

Half Year Results 2023

The Pebble Group

5 September 2023

Introduction



Chris Lee

CEO



Claire Thomson

CFO

Why are promotional products used?

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

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



Market Opportunity

The Pebble Group



brand addition.

GLOBAL INDUSTRY
c. **\$50bn**

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

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

The Pebble Group

VISIBILITY OF SALES OF PROMOTIONAL PRODUCTS
\$1.5bn

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



SALES THROUGH OUR TECHNOLOGY
\$1.4bn

Technology and related services, targeting; Distributors in the c.\$25bn North American promotional products market



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

brand addition.

SALES OF PROMOTIONAL PRODUCTS
\$0.1bn

Promotional product and related services, targeting; Large corporates, head quartered in Europe and North America



Market share
70
out of
870
target companies

Highlights

HY 23 Results



The Pebble Group

The Pebble Group
12% Adjusted EBITDA growth

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



facilisgroup

Facilisgroup
24% Revenue growth

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



brand addition.

Brand Addition
3% Revenue growth

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

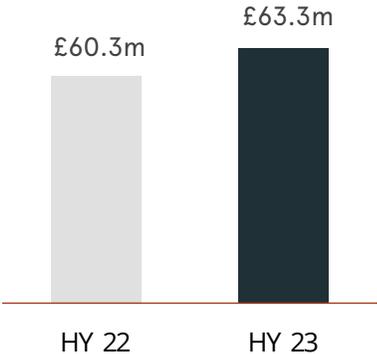
Highlights

HY 23, KPIs

Revenue

£63.3m

+5.0%



Adjusted EBITDA¹

£7.5m

+11.9%



Operating profit

£3.3m

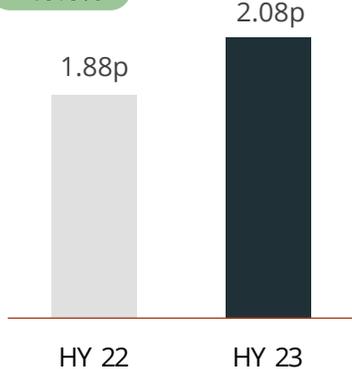
+6.5%



Basic adjusted EPS²

2.08p

+10.6%



Net cash³

£4.2m

+£4.3m



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

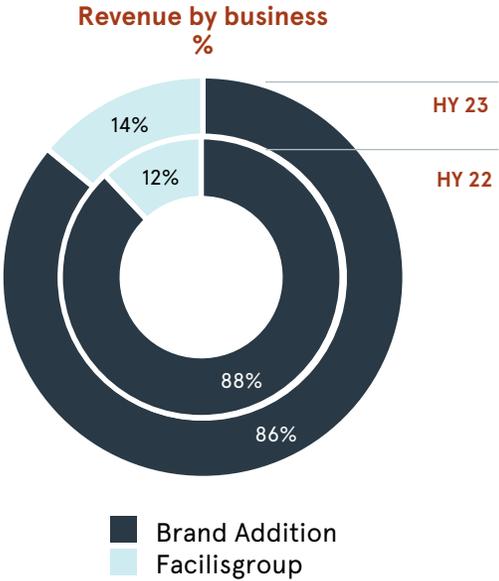
² Basic adjusted EPS is calculated as profit after tax before amortisation of acquired intangibles and share-based payments charge, divided by the weighted average number of shares in issue

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

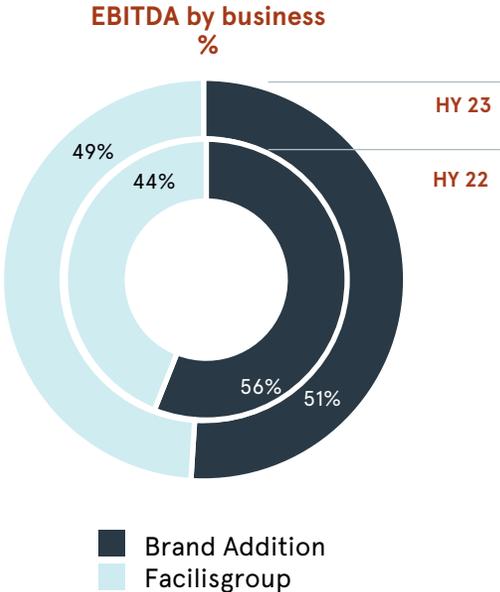
Key Financial Dynamics

Continued revenue growth in both businesses

Facilisgroup increasing as a proportion of Group EBITDA



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



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

Income Statement

HY 23

Revenue growth

+5%

Gross profit

+4ppt

EBITDA growth

+12%

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

Commentary

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

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

Amortisation of new product development at Facilisgroup

Gross profit %	42.8%	38.5%	39.3%
Adjusted EBITDA %	11.8%	11.1%	13.4%
Operating profit %	5.2%	5.1%	7.6%

