
Full Year Results 2023

The Pebble Group

19 March 2024



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

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

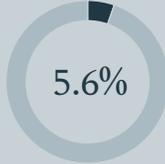
VISIBILITY OF SALES OF PROMOTIONAL PRODUCTS
\$1.5bn

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

FY 23 Results

The Pebble Group

In line with revised expectations

11% Adjusted EBITDA reduction

Cash at £15.9m (FY 22: £15.1m)

facilisgroup

Facilisgroup

12% Annual Recurring
Revenue growth

Attach rate of 1.56%
(FY 22: 1.46%)

brand addition.

Brand Addition

9% Revenue reduction

Gross profit margin at 34.1%
(FY 22: 30.7%)

Highlights

FY 23, KPIs

Revenue

£124.2m

-7.3%



Adjusted EBITDA¹

£16.0m

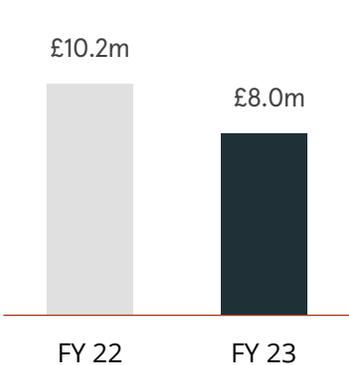
-11.1%



Operating profit

£8.0m

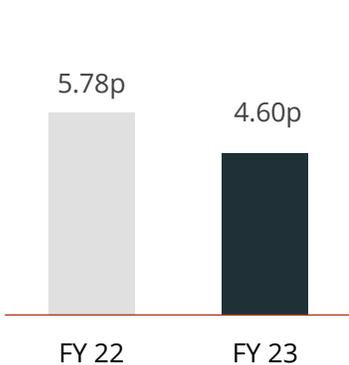
-21.6%



Basic adjusted EPS²

4.60p

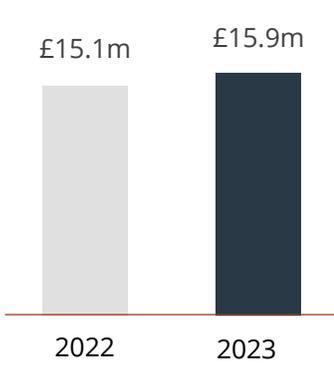
-20.4%



Net cash³

£15.9m

+5.3%



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

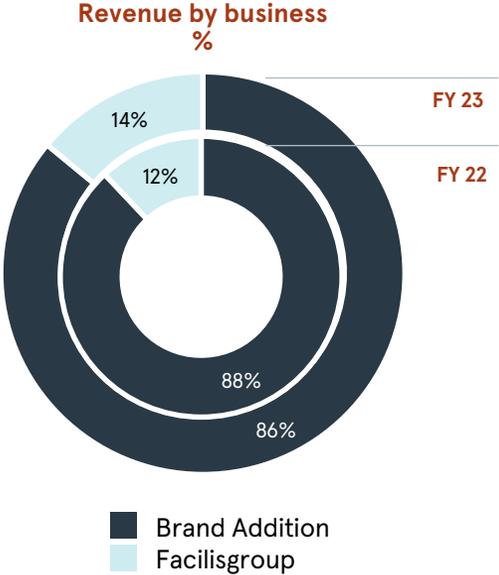
2 Basic adjusted EPS is calculated as profit after tax before amortisation of acquired intangibles and share-based payments charge, divided by the weighted average number of shares in issue

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

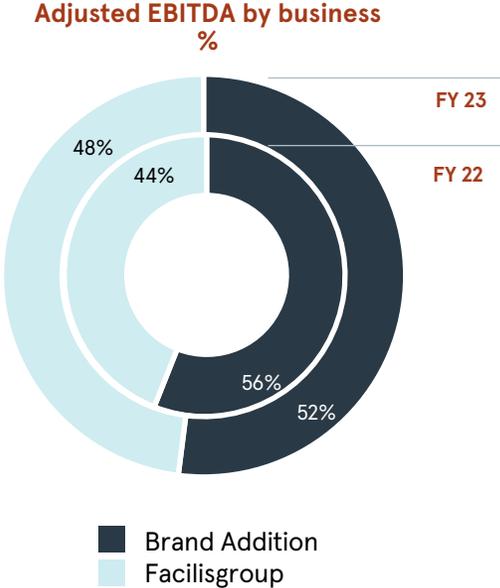
Key Financial Dynamics

Continued growth in Facilisgroup revenue offset by impact of sector specific reduction in revenue in Brand Addition

