



**HY 22**

# The Pebble Group

**Half Year Results 2022**

6 September 2022



**Claire Thomson**  
CFO



**Chris Lee**  
CEO

The Pebble Group

Circa

**\$50**bn

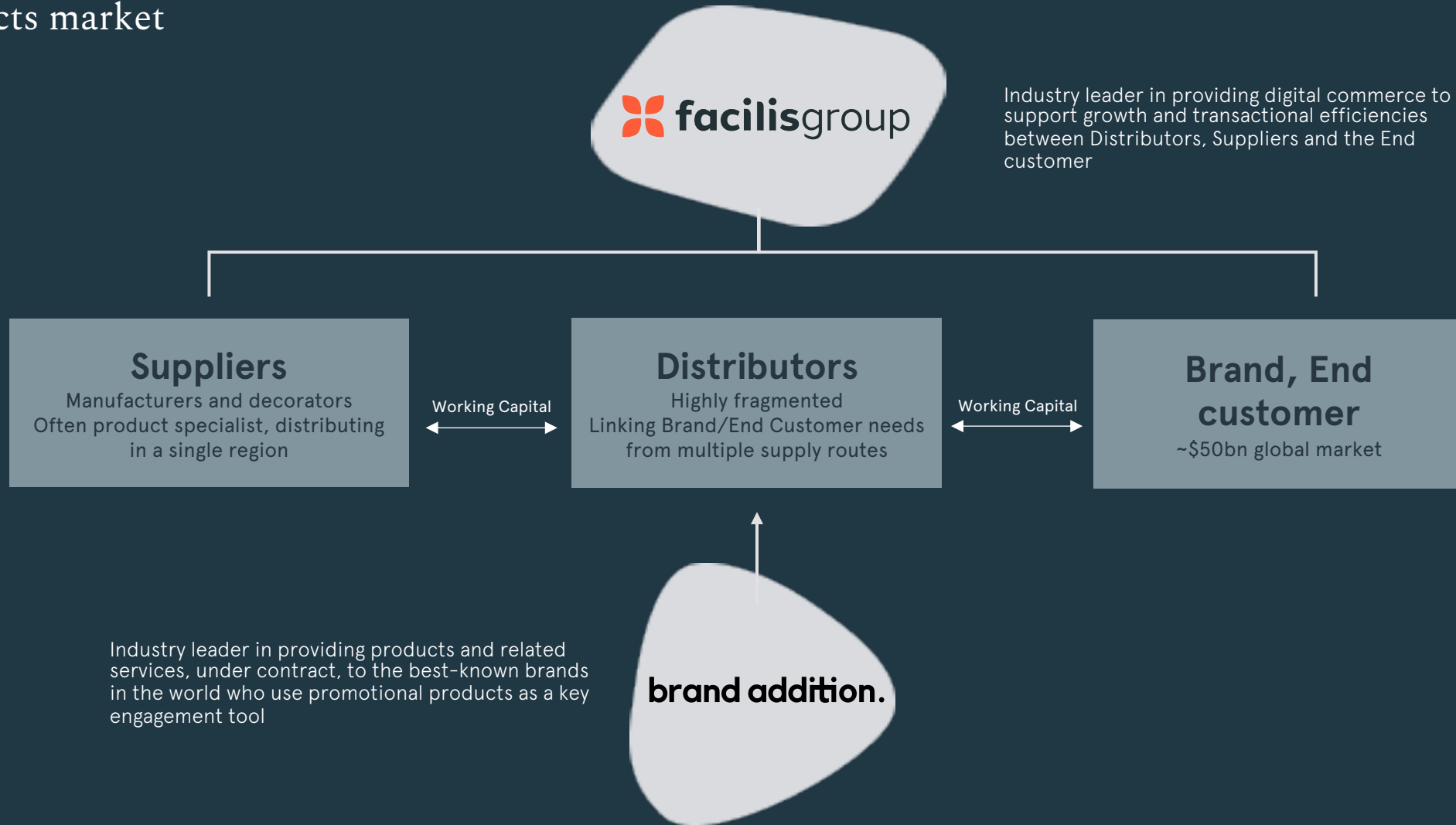
promotional products market

Creativity,  
Sustainability,  
Technology.