Cash Flow

HY 23

Operating cashflow

+£5.5m

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

Balance Sheet

HY 23

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

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

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

Brand Addition, blue-chip backed
receivables

HY 22 utilisation of committed RCF
facility

Use of capital from our cash generation

Principles of cash utilisation

1. Balance Sheet strength

- ➔ Maintain a debt free, prudent position

2. Working capital

Facilisgroup: minimal

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

3. Capital Expenditure

Facilisgroup:

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

Brand Addition:

- Evolving internal systems

4. Dividend

Implemented a progressive policy

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

5. Other opportunities





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

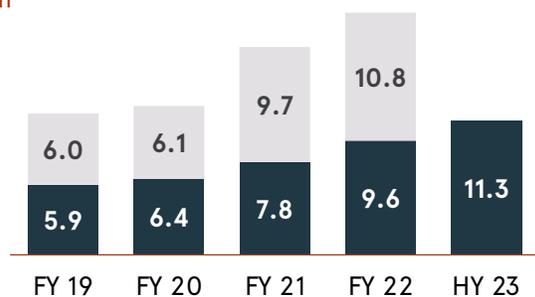


▶ Visit facilisgroup.com to learn more

Results Summary

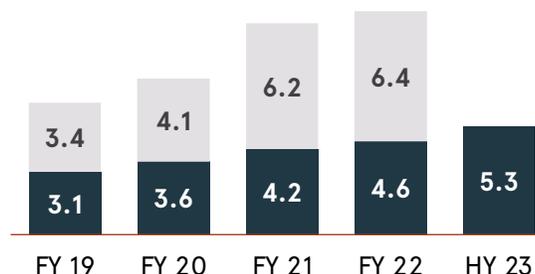
Revenue

USD'm



EBITDA

USD'm



Growth and margins

21%
Revenue CAGR
3-years to 30 June 2023

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

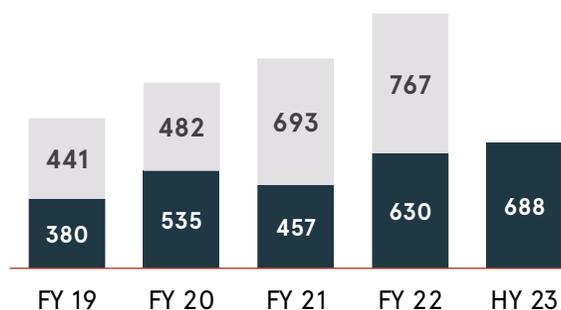
Syncore Partners

#



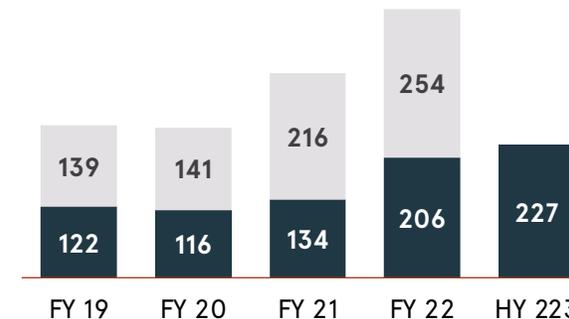
GMV

USD'm



Preferred Spend

USD'm



Our evolving technology stack

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

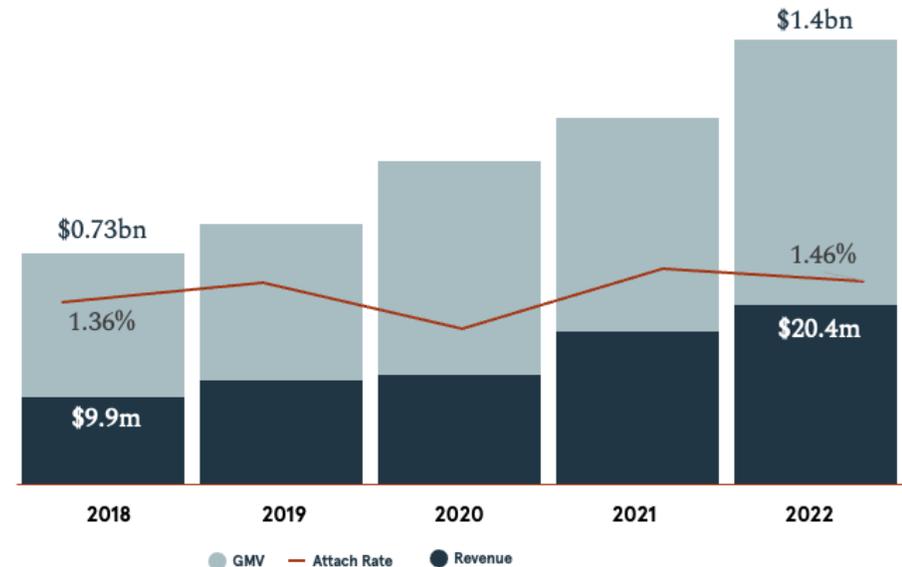
⊕ Adding customer numbers and/or; Supporting existing customer growth