Facilisgroup increasing increasing as a proportion of Group EBITDA



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



- Commentary**
- 50% EBITDA margins of Facilisgroup (FY 22: 54%)
 - 9% EBITDA margins of Brand Addition (FY 22: 10%)

Income Statement

FY 23

Revenue growth

-7%

Gross profit %

+4ppt

EBITDA growth

-11%

£'m	FY 23	FY 22	Commentary
Revenue	124.2	134.0	Impact of sector specific reduction at Brand Addition
Gross profit	54.2	52.7	Combination of increased margins at BA and increasing proportion of FG of Group as a whole
People & overhead	(35.8)	(32.3)	
Adjusted EBITDA pre-Head Office	18.4	20.4	Amortisation of new product development at Facilisgroup
Head office costs	(2.4)	(2.4)	
Adjusted EBITDA	16.0	18.0	Reduction as EPS element of 2021 LTIP not achieved
Depreciation and amortisation	(7.5)	(6.5)	
Share-based payments charge	(0.5)	(1.3)	
Operating profit	8.0	10.2	

Gross profit %	43.6%	39.3%
Adjusted EBITDA %	12.9%	13.4%
Operating profit %	6.4%	7.6%

Cash Flow

FY 23

Operating cashflow
+ £2.0m

£'m	FY 23	FY 22	Commentary
Adjusted EBITDA	16.0	18.0	Unwinding of working capital in Brand Addition
Movement in working capital	0.7	(3.4)	
Capital expenditure	(8.6)	(8.4)	Facilisgroup, £6.1m, Brand Addition, £2.4m, Central operations, £0.1m
Leases	(1.6)	(1.7)	
Adjusted operating cash flow	6.5	4.5	
Taxes paid	(2.5)	(1.7)	£1.0m dividend payment, HY 22 includes RCF drawdown of £5.5m
Net finance costs	(0.6)	(0.5)	
Dividend paid	(1.0)	-	Purchase of own shares to satisfy 2020 LTIP vesting
EBT purchase of own shares	(0.4)	-	
Exchange (loss)/gain	(1.2)	0.7	
Net cash flow	0.8	3.0	

Balance Sheet

FY 23

£'m	FY 23	FY 22
Non-current assets	69.9	69.8
Inventories	11.9	15.4
Trade & other receivables	30.1	34.7
Cash & cash equivalents	15.9	15.1
Current assets	57.9	65.2
Total assets	127.8	135.0
Lease liability	6.1	7.5
Deferred tax liability	2.4	2.9
Non-current liabilities	8.5	10.4
Lease liability	1.5	1.6
Trade and other payables	28.9	36.4
Current tax liability	0.4	1.0
Current liabilities	30.8	39.0
Total liabilities	39.3	49.4
Net assets	88.5	85.6

Goodwill and intangibles: £44.0m,
Software: £17.3m, PPE: £8.3m,
Deferred Tax asset: £0.3m

Brand Addition, inventory for short turn
around orders underwritten in client
contracts, moving in line with sales
volumes

Brand Addition, blue-chip backed
receivables, moving in line with sales
volumes

Use of capital from our cash generation

Principles of cash utilisation

Managing the business

1. Balance Sheet strength

Maintain a debt free, prudent cash position

2. Working capital

Facilisgroup: minimal requirement

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

3. Capital expenditure

Facilisgroup: circa £2.5m ongoing investment in Syncore (15% FY 23 Revenue).

Brand Addition: circa £2.5m ongoing investment

Further shareholder value opportunities

4. Capital expenditure for extending growth

Facilisgroup: Investment to drive future revenue opportunities (£3.0m: FY 23)

5. Dividend

Ongoing aim is a distribution of circa 30% of Profit After Tax

£2.0m dividend proposed to be paid in 2024 (£1.0m: paid in 2023)