The industry

c.\$50bn promotional products market



The industry

c.\$50bn promotional products market

## The Pebble Group

creativity, sustainability, technology

 **facilisgroup**

**brand addition.**

## Highlights HY 22

The Pebble Group

Growth HY 22 v HY 21

+29% Revenue

+52% Adjusted EBITDA

Facilisgroup

Uninterrupted growth

Strategy to scale revenue continues

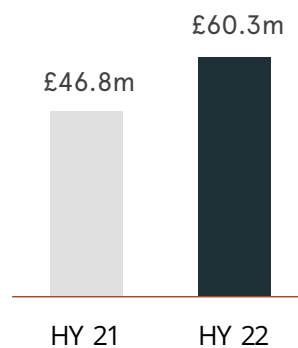
Brand Addition

New client wins from 2020 and 2021 supporting growth  
Supply chain management leads to improved margins

## Highlights HY 22, KPIs

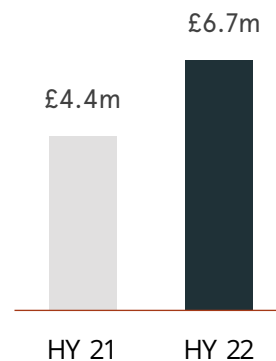
### Revenue

+28.8%



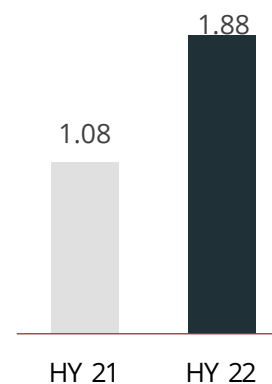
### Adjusted EBITDA<sup>1</sup>

+52.3%



### Basic adjusted EPS<sup>2</sup>

+74.1%



### Net cash<sup>3</sup>

+£4.1m



<sup>1</sup> 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

<sup>2</sup> 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

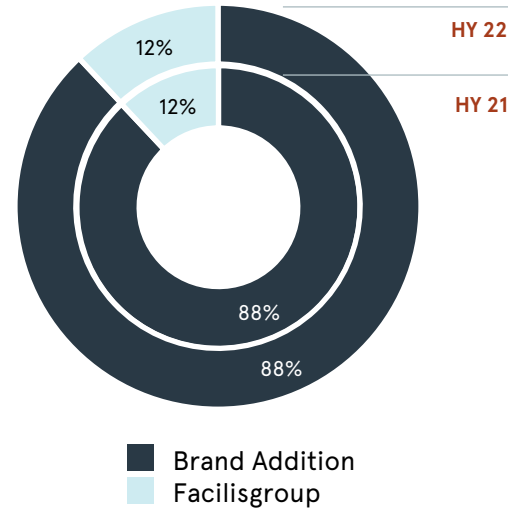
<sup>3</sup> Net cash is defined as cash and cash equivalents less borrowings (excluding lease liabilities)

## Key financial dynamics

Continued revenue growth in both businesses

High EBITDA margins in Facilisgroup

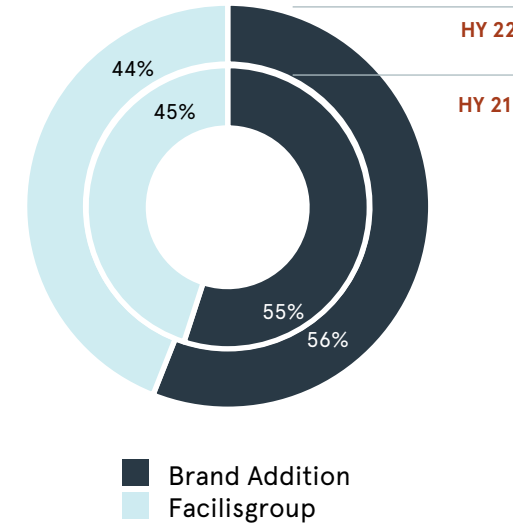
Revenue by business %



**Commentary**

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

EBITDA by business %



**Commentary**

- 47% EBITDA margins of Facilisgroup (HY 21: 54%)
- 8% EBITDA margins of Brand Addition (HY 21: 6%)

## Income statement HY 22

Revenue growth

+29%

EBITDA growth

+52%

£'m	HY 22	HY 21	FY 21
<b>Revenue</b>	<b>60.3</b>	<b>46.8</b>	<b>115.1</b>
Gross profit	23.2	17.2	42.0
People & overhead	(15.3)	(11.6)	(24.5)
Adjusted EBITDA pre-Head Office	7.9	5.6	17.5
Head office costs	(1.2)	(1.2)	(2.1)
<b>Adjusted EBITDA</b>	<b>6.7</b>	<b>4.4</b>	<b>15.4</b>
Depreciation and amortisation	(3.0)	(2.0)	(4.8)
Share-based payments charge	(0.6)	(0.2)	(0.7)
<b>Operating profit</b>	<b>3.1</b>	<b>2.2</b>	<b>9.9</b>

