

23 March 2021

# Full Year Results 2020

The Pebble Group

Building brands.  
Growing relationships.  
Strengthening businesses.



**Chris Lee**  
CEO



**Claire Thomson**  
CFO

# The Pebble Group



Facilisgroup focuses on providing technology enabling customers to benefit from significant business efficiency and gain meaningful supply chain advantage

**brand addition.**



Brand Addition focuses on providing promotional products and related services under contract to some of the world's most recognisable brands

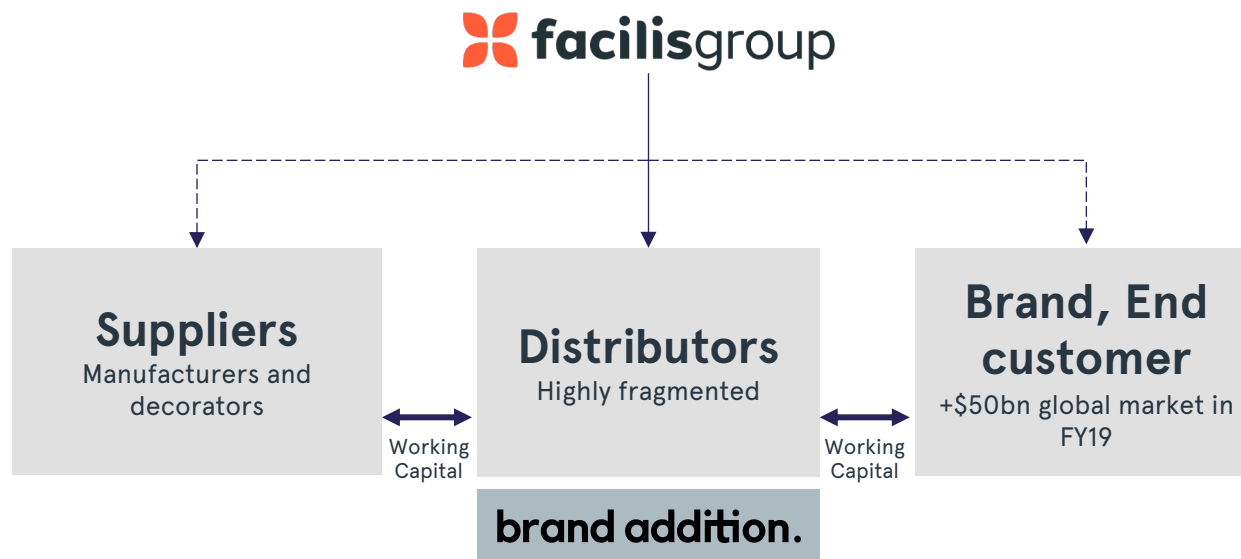
## Servicing the promotional product industry

### Facilisgroup

- Technology platform for mid-sized distributors in North America, enabling business efficiency
- Consolidates spend to create meaningful supply chain advantage
- High visibility of income of which 95% in FY20 is through a recurring revenue model

### Brand Addition

- Complex services and products to many of the best known brands in the world
- Long term relationships, under contract
- **Corporate programmes:**  
Employee engagement  
Brand awareness
- **Consumer Promotions:**  
Gift with Purchase  
Driving client sales



## Highlights FY 2020

- A clear focus on clients, culture and cash enabled the Group to navigate the unprecedented challenges in 2021
- Our belief that the differentiated market positions and strategies of the Group's businesses continue to provide significant opportunities for growth has been reinforced

### Facilisgroup

13% growth in Annual Recurring Revenue

Record growth in Partner (customer) numbers accelerated, up 17% in FY20 to 175 (FY19: 149) with excellent Partner retention rate of almost 100%

Gross Merchandise Value (GMV) grew by 25% to \$1.0bn (FY19: \$0.8bn), against an industry decline of circa 20%

Acquisition of software assets in December 2020, accelerating the creation of new ecommerce solution, ranging from pop-up shops to complex inventoried online stores

### Brand Addition

Consumer Promotions revenue remained robust with a comparable performance to 2019

Corporate Programmes revenue severely impacted in Q2 and Q3 2020, as clients reduced marketing activities as a result of lockdown disruption

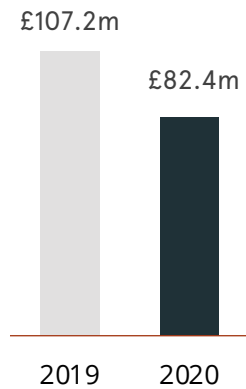
Swift action was taken to protect our people and the value in our business

Positive momentum achieved in Q4

## Highlights FY 2020, KPIs

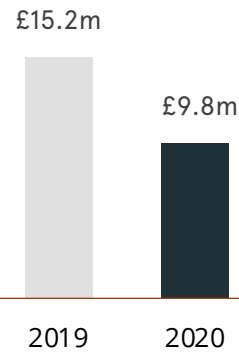
### Revenue

**-23.1%**



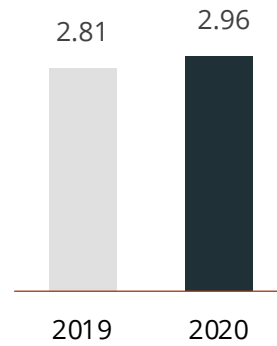
### Adjusted EBITDA<sup>1</sup>

**-35.5%**



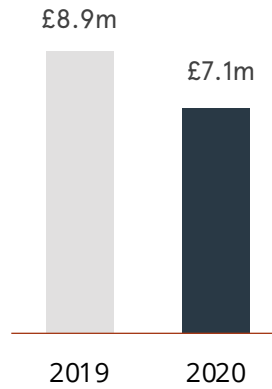
### Adjusted EPS<sup>2</sup>

**+0.15p**



### Cash

**-£1.8m**



*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*

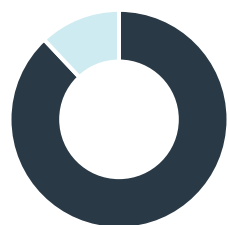
*2 Adjusted earnings per share is calculated as operating profit before amortisation of acquired intangibles, share based payments charge and exceptional items less net finance costs and tax divided by, for 2020, the weighted average number of shares in issue.*