6. Other opportunities

Board consideration ongoing for other opportunities to create shareholder value

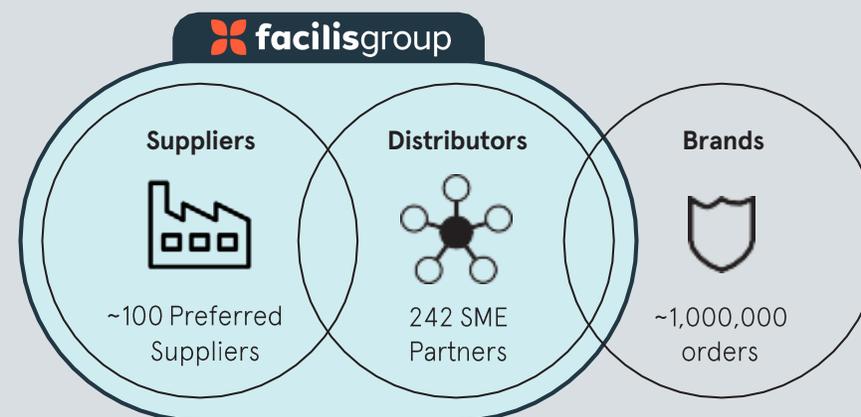
Up to £5.0m share buyback programme planned in the near term