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

Our evolving headline KPI

Attach rate

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

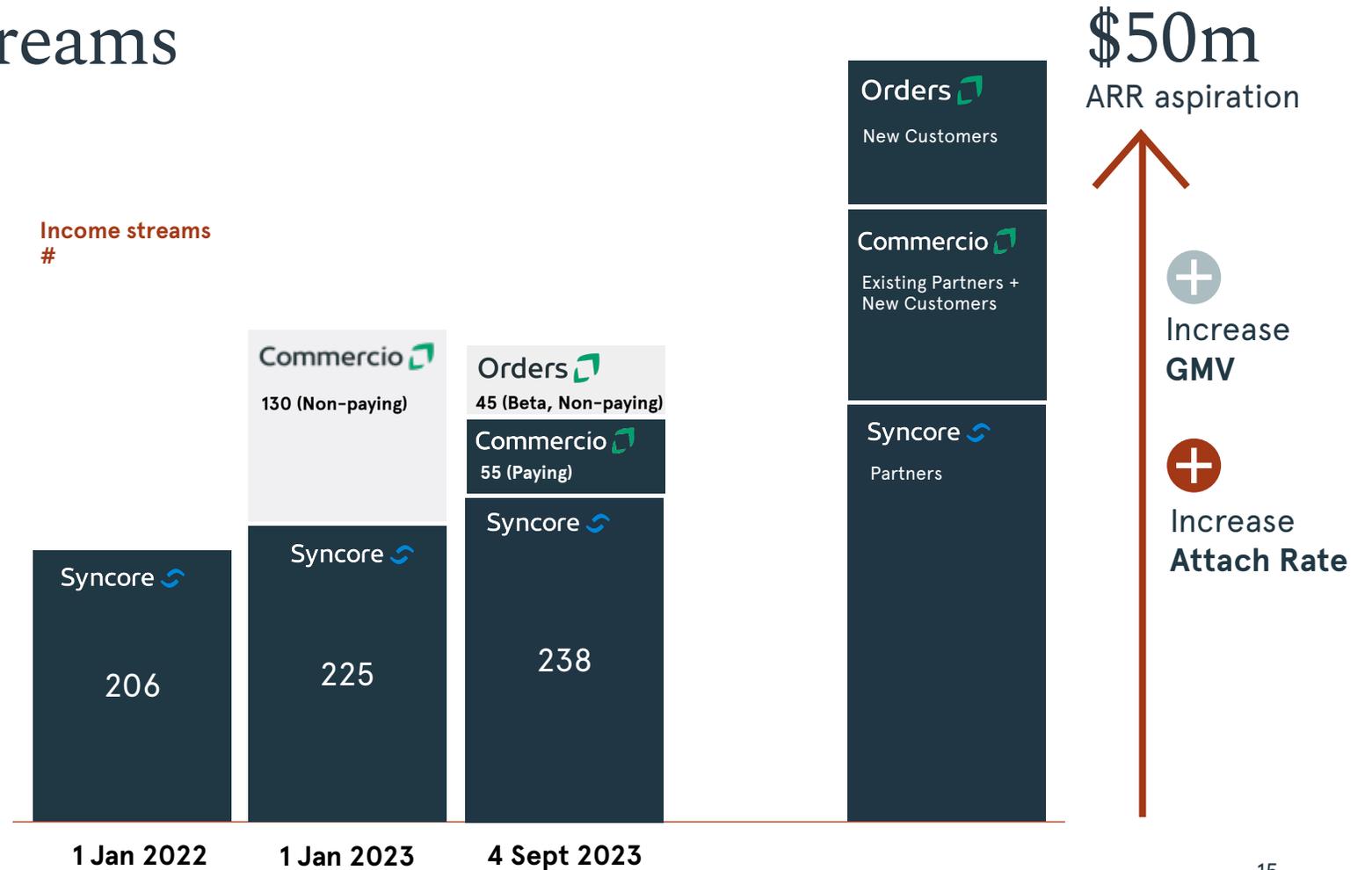


Growing our addressable market and income streams

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

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

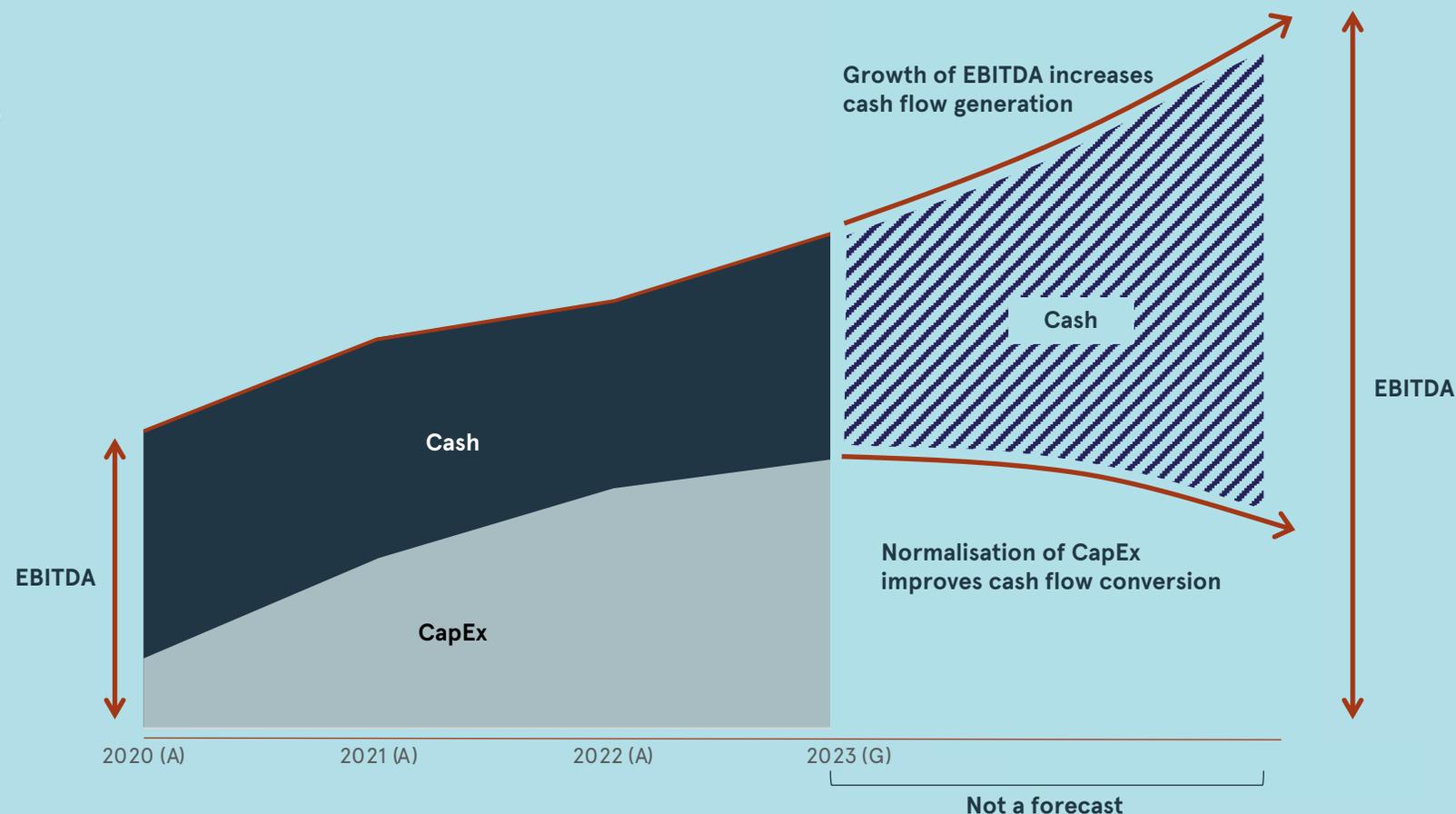
- Paying
- Non-paying



Capital Expenditure at Facilisgroup

Changing profile

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



Goals in 2023

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

brand addition.

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



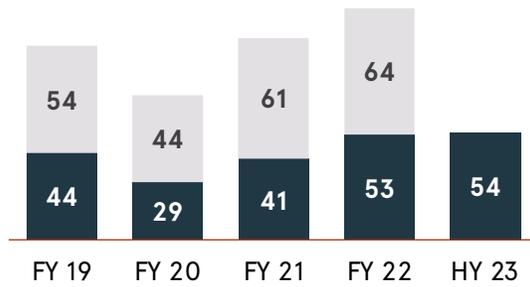
▶ Visit brandaddition.com to learn more

brand addition.