## Key financial dynamics

High EBITDA margins of Facilisgroup

Predictable in-year working capital cycle

Revenue by business



■ Brand Addition 88%  
■ Facilisgroup 12%

**Commentary**

- Brand Addition £72.6m (2019: £97.9m)  
Product & services revenue
- Facilisgroup £9.8m (2019: £9.3m)  
Technology and services revenue

Adjusted EBITDA by business, excluding Head Offices costs

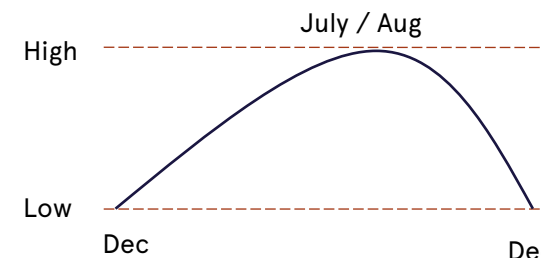


■ Brand Addition 46%  
■ Facilisgroup 54%

**Commentary**

- Brand Addition £5.2m (2019: £10.7m)  
Pre COVID-19, low double-digit EBITDA returns
- Facilisgroup £6.0m (2019: £5.1m)  
+50% EBITDA returns

Typical working capital cycle



**Commentary**

- Brand Addition  
Comprising most of the the Group’s working capital, there is an in-year cycle created by our Consumer promotions division;  
Q1: Orders received and placed with manufacturers  
Q2, Q3: Orders manufactured delivered and invoiced  
Q4: Cash received
- Facilisgroup  
Minimal working capital requirement

## FY 2020 Operational review

Navigated impact of COVID-19, remaining profitable and cash generative

£'m Audited	FY 2020	FY 2019	Variance	
<b>Revenue</b>	<b>82.4</b>	<b>107.2</b>	<b>(24.8)</b>	Detail in segmental analysis
Gross profit	31.0	40.1	(9.1)	
Gross profit %	37.6%	37.4%	0.2 ppt	
People & overhead	(19.8)	(24.3)	4.5	
Adjusted EBITDA pre-Head Office	11.2	15.8	(4.6)	
Head office costs	(1.4)	(0.6)	(0.8)	→ Full year PLC costs
<b>Adjusted EBITDA</b>	<b>9.8</b>	<b>15.2</b>	<b>(5.4)</b>	
<b>Adjusted EBITDA %</b>	<b>11.9%</b>	<b>14.2%</b>	<b>(2.3) ppt</b>	
Depreciation and amortisation	(3.5)	(2.7)	(0.8)	→ Increased investment
Exceptional items	(0.6)	(17.4)	(16.8)	→ FY20: COVID-19 reorganisation costs FY19: IPO and acquisition related
<b>Operating profit</b>	<b>5.7</b>	<b>(4.9)</b>	<b>10.6</b>	
<b>Operating profit %</b>	<b>6.9%</b>	<b>(4.6%)</b>	<b>11.5 ppt</b>	



## Segmental Analysis FY 2020



£'m Audited	FY 2020	FY 2019	Variance
Recurring Revenue	9.3	8.2	1.1
Other Revenue	0.5	1.1	(0.6)
<b>Total Revenue</b>	<b>9.8</b>	<b>9.3</b>	<b>0.5</b>
Gross profit	9.8	9.3	0.5
Gross profit %	100%	100%	-
People & overhead	(3.8)	(4.2)	0.4
<b>Adjusted EBITDA</b>	<b>6.0</b>	<b>5.1</b>	<b>0.9</b>
<b>Adjusted EBITDA %</b>	<b>61.2%</b>	<b>54.8%</b>	<b>6.4 ppt</b>

### Commentary

- +13% ARR, exited ancillary services
- FY19, £0.5m exited costs and £0.3m travel and events
- FY20, investment in team £0.4m

## brand addition.

£'m Audited	FY 2020	FY 2019	Variance
<b>Total Revenue</b>	<b>72.6</b>	<b>97.9</b>	<b>(25.3)</b>
Gross profit	21.2	30.8	(9.6)
Gross profit %	29.2%	31.5%	(2.3) ppt
People & overhead	(16.0)	(20.1)	4.1
<b>Adjusted EBITDA</b>	<b>5.2</b>	<b>10.7</b>	<b>(5.5)</b>
<b>Adjusted EBITDA %</b>	<b>7.2%</b>	<b>10.9%</b>	<b>(3.7) ppt</b>

### Commentary

- Consumer Promotions revenues level with FY19  
Corporate Programmes impacted most heavily on initial lockdowns
- Target to retain Gross Margin at ~30%
- FY20 includes result of cost savings from Q2 onwards