▶ Visit facilisgroup.com to learn more



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

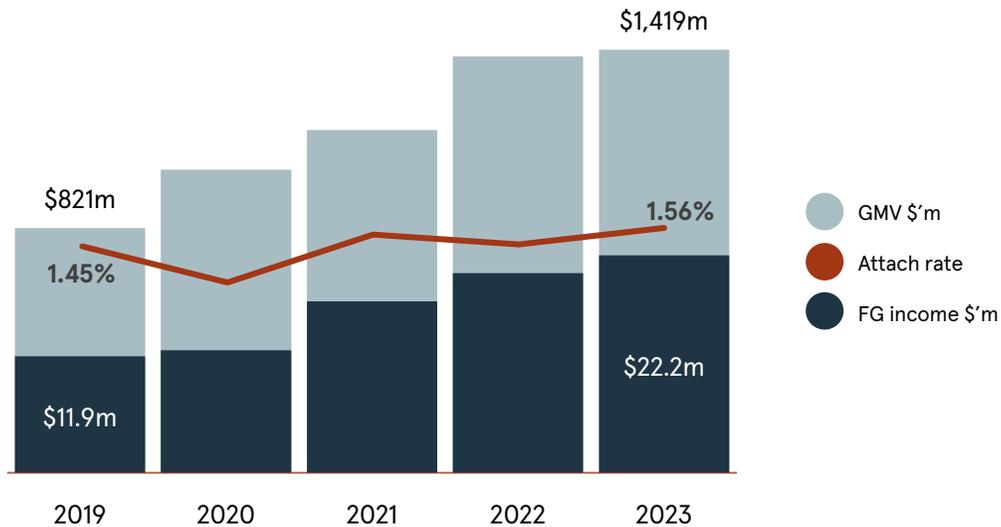


Our evolving technology stack

Headline KPI

Attach rate

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



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

Results Summary

Revenue

USD'm



EBITDA

USD'm



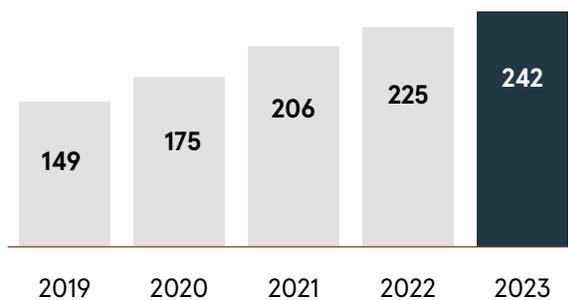
Growth and margins

17%
Revenue CAGR
4-year

50%
EBITDA margin
FY 23

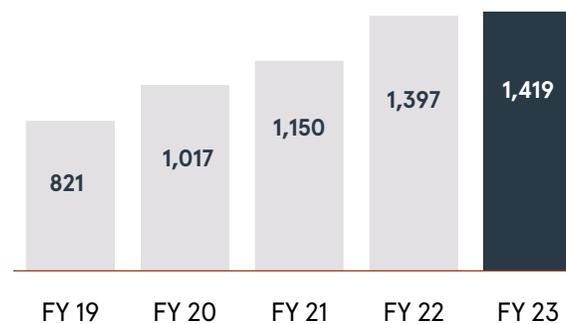
Syncore Partners

#



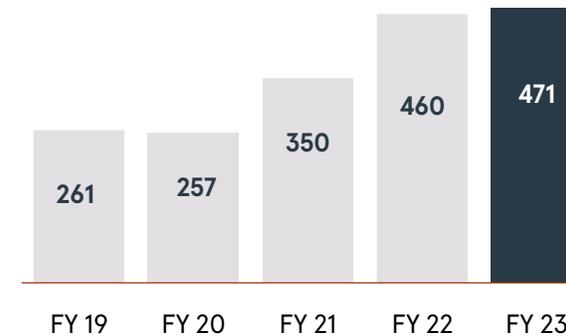
GMV

USD'm



Preferred Spend

USD'm



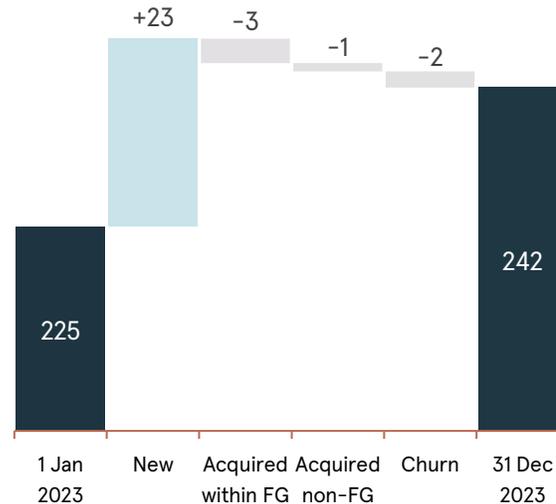
Partner retention levels remain strong

FY 23

99%
(excluding businesses that have been acquired)

97%
(including businesses that have been acquired)

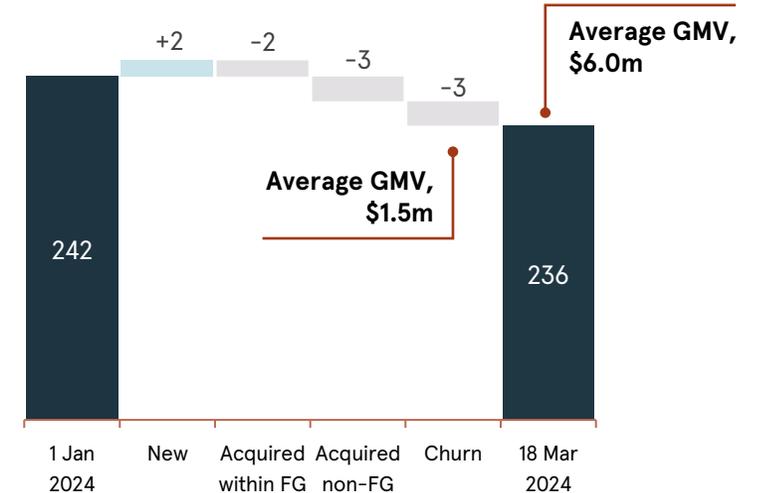
Partners bridge 2023
#



To date 2024

- New sales team building experience and pipeline to support responsible growth
- Higher level of acquisition activity than previous years. 'Acquired within FG' retains the GMV
- Partner churn to date has a non-material impact on GMV