Detail in segmental analysis

- 3 years amortisation period for internally capitalised costs supporting Facilisgroup scale aspirational
- Charge for LTIP and SAYE

Gross profit %	38.5%	36.8%	36.5%
<b>Adjusted EBITDA %</b>	<b>11.1%</b>	<b>9.5%</b>	<b>13.4%</b>
<b>Operating profit %</b>	<b>5.1%</b>	<b>4.6%</b>	<b>8.6%</b>



## Cash flow HY 22

£'m	HY 22	HY 21	FY 21	
<b>Adjusted EBITDA</b>	<b>6.7</b>	<b>4.4</b>	<b>15.4</b>	
Movement in working capital	(14.8)	(12.7)	(2.8)	➔ Increased trading in Brand Addition driving growth in trade receivables
Capital expenditure	(3.6)	(2.2)	(5.3)	➔ Continued investment into technology products. Facilisgroup, £2.6m, including £0.1m deferred consideration on software acquisition, Brand Addition, £1.0m
Leases	(0.9)	(0.6)	(1.4)	
<b>Adjusted operating cash flow</b>	<b>(12.6)</b>	<b>(11.1)</b>	<b>5.9</b>	
Taxes paid	(0.3)	(0.1)	(0.5)	
Net finance costs	5.2	7.5	(0.6)	
Exchange gain	1.0	0.2	0.2	➔ FX gain on translation of overseas assets and liabilities
<b>Net cash flow</b>	<b>(6.7)</b>	<b>(3.5)</b>	<b>5.0</b>	

## Balance Sheet HY 22

£'m	HY 22	HY 21	FY 21
<b>Non-current assets</b>	<b>69.4</b>	<b>63.2</b>	<b>63.9</b>
Inventories	16.0	15.6	10.1
Trade & other receivables	38.6	30.1	29.4
Cash & cash equivalents	5.4	3.6	12.1
Current tax asset	-	0.5	-
<b>Current assets</b>	<b>60.0</b>	<b>49.8</b>	<b>51.6</b>
<b>Total assets</b>	<b>129.4</b>	<b>113.0</b>	<b>115.5</b>
Lease liability	8.2	7.1	6.4
Deferred tax liability	3.7	2.6	3.0
<b>Non-current liabilities</b>	<b>11.9</b>	<b>9.7</b>	<b>9.4</b>
Borrowings	5.5	7.8	-
Lease liability	1.6	1.4	1.4
Trade and other payables	30.5	26.4	30.1
Current tax liability	0.2	-	-
<b>Current liabilities</b>	<b>37.8</b>	<b>35.6</b>	<b>31.5</b>
<b>Total liabilities</b>	<b>49.7</b>	<b>45.3</b>	<b>40.9</b>
<b>Net assets</b>	<b>79.7</b>	<b>67.7</b>	<b>74.6</b>

➔ Goodwill and intangibles: £45.3m, Software: £13.5m, \*PPE: £10.2m, \*DT asset £0.4m

➔ **Brand Addition:** Blue-chip backed inventories and receivables proportional to revenue

