22%

- **DIVIDENDS:**

The Group remains committed to the dividend policy stated at IPO and will review dividend payments in respect of 2022 at the HY announcement

- **CURRENCY RATES:**

	Actual	Actual	Actual	Est
£:US$	2019	2020	2021	2022
Income Statement (average rate)	1.28	1.28	1.38	1.35
Balance Sheet (year end rate)	1.32	1.36	1.35	1.35

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

	Actual	Actual	Actual	Est
£:€	2019	2020	2021	2022
Income Statement (average rate)	1.14	1.13	1.16	1.19
Balance Sheet (year end rate)	1.18	1.11	1.19	1.19

There is a translational affect on our € denominated revenues at Brand Addition UK, being ~60% of revenues in 2021

- **SHARE BASED PAYMENTS CHARGE:**
  FY 21 charge, £715,000. FY 22 estimate, £1,100,000

- **CENTRAL COSTS:**
  FY 21 charge, £2,100,000. FY 22 estimate, £2,400,000

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Partner Activity, bridge of Partner growth in FY 21

FY 21 retention rate of 98%

Partner numbers
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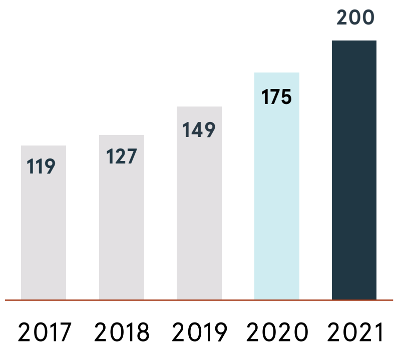

Partners bridge
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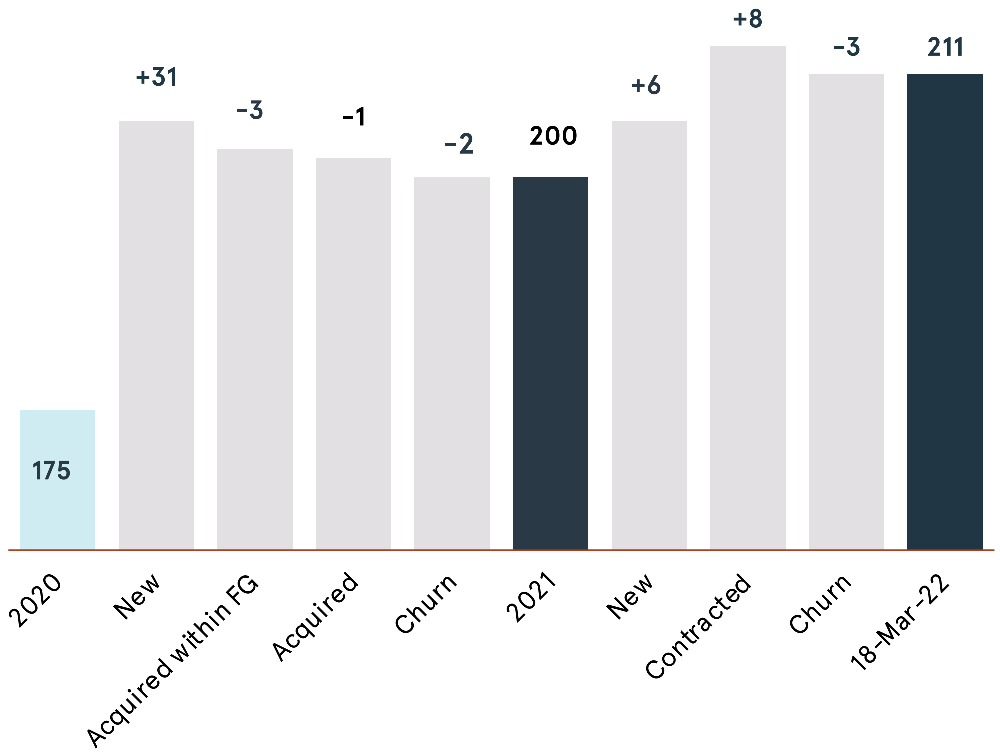


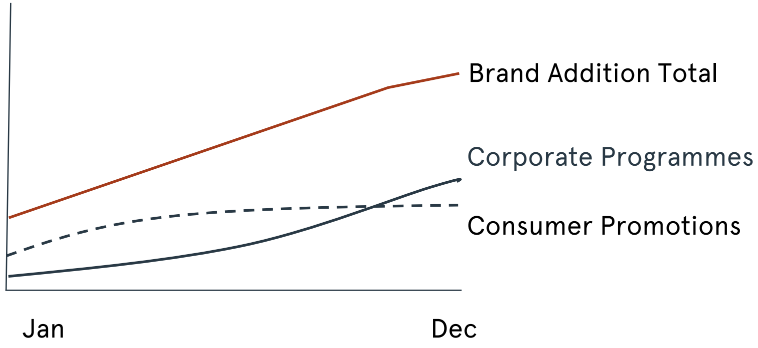
- **New**: Additional Partners implemented
- **Acquired within FG**: Partners businesses that have been acquired by existing Partners. GMV retained with majority of income
- **Acquired**: Partners businesses that have been acquired by non-Partners
- **Churn**: Partners leaving for other reasons
- **Contracted**: Contracts signed, awaiting implementation

Order receipt and working capital dynamics

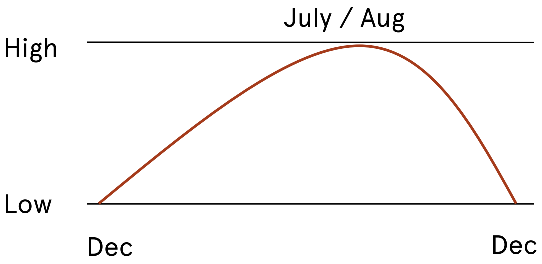
brand addition.

Typical calendar year order receipt cycle and working capital dynamics in Brand Addition

Typical annual order cycle



Typical working capital cycle



Commentary

- Consumer Promotions
  Larger custom-made orders therefore a longer order to invoice lead time. Most orders received by the end of H1 (c.45% divisional sales in FY 21)

- Corporate Programmes
  Smaller orders, often through inventory held in our warehouses, resulting in a more even spread of orders throughout the year (c.55% divisional sales in FY 21)

Commentary

- Comprising most of the Group's working capital, there is an in-year cycle created by our Brand Addition Consumer Promotions division;

Q1: Orders received and placed with manufacturers

Q2, Q3: Orders manufactured delivered and invoiced

Q4: Cash received

Building brands.
Growing relationships.
Strengthening businesses.

The Pebble Group