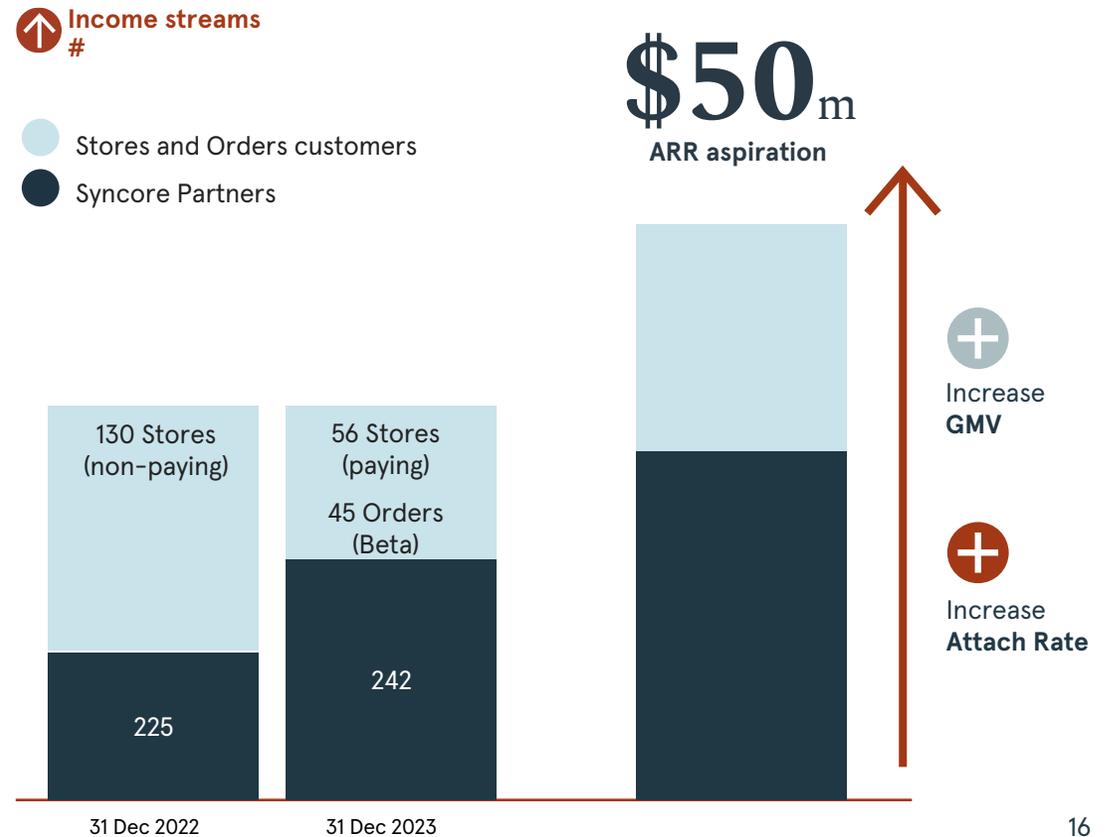
Partners bridge YTD 2024
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Growing our addressable market and income streams

Technology covering the spectrum of needs of the c.21,600 businesses in the North American promotional products market

+ Growing GMV and the attach rate



Focus for 2024

➔ Partners

Strive for mutual success with our Distributor and Supplier Partners. Learning, celebrating, networking and connecting leadership

➔ Technology

Demonstrate a leadership position in technology that creates business growth and advantage for our Distributor and Supplier Partners

➔ Team

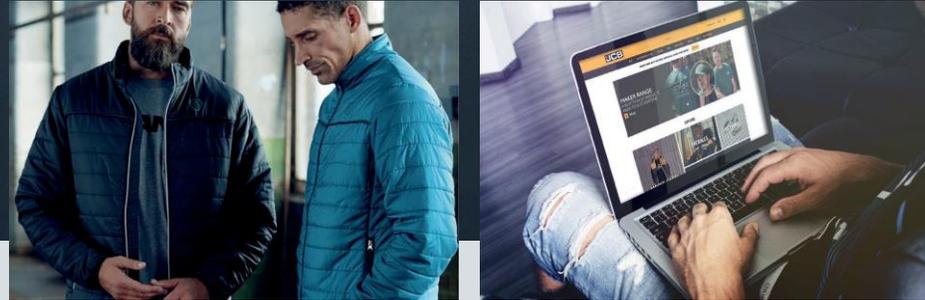
Create an engaged team, widening its experience and capabilities. Driving success for individuals their teammates and the company

brand addition.

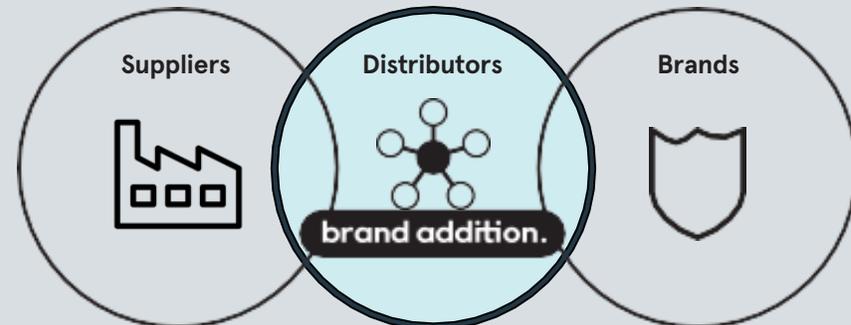
▶ Visit brandaddition.com to learn more

+

Add what matters.
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.