➔ **Brand Addition:** Product purchases, proportional to revenue



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

- HY 22 Results
- Business model
- Comercio overview
- Progress towards scale

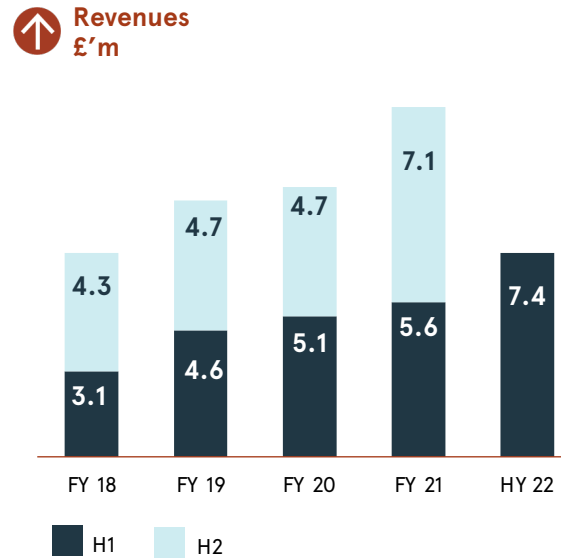


## Segmental Analysis HY 22

£'m	HY 22	HY 21	FY 21	Commentary
Recurring Revenue	7.0	5.4	12.2	➔ +30% ARR in GBP, +21% in USD home currency
Other Revenue	0.4	0.2	0.5	
<b>Total Revenue</b>	<b>7.4</b>	<b>5.6</b>	<b>12.7</b>	
People & overhead	(3.9)	(2.6)	(5.1)	➔ Growth supports revenue aspirations and return to community events
<b>Adjusted EBITDA</b>	<b>3.5</b>	<b>3.0</b>	<b>7.6</b>	
Depreciation and amortisation	(1.6)	(0.8)	(2.2)	➔ Continued investment in Facilisgroup product development, capitalised in line with IAS 38
Share-based payments charge	(0.2)	(0.1)	(0.3)	
<b>Operating profit</b>	<b>1.7</b>	<b>2.1</b>	<b>5.1</b>	
<b>£:US\$ average rate</b>	<b>1.30</b>	<b>1.39</b>	<b>1.38</b>	
Recurring revenue \$m	9.1	7.5	16.7	➔ ARR c.94% of total revenue
Recurring revenue \$m growth %	21.3%	27.0%	40.3%	
Adjusted EBITDA %	47.3%	53.6%	59.6%	
Operating profit %	23.0%	39.2%	40.7%	

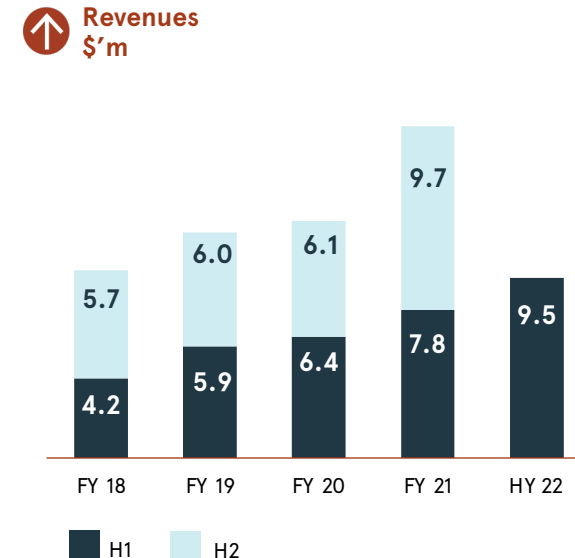
## Recurring Revenues

High visibility of recurring revenues with a loyal and growing Partner (customer) base



**Commentary**

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

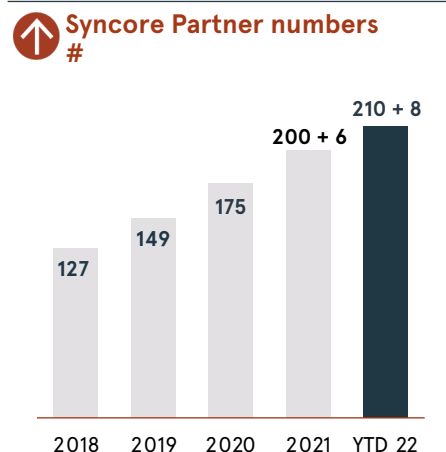


**Commentary**

- US\$ revenue chart demonstrates consistent revenue growth
- Expect trend of H2 > H1 Revenues

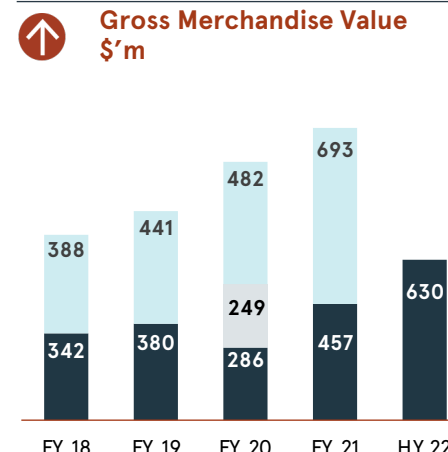
## Partner Activity

Key indicators all supporting Revenue growth



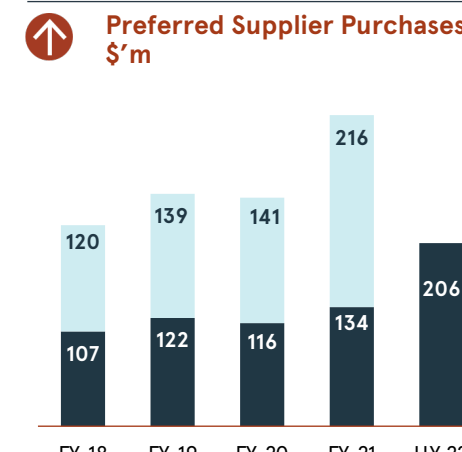
**Commentary**

- Partner growth continues with 210 Partners implemented and a further 8 contracted and awaiting implementation
- Number growth, with excellent retention, has an ongoing impact to revenue