## Cash flow FY 2020

£'m Audited	FY 2020	FY 2019	Variance	
<b>Adjusted EBITDA</b>	<b>9.8</b>	<b>15.2</b>	<b>(5.4)</b>	
Movement in working capital excluding IPO accruals	1.7	(2.8)	4.5	➔ Brand Addition sales reduction has positive impact on w/c
Capital expenditure excluding acquisition of intangible assets	(3.1)	(2.1)	(1.0)	➔ Brand Addition, £1.4m      Facilisgroup, £1.7m
Leases	(1.2)	(1.2)	-	
<b>Underlying operating cash flow</b>	<b>7.2</b>	<b>9.1</b>	<b>(1.9)</b>	
Movement in working capital IPO related accruals	(3.5)	3.9	(7.4)	➔ Settlement of 2019 IPO costs, funded by exiting shareholders
Acquisition of intangible assets	(2.6)	-	(2.6)	➔ Facilisgroup software acquisition, further £1.3m deferred
<b>Adjusted operating cash flow</b>	<b>1.1</b>	<b>13.0</b>	<b>(11.9)</b>	
Taxes paid	(1.3)	(2.5)	1.2	
Net finance costs	(0.7)	9.0	(9.7)	➔ FY19, IPO related funding
Acquisition and financing	-	(1.3)	1.3	
Exceptional items	(0.5)	(17.3)	16.8	➔ FY19, IPO related costs
Exchange (loss)	(0.4)	(0.2)	(0.2)	
<b>Net cash flow</b>	<b>(1.8)</b>	<b>0.7</b>	<b>(2.5)</b>	

## Balance Sheet FY 2020

£'m Audited	FY 2020	FY 2019	Variance	
<b>Non current assets</b>	<b>63.6</b>	<b>56.4</b>	<b>7.2</b>	→ Goodwill and intangibles: £44.8m, Software: £9.2m, PPE: £9.1m, DT asset £0.5m
Inventories	12.1	8.0	4.1	→ FY20 includes £5.3m new business, with corresponding accrual in Trade and other payables
Trade & other receivables	21.0	25.5	(4.5)	→ Brand Addition, blue-chipped backed inventories and receivables
Cash & cash equivalents	7.1	8.9	(1.8)	→ After settlement of 2019 IPO costs, £3.5m and software asset acquisition, £2.6m £10m undrawn committed bank facility
Current tax asset	0.8	-	0.8	
<b>Current assets</b>	<b>41.0</b>	<b>42.4</b>	<b>(1.4)</b>	
<b>Total assets</b>	<b>104.6</b>	<b>98.8</b>	<b>5.8</b>	
Lease liability	7.7	5.5	2.2	→ Facilisgroup, new offices to support growth Brand Addition, expanded European warehousing
Trade and other payables	0.9	-	0.9	
Deferred tax liability	2.6	1.8	0.8	
<b>Non current liabilities</b>	<b>11.2</b>	<b>7.3</b>	<b>3.9</b>	
Lease liability	1.3	0.8	0.5	
Trade and other payables	25.8	27.6	(1.8)	→ FY19 includes £3.9m IPO costs FY20 includes £5.7m new business, with corresponding asset in Inventories
Current tax liability	-	0.2	(0.2)	
<b>Current liabilities</b>	<b>27.1</b>	<b>28.6</b>	<b>(1.5)</b>	
<b>Total liabilities</b>	<b>38.3</b>	<b>35.9</b>	<b>2.4</b>	
<b>Net assets</b>	<b>66.3</b>	<b>62.9</b>	<b>3.4</b>	

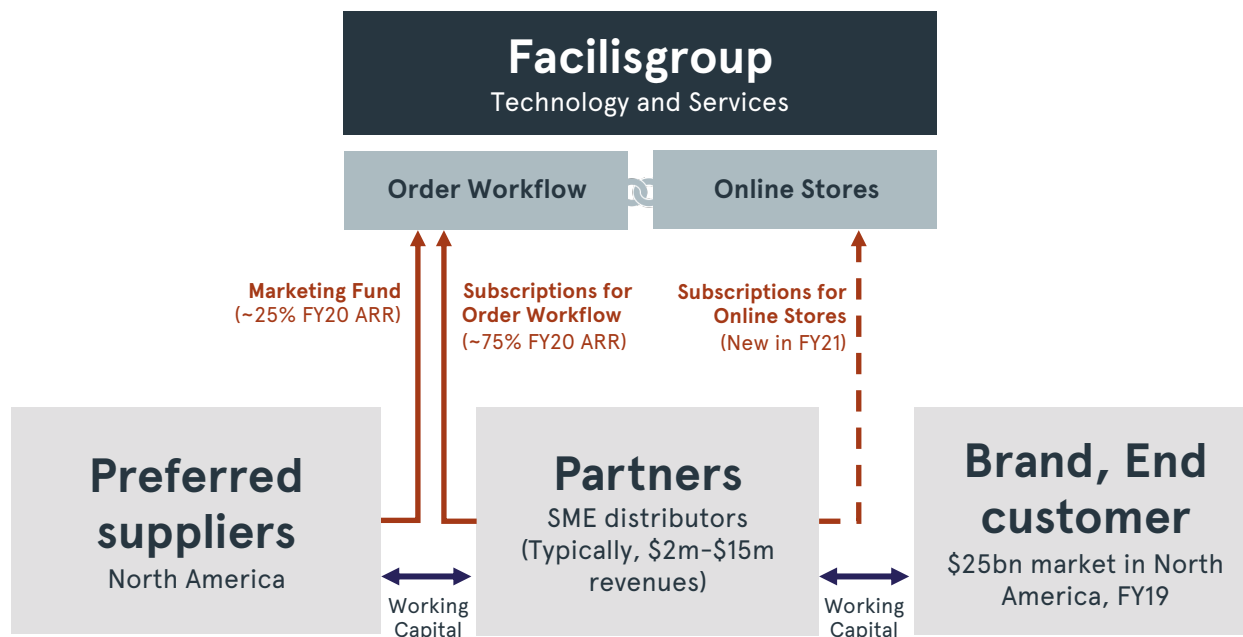


---

Facilisgroup focuses on providing technology, enabling customers to benefit from significant business efficiency and gain meaningful supply chain advantage