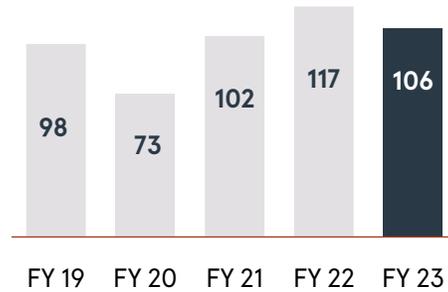


Results Summary

brand addition.

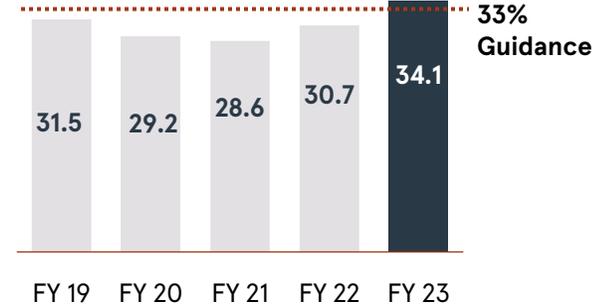
Revenue

£'m



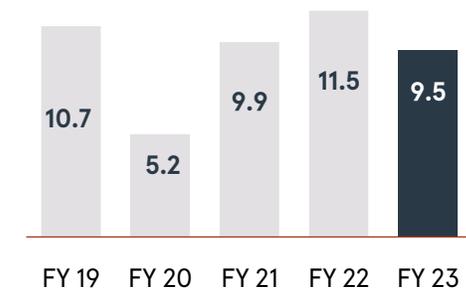
Gross profit margins

%

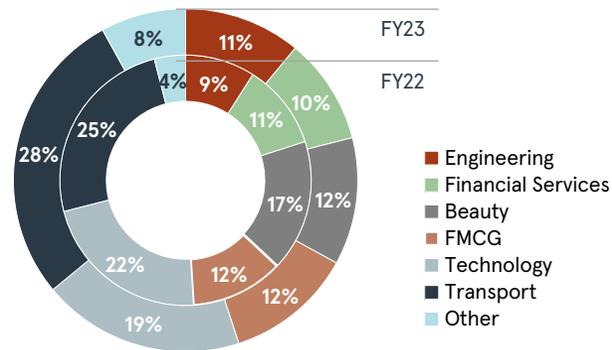


EBITDA

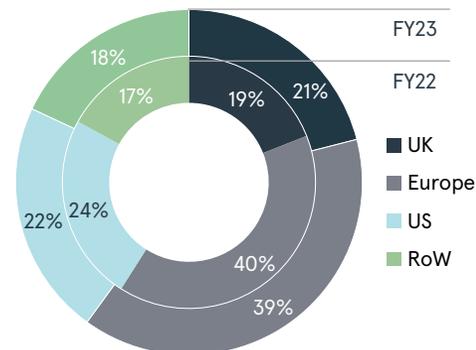
£'m



Revenue by client sector



Revenue by destination



Growth and margins

-9%
Revenue growth
FY 23

34%
Gross margin
FY 23

9%
EBITDA margin
FY 23

brand addition.

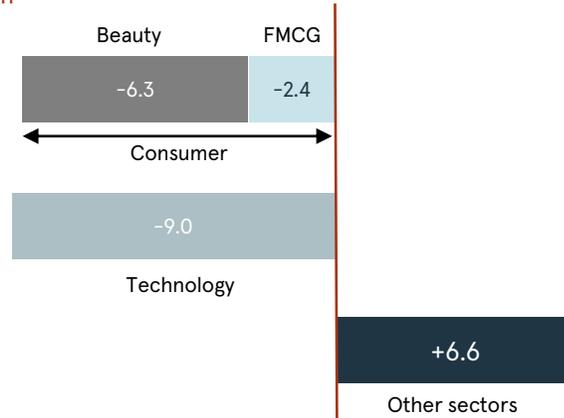
FY 23 items to highlight

Revenue by client sector

- Sector specific order impact on sales invoiced in H2 23.
- H1 24 has started in line with management expectations, with order intake to date following anticipated trends

Brand Addition Revenue FY 23 vs FY 22

£'m



Client retention

100%
of top 10 clients from 2022

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

Gross margin improvement in FY 23

34.1%
FY 22 30.7%

- ➔ Differentiated services
- ➔ Increasing value delivered to clients
- ➔ Long term supplier relationships

Focus for 2024



→ Retain major client contracts together with the successful implementation of contracts won in 2023



→ 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 33% (FY 23: 34.1%)

ESG

Integrating ESG into all aspects of our business



Advancing sustainability
Reducing our impact.