**Commentary**

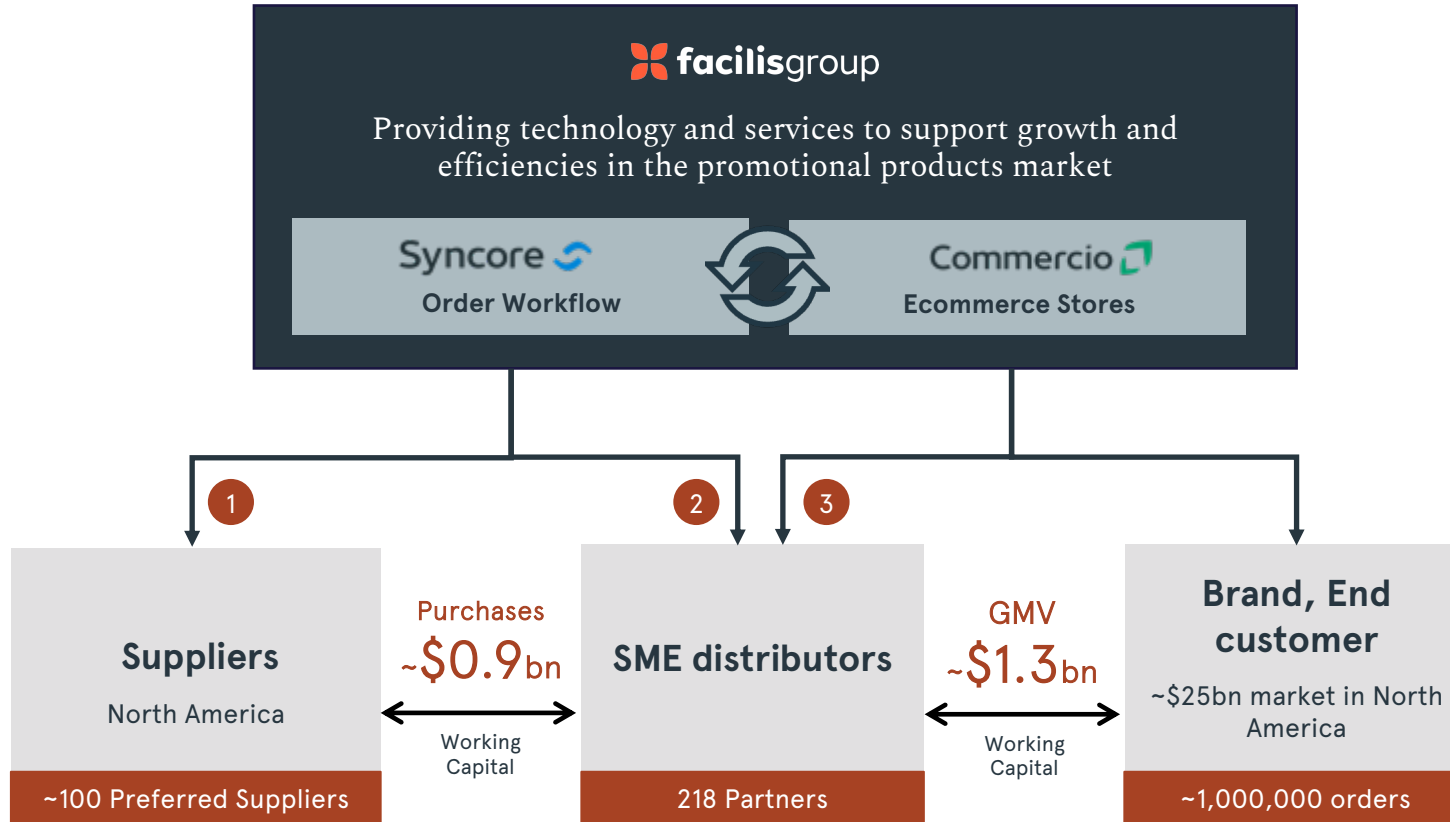
- GMV increase reflecting the growth in Partner numbers
- USD growth impacts revenues in the following year



**Commentary**

- Spend increasing through Partner numbers and a higher proportion of Preferred Supplier purchases
- USD growth impacts revenues in the current year

## Our business model, Facilisgroup



## Recurring revenues

### SYNCORE

**1 Marketing Fund (~35% ARR FY 21)**  
As a consolidator of +\$1bn of spend, quality, contracted suppliers support the Facilisgroup community. Fees are received half yearly and based upon the value of Partner purchases through Preferred Suppliers in the year