## Our business model



## Recurring revenues

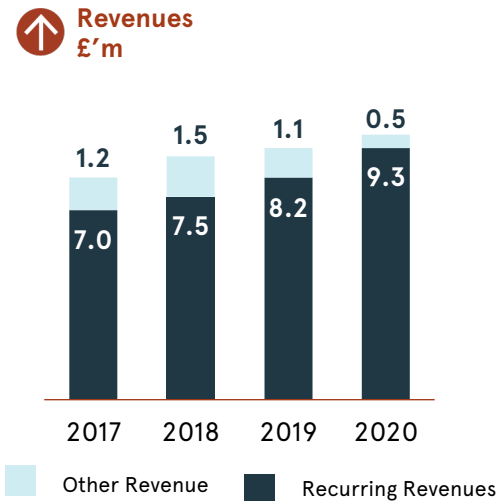
**Subscriptions for Order Workflow (~75% ARR FY20)**  
CRM, Product Search and Order processing efficiently manages the enquiry to invoice workflow. Fees are fixed at the beginning of each year based on prior year Gross Merchandise Value and paid monthly

**Marketing Fund (~25% ARR FY20)**  
As a consolidator of \$1bn of spend, quality, contracted suppliers support the Facilisgroup community. Fees are received half yearly and based upon Partner purchases value through Preferred Suppliers in the year

**Subscriptions for Online Stores (New in FY21)**  
A new service implementing in 2021 following a software assets acquisition, allowing for the easy development of microsites, pop up shops and complex inventoried stores for existing and potential Partners

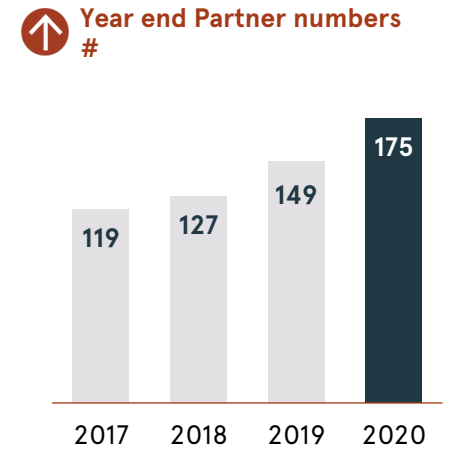
## Recurring Revenues

High visibility of recurring revenues with a growing customer base



### Commentary

- 13% increase in Annual Recurring Revenues
- Annual Recurring Revenues are 95% of FY20 Revenue



### Commentary

- Accelerated Partner growth to 26, implementing a record number of new Partners during COVID year
- Almost 100% retention in the year continues Facilisgroup's excellent track record

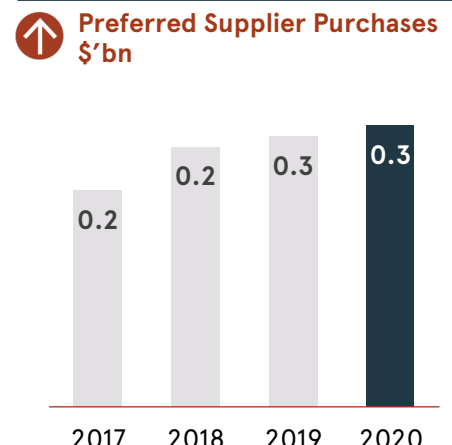
## Partner Activity

High quality partners under long-term relationships



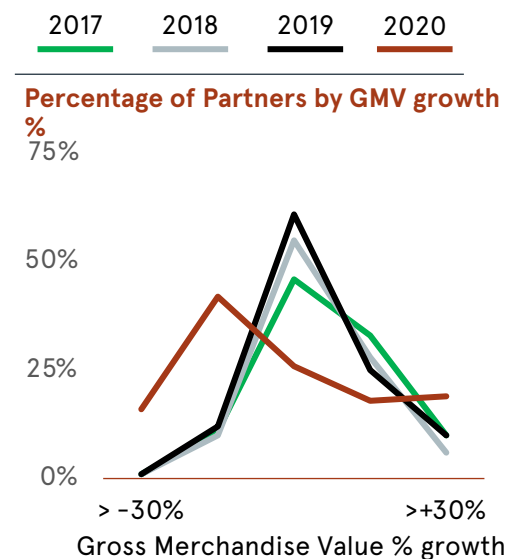
**Commentary**

- \$1bn GMV through Facilisgroup technology is a significant milestone for the business
- +25% growth in GMV against an estimated -20% estimated decline in industry sales



**Commentary**

- Spend with Preferred Suppliers flat by value as large, non-traditional PPE orders were placed in the year
- We expect a return towards 2019 percentage of orders through Preferred Suppliers in 2021



**Commentary**

- 2020 is the outlying performance due to COVID-19 affecting traditional industry sales and a number of Partners benefiting from large PPE orders
- Our expectation is for growth in 2021 against 2020

---

## Software assets acquisition Dec 2020

The acquisition will expand the services offered by Facilisgroup through its robust technology platform via a complete ecommerce solution, allowing for the easy development of online stores ranging from online pop-up shops through to complex inventoried online stores for its existing and potential Partners and customers