Results Summary

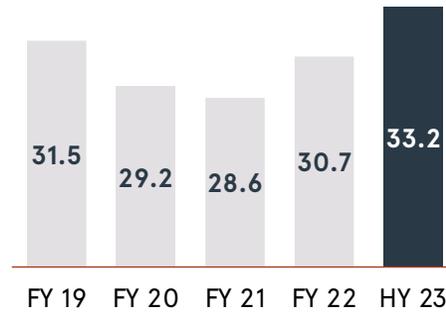
Revenue

£'m



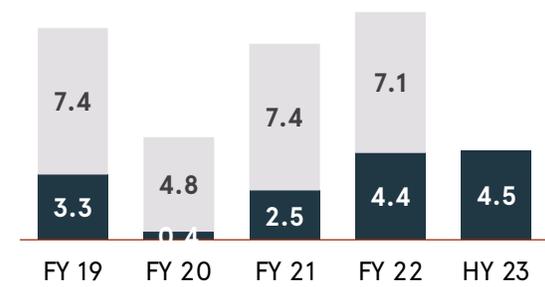
Gross profit margins

%

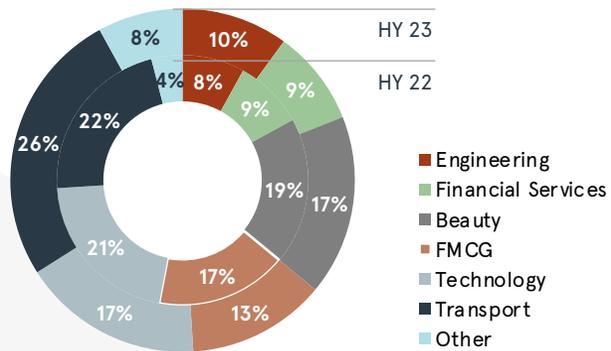


EBITDA

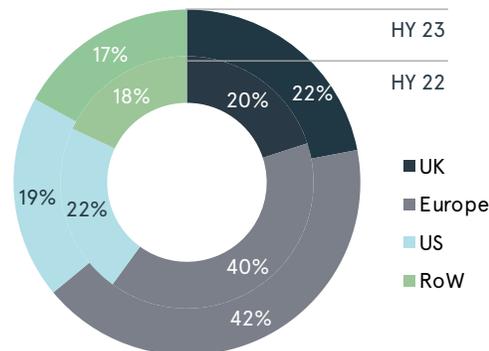
£'m



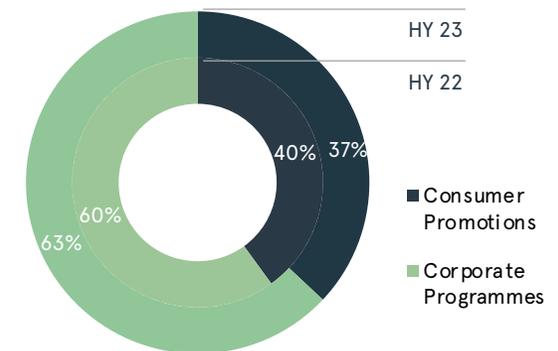
Revenue by client sector



Revenue by destination



Revenue by sales type



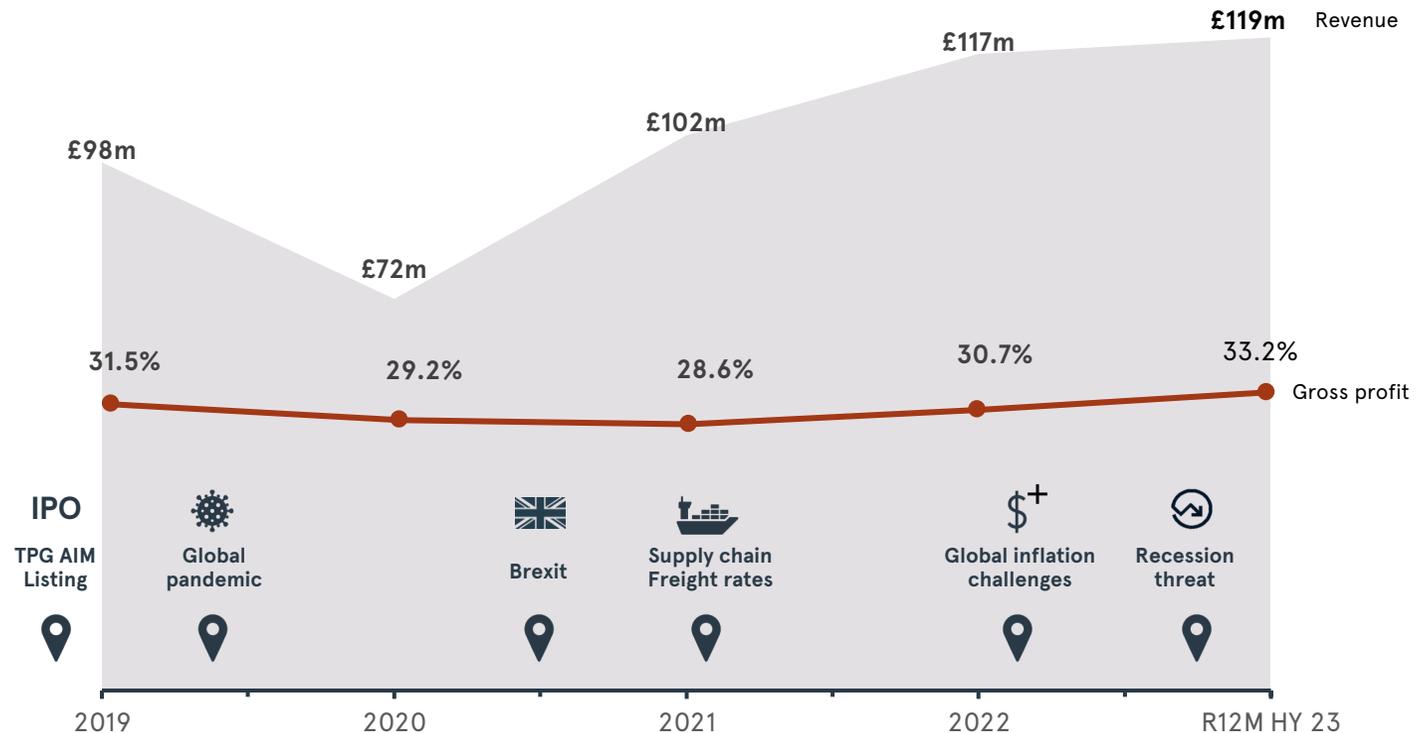
Post IPO revenue growth and margin strength

2019 to HY 2023

Brand Addition

Market conditions

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



brand addition.

Robust performance

Revenue growth
19%
FY 19 to FY 22

Gross margins
33%
HY 23

Client retention
100%
of top 10 clients from 2019

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

Goals in 2023

brand addition.