**2 Subscriptions for Order Workflow (~65% ARR FY 21)**  
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

**3 COMMERCIO Ecommerce Stores (New in FY 22)**  
A new service launched in June 2022 being an all-in-one ecommerce offering that enables promotional product distributors to build and operate ecommerce stores. Our initial pricing strategy is based upon on a monthly fee plus a fee per store which, as Comercio grows, will in effect increase our percentage fee per USD of GMV

## Ecommerce stores



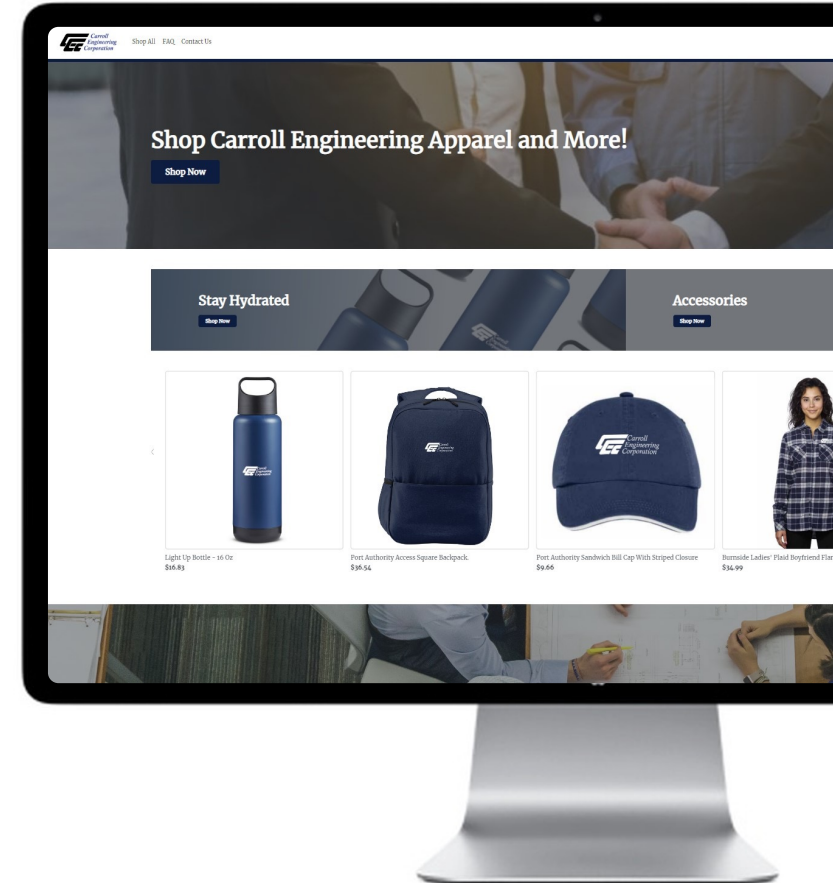
# Bringing industry focused ecommerce to our Partners and beyond

### Benefits for the Distributor

- Technology to efficiently build and operate ecommerce stores, increasing distributor sales
- Integration with Syncore will offer Partners a seamless process managing orders, accounting and reporting
- Turnkey solutions and education for complex ecommerce offering
- Transparent and concise pricing model