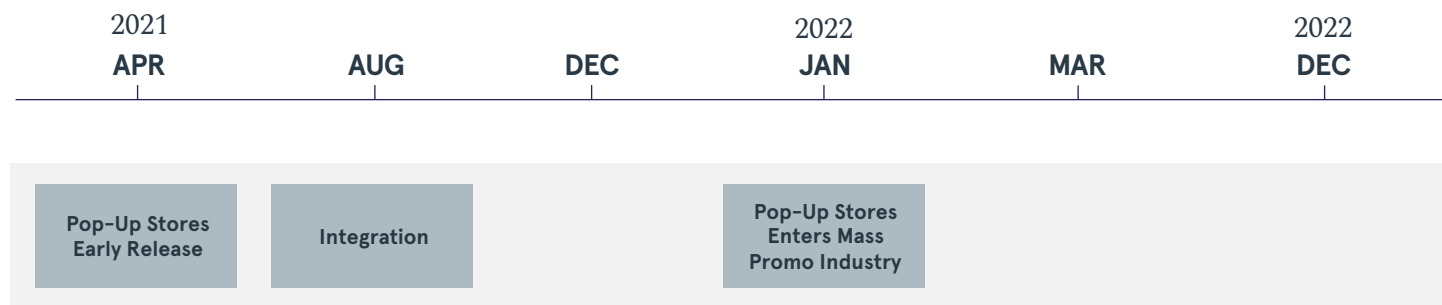


## Launching a new product, 2021

Initial release focuses on serving Facilisgroup Partners followed by an entry into the broader promotional products industry to capture share in a highly fragmented market. Integration across all Facilisgroup products will be a key differentiator

### Pop-Up Stores:

- Entry level Stores
- Set open and close dates
- Collective bulk purchase
- Efficient ordering process

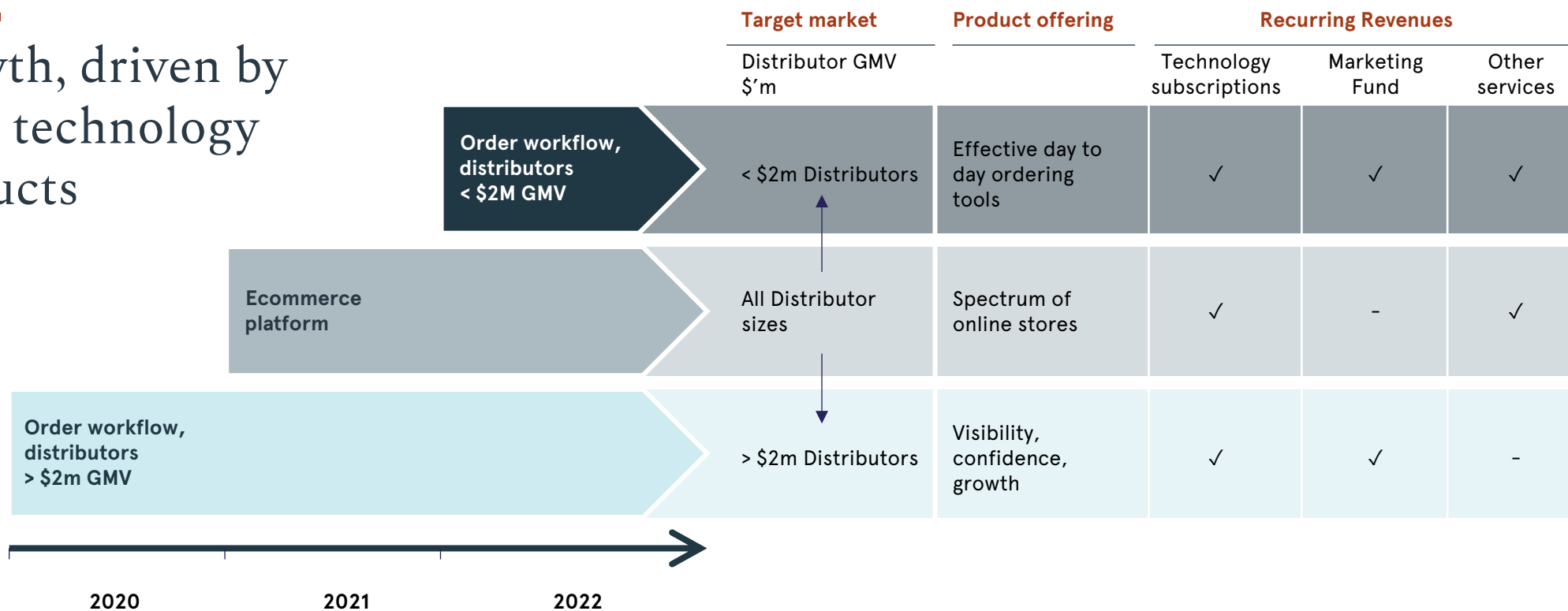


### Complex Stores:

- Custom ecommerce shopping experience
- In-stock decorated merchandise
- Inventory management and fulfilment
- No minimum order quantities