Empowering our people
Supporting our teams to thrive and grow.



Community engagement
Creating a positive social impact.



Responsible leadership
Leading responsibly through good governance.

ESG Highlights

- All sites switched to 100% renewable electricity
- 54% reduction in our direct carbon emissions
- Achieved the RACE Equality Code Quality mark
- Over 1,100 volunteering hours donated
- ISO27001 information security certification achieved*

*Brand Addition globally

THE PEBBLE GROUP

Publication of 2023 ESG report

- Provides an in-depth review our annual progress.
- Reporting cadence aligned with annual report.
- Available on thepebblegroup.com



Group Outlook

Trading in 2024 has started in line with management expectations at both of our businesses

We are concentrating on progressing our stated strategies

The Board intends to implement a share buy-back programme up to a maximum aggregate consideration of £5.0m

Other information

Segmental Analysis

FY 23

£'m	FY 23	FY 22	Commentary
Recurring Revenue	17.0	15.5	Investment in team to support growth aspirations plus spend on Partner community events
Other Revenue	0.9	1.1	
Total Revenue	17.9	16.6	
People & overhead	(9.0)	(7.6)	Strong EBITDA margins with scaling revenue
Adjusted EBITDA	8.9	9.0	
Depreciation and amortisation	(4.4)	(3.6)	Continued investment in product development capitalised in line with IAS 38
Share-based payments charge	(0.1)	(0.4)	
Operating profit	4.4	5.0	
£:US\$ average rate	1.24	1.24	

Recurring revenue \$m	21.2	19.0
Recurring revenue \$m growth %	11.6%	13.8%
Adjusted EBITDA %	49.7%	54.2%
Operating profit %	24.6%	30.1%

Segmental Analysis

FY 23

brand addition.

£'m	FY 23	FY 22	Commentary
Revenue	106.3	117.4	
Gross profit	36.3	36.1	Investment in team to support increasing business complexity
People & overhead	(26.8)	(24.6)	
Adjusted EBITDA	9.5	11.5	
Depreciation and amortisation	(3.0)	(2.9)	Investment in internal systems to drive efficiency
Share-based payments charge	(0.3)	(0.6)	
Operating profit	6.2	8.0	
Revenue growth %	(9.5)%	14.6%	Improvement to invest into clients' evolving needs
Gross profit %	34.1%	30.7%	
Adjusted EBITDA %	8.9%	9.8%	
Operating profit %	5.8%	6.8%	

Financial Guidance

CAPITAL EXPENDITURE:

(excluding amounts capitalised under IFRS 16)

	Actual	Actual	Est
£m	2022	2023	2024
Tangible	0.9	0.9	1.0
Intangible	6.5	7.6	6.8

DEPRECIATION AND AMORTISATION:

	Actual	Actual	Est
£m	2022	2023	2024
Depreciation	2.4	2.2	2.4
Amortisation*	4.2	5.2	5.0

* Includes acquired intangibles 2022: £1.4m, 2023 £1.9m, 2024 estimate £1.2m

TAXATION:

2024 guidance rate, 25%

CURRENCY RATES:

	Actual	Actual	Actual	Est
£:US\$	2021	2022	2023	2024
Income Statement (average rate)	1.38	1.24	1.24	1.27
Balance Sheet (year end rate)	1.35	1.20	1.27	1.27

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

	Actual	Actual	Actual	Est
£:€	2021	2022	2023	2024
Income Statement (average rate)	1.16	1.17	1.15	1.16
Balance Sheet (year end rate)	1.19	1.13	1.15	1.16

SHARE BASED PAYMENTS CHARGE:

FY 23 charge, £548,000. FY 24 estimate, £1,300,000

CENTRAL COSTS:

FY 23 charge, £2.4m FY 24 estimate, £2.8m

A man and a woman are smiling and looking towards the right. The man is wearing a grey t-shirt with a black graphic of a mountain range. The woman is wearing a white tank top and holding a black water bottle with a white cap. The water bottle has the text "The Pebble Group" printed on it. The background is a light blue sky with some clouds.

Building brands.
Growing relationships.
Strengthening businesses.

The Pebble Group