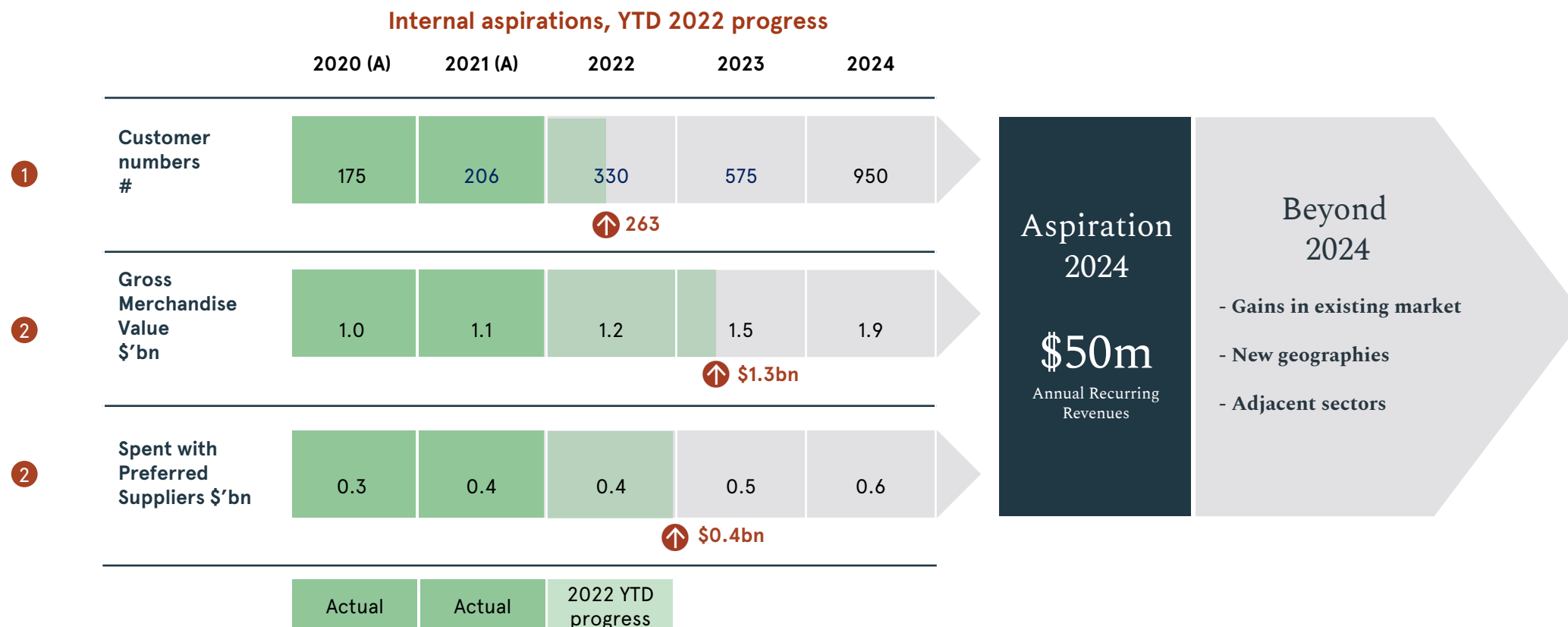
### Opportunity

- ~25% of industry sales (and rising) are transacted through ecommerce
- 80% of our Partners are operating multiple stores
- Addressable Market in North America, outside our Partner group, is +22,000





## Milestones – our internal aspirations to 2024 and beyond



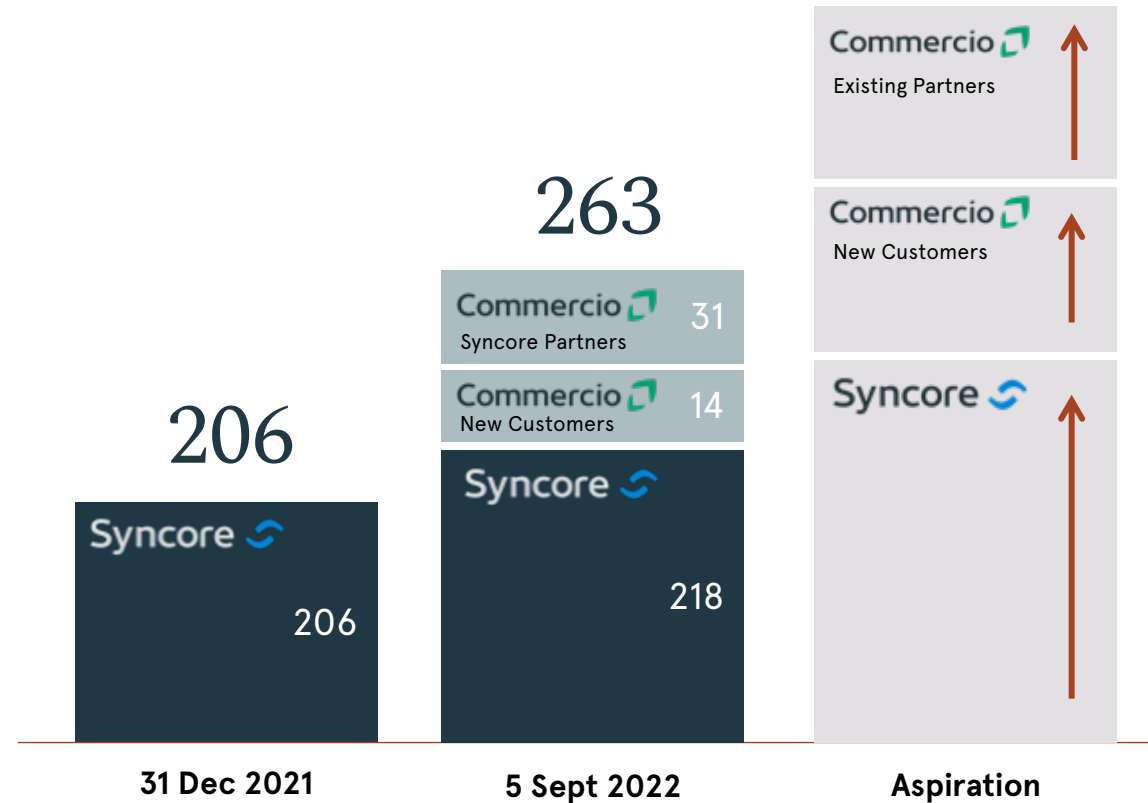
**1** At 5 September 2022, breakdown on Page 18