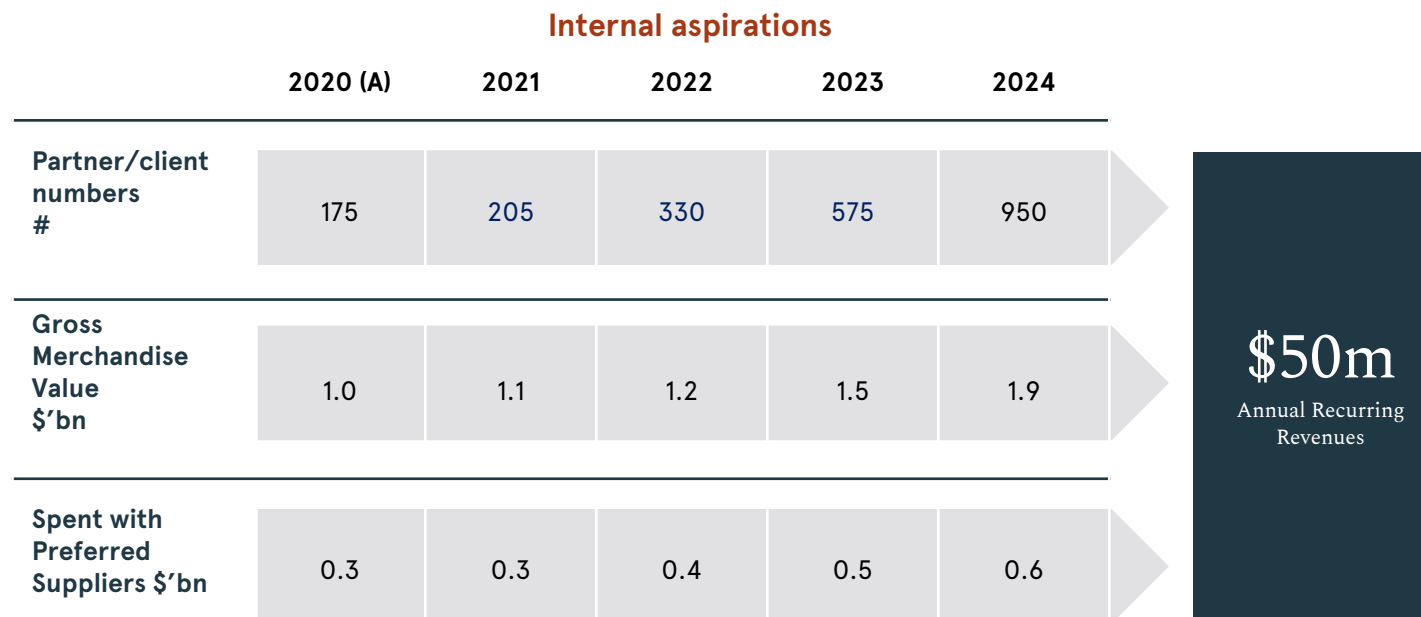


# Growth, driven by three technology products



## Milestones

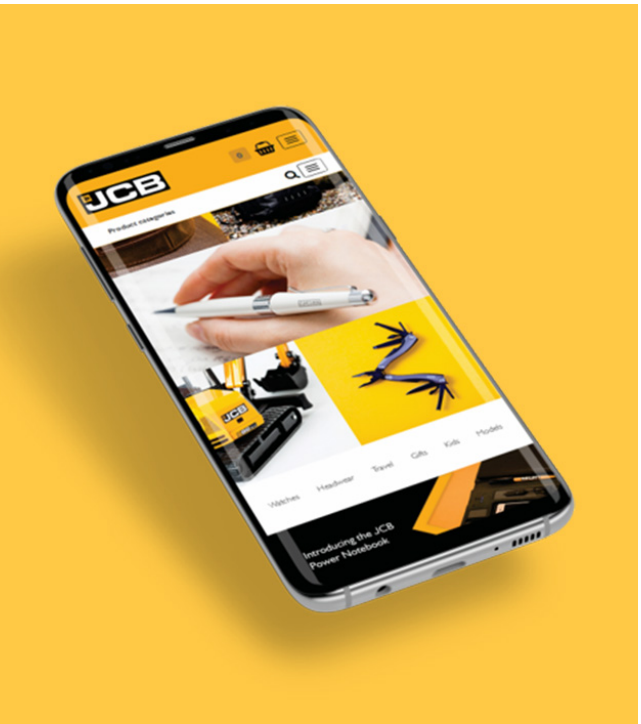
Our internal aspirations to \$50m Annual Recurring Revenues



# brand addition.



Brand Addition focuses upon providing promotional products and related services under contract to some of the world's most recognisable brands



**brand addition.**

## Our business model

Contracted, with global brands  
Win, Grow, Retain, Repeat

- **Global brands**  
Under contract, supporting brand excitement, values and integrity
- **Revenue model: Product + Margin**  
Invoice for products delivered via complex services
- **ESG**  
An increasing importance in sustainability, matching all aspects of the global brand values through the product and supply chain

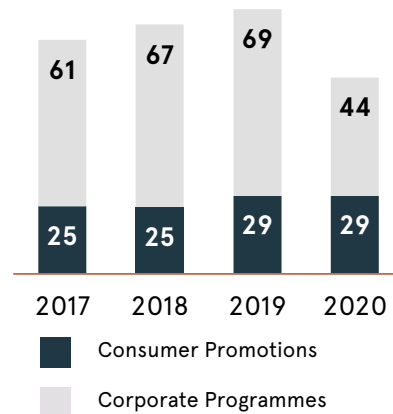


## Revenue Analysis

brand addition.