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

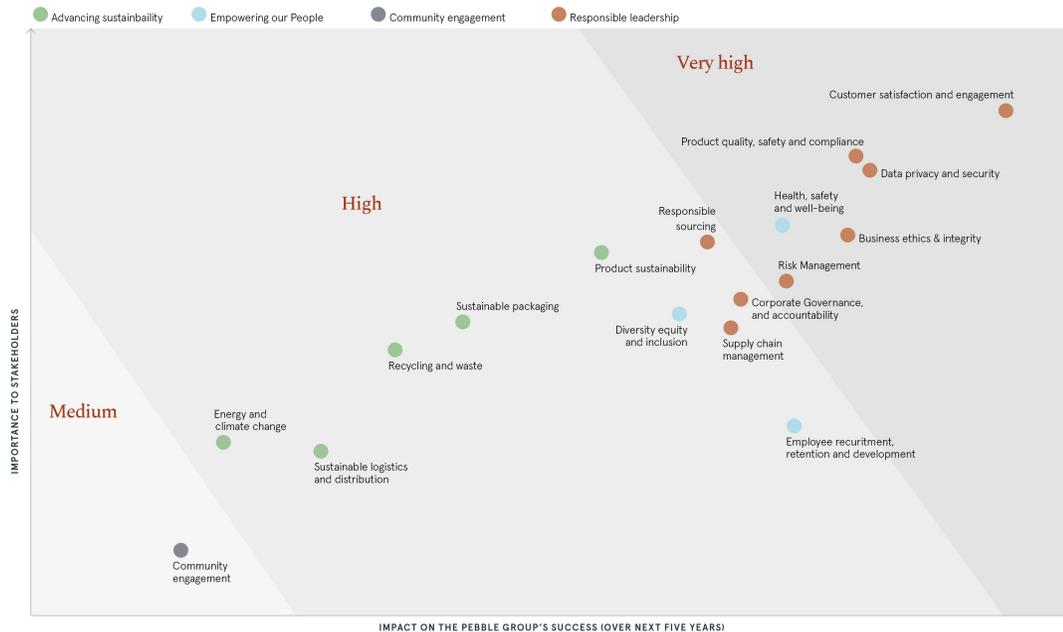
Evolving our ESG cornerstones to deliver stakeholder value

 Advancing sustainability	<ul style="list-style-type: none">• Reducing GHG emissions and our environmental impact• Enhancing the range of sustainable products• Supporting customers to become more sustainable
 Empowering our people	<ul style="list-style-type: none">• Expanding Group diversity• Attracting, retaining and developing our employees• Providing opportunities and training to help our people achieve their goals
 Responsible leadership	<ul style="list-style-type: none">• Implementing key policies and frameworks to provide effective governance• Regular stakeholder engagement• Effective risk identification and management• Raising standards in our supply chain and increasing ESG supplier screening
 Community engagement	<ul style="list-style-type: none">• Providing support and charitable giving to local communities• Building and growing relationships, in the industry to expand the Facilisgroup community

Listening to our stakeholders and engaging with our supply chain

Updated materiality assessment to include input from all stakeholders

Supply chain engagement to begin tackling Scope 3 emissions



Brand Addition wants to know more about your carbon emissions

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



Group Outlook



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

Other information

The Pebble Group

Segmental Analysis

HY 23

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

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

brand addition.

Segmental Analysis

HY 23

£'m	HY 23	HY 22	FY 22	Commentary
Revenue	54.2	52.9	117.4	
Gross profit	18.0	15.8	36.1	Investment in team to support sales growth and increasing business complexity
People & overhead	(13.5)	(11.4)	(24.6)	
Adjusted EBITDA	4.5	4.4	11.5	
Depreciation and amortisation	(1.5)	(1.3)	(2.9)	Investment in internal systems to drive efficiency
Share-based payments charge	(0.3)	(0.3)	(0.6)	
Operating profit	2.7	2.8	8.0	
Revenue growth %	2.5%	28.7%	14.6%	Improvement to invest into clients' evolving needs
Gross profit %	33.2%	29.9%	30.7%	
Adjusted EBITDA %	8.3%	8.3%	9.8%	
Operating profit %	5.0%	5.3%	6.8%	

Financial Guidance

CAPITAL EXPENDITURE:

(excluding amounts capitalised under IFRS 16)

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

DEPRECIATION AND AMORTISATION:

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

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

TAXATION:

2023 guidance rate, 25%

CURRENCY RATES:

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

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

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

SHARE BASED PAYMENTS CHARGE:

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

CENTRAL COSTS:

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

Building brands.
Growing relationships.
Strengthening businesses.

The Pebble Group