# Win, Grow, Retain, Repeat

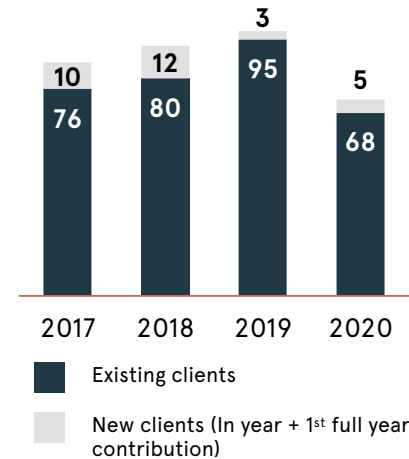
Revenue by service to clients  
£'m



### Commentary

- Consumer Promotions overall level with PY
- Corporate Programmes highly affected in Q2 and Q3, recovering in Q4

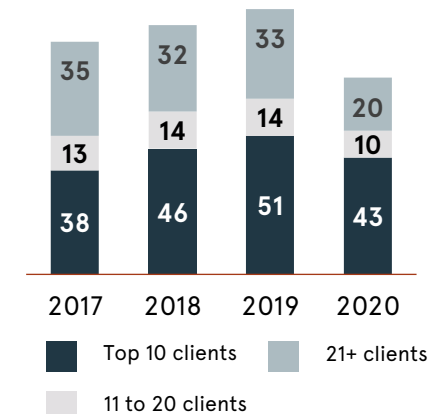
Revenue by existing and new  
£'m



### Commentary

- Consistent growth from new and existing clients pre COVID-19
- Two new business wins in 2020 are expected to be Top10 clients in 2021

Revenue by client concentration  
£'m



### Commentary

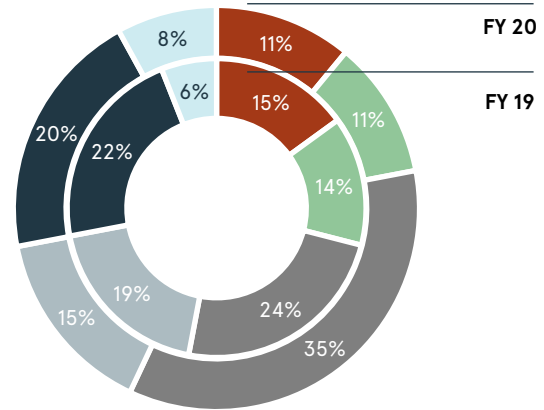
- Focus on global contracts has grown the percentage contribution from Top 20 clients
- All Top 20 clients retained in the year

## Revenue Diversity

Strong sectors,  
across multiple  
geographies

brand addition.

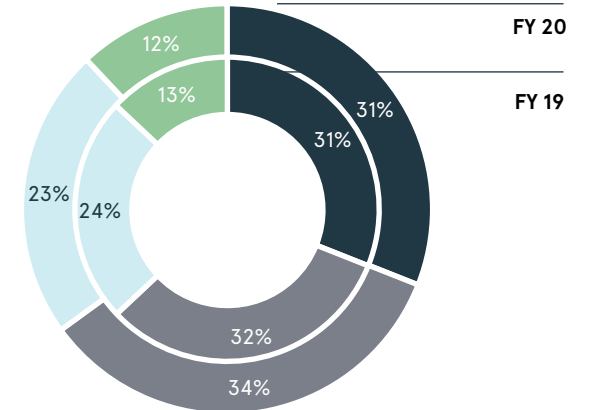
Revenue by client sector  
%



**Commentary**

- Growth in the Health & Beauty sector reflects the success of our Consumer promotions division
- Top 20 clients all retained, and in sectors expected to return strongly in 2021

Revenue by destination  
%



**Commentary**

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

brand addition.

## ‘Return towards 2019 revenue levels in 2021’

### 1. Consumer Promotions

- Robust performance in 2020 vs 2019
- Excellent momentum into 2021

### 2. Corporate Programmes

#### - like for like

- 100% retention of major clients from 2019 into 2021
- Global brands in strong sectors

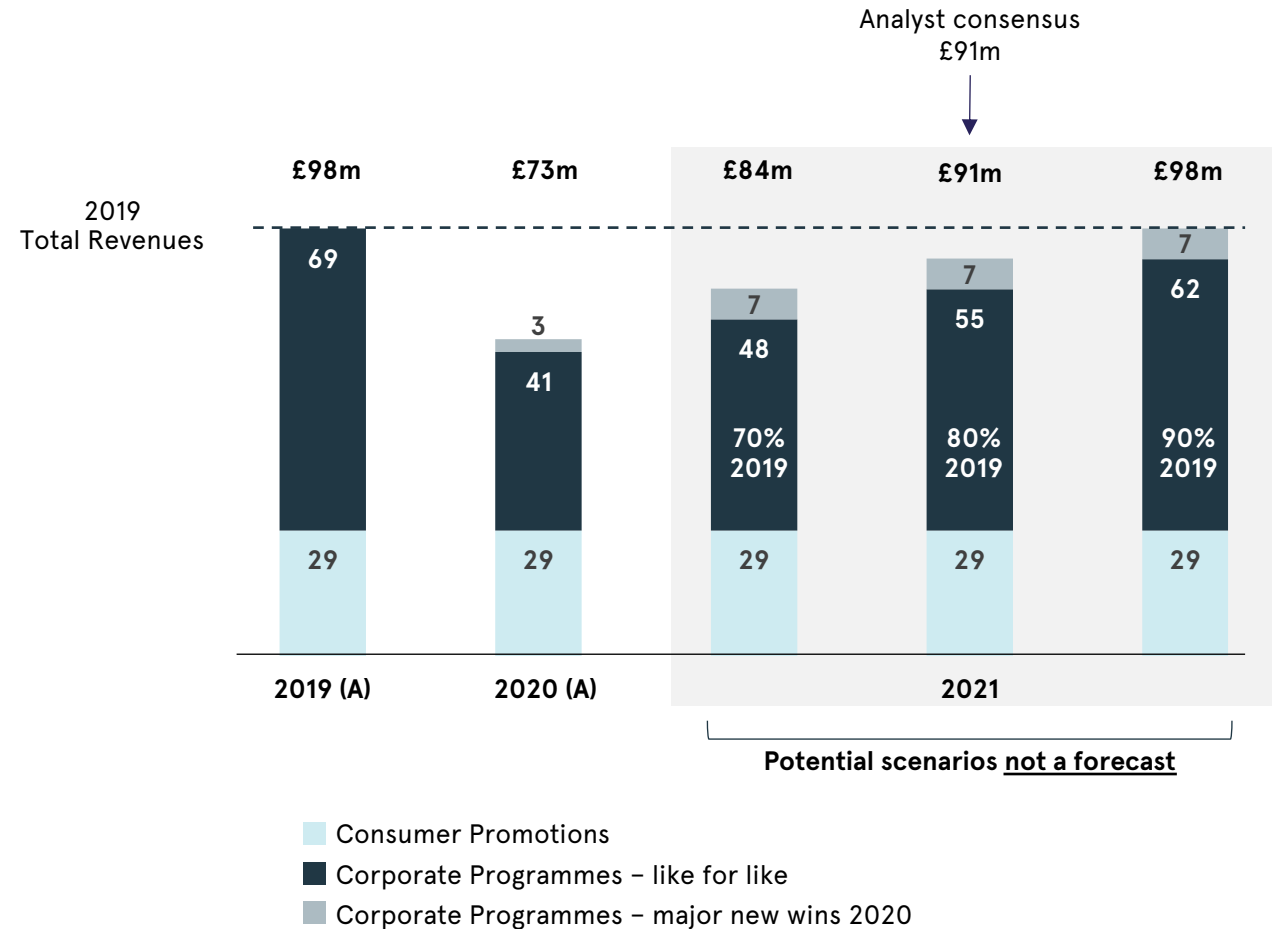
### 3. Corporate Programmes

#### - major new wins in 2020

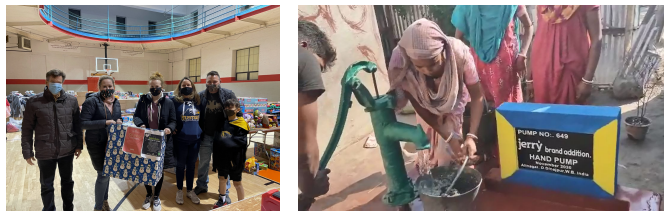
- Two major new clients implemented and contributing in 2020
- Positive start and full year contribution in 2021

### 4. 2021 update

Total orders invoiced or received for 2021 at 19 March 2021 were £41.6m (2020: £31.5m and 2019: £31.4m)







## Investments into ESG

- **New appointments**
  - Group General Counsel and Company Secretary
  - Senior ESG Officer
  - Sustainability Manager, Brand Addition
- **Approach set out in our Report and Accounts**
- **Stand-alone ESG Report in H2 2021**
- **Chairman and CEO leadership**

## Cornerstones of our ESG

- **Impact of our business on our environment and our communities**
- **Diversity, equity and inclusion**
- **Board independence, ethics and leadership**
- **Risk management processes**

## Group Outlook

- The new financial year has started well with a good performance in the first quarter across all areas of the business
- The team and Board are confident in the long-term prospects for our market and the strategies that we are implementing to increase our position within it

### Facilisgroup

We have had a positive start to 2021

Our ecommerce platform based on the acquired software assets is developing to plan. In April 2021, we are launching our first ecommerce stores solution. Positive reaction from Partners with 41 pursuing access for the initial launch

Current trading;

- On 19 March 2021, total Partners were 180 (31 December 2020: 175) with a further 5 contracted and awaiting implementation
- Q1 21 performance to date is firmly in line with management expectations

### Brand Addition

Strong order intake from our Consumer Promotions division

The recovery of our Corporate Programmes division is benefiting from a full year impact of our 2020 new client wins and we expect current plans for the lifting of lockdown restrictions to aid the recovery

Current trading;

- On 19 March 2021 total Brand Addition orders invoiced or received for 2021 were £41.6m (2020: £31.5m, 2019 £31.4m)

Currently, we are aiming for a return towards 2019 revenue levels in 2021

23 March 2021

# Full Year Results 2020

## Financial Guidance

Building brands  
Growing relationships  
Strengthening businesses

## Financial Guidance

### ▪ CAPITAL EXPENDITURE: (excluding amounts capitalised under IFRS 16)

	Actual	Actual	Est
£m	2019	2020	2021
Tangible	0.6	0.8	0.8
Intangible	1.5	6.2	5.1

### ▪ DEPRECIATION AND AMORTISATION:

	Actual	Actual	Est
£m	2019	2020	2021
Depreciation	1.2	1.5	2.1
Amortisation*	1.5	2.0	3.3

\* Includes acquired intangibles 2019: £0.5m, 2020: £0.5m 2021: £0.9m

### ▪ TAXATION:

2021 guidance rate, 25%

### ▪ DIVIDENDS:

The Group remains committed to the dividend policy stated at IPO and will review dividend payments in respect of 2021

### ▪ CURRENCY RATES:

	Actual	Actual	YTD
£:US\$	2019	2020	2021
Income Statement (average rate)	1.28	1.28	1.38
Balance Sheet (year end rate)	1.32	1.36	N/A

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

	Actual	Actual	YTD
£:€	2019	2020	2021
Income Statement (average rate)	1.14	1.13	1.13
Balance Sheet (year end rate)	1.18	1.11	N/A

There is a translational affect on our € denominated revenues at Brand Addition UK, being 40% of revenues in 2020

### ▪ SHARE BASED PAYMENTS CHARGE:

#### LTIP 2020

2020 charge, £14,000

2021 charge, £450,000