**2** Rolling 12 months at 5 September 2022

## Growing our addressable market and income streams

Income streams  
#

Commercio increases our income streams and grows through both existing Syncore Partners and new customers



# 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

- HY 22 Results
- Progress for FY 22



## Segmental Analysis HY 22

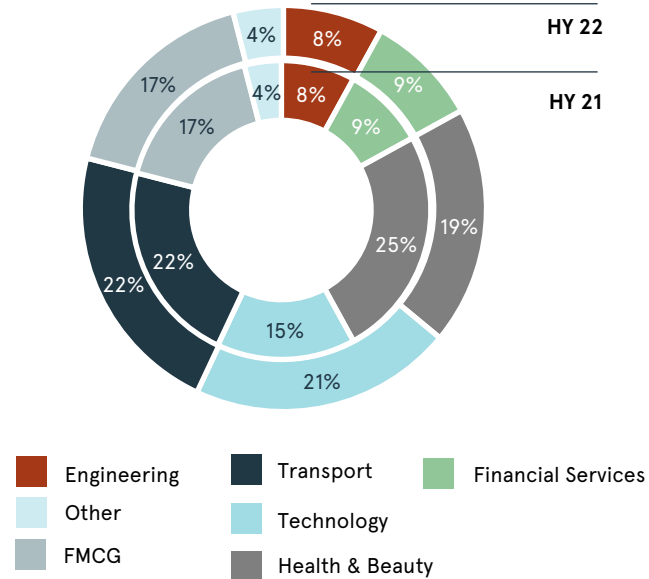
£'m	HY 22	HY 21	FY 21	Commentary
<b>Revenue</b>	<b>52.9</b>	<b>41.1</b>	<b>102.4</b>	→ Excellent growth from maturing new contract wins and increase in demand as working patterns stabilise
Gross profit	15.8	11.6	29.3	
People & overhead	(11.4)	(9.1)	(19.4)	→ Supporting revenue growth
<b>Adjusted EBITDA</b>	<b>4.4</b>	<b>2.5</b>	<b>9.9</b>	
Depreciation and amortisation	(1.3)	(1.2)	(2.5)	
Share-based payments charge	(0.3)	(0.1)	(0.3)	
<b>Operating profit</b>	<b>2.8</b>	<b>1.2</b>	<b>7.1</b>	
Revenue growth %	28.7%	44.2%	41.0%	
Gross profit %	29.9%	28.2%	28.6%	→ Successfully navigated supply chain challenges
Adjusted EBITDA %	8.3%	6.1%	9.7%	→ Increased revenue and improving margins translate to EBITDA %
Operating profit %	5.3%	2.9%	6.9%	

## Revenue Diversity

Strong sectors,  
across multiple  
geographies

brand addition.

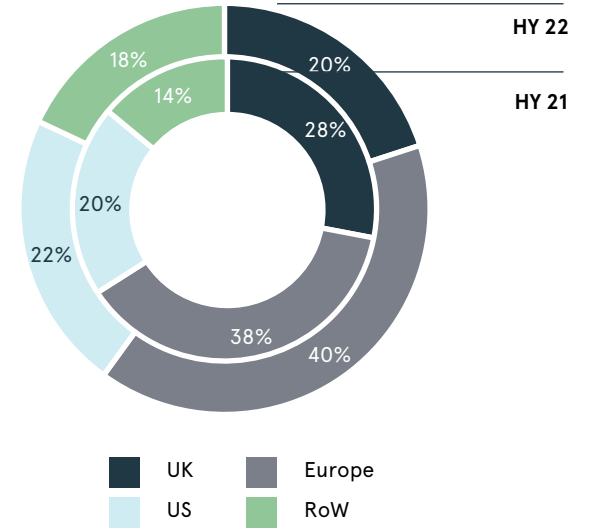
Revenue by client sector  
%



**Commentary**

- Year on year changes reflect the impact of new business wins

Revenue by destination  
%



**Commentary**

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

# Continued growth expected in FY 22

## 1. Consumer promotions

- high growth from FY 21 is targeted to be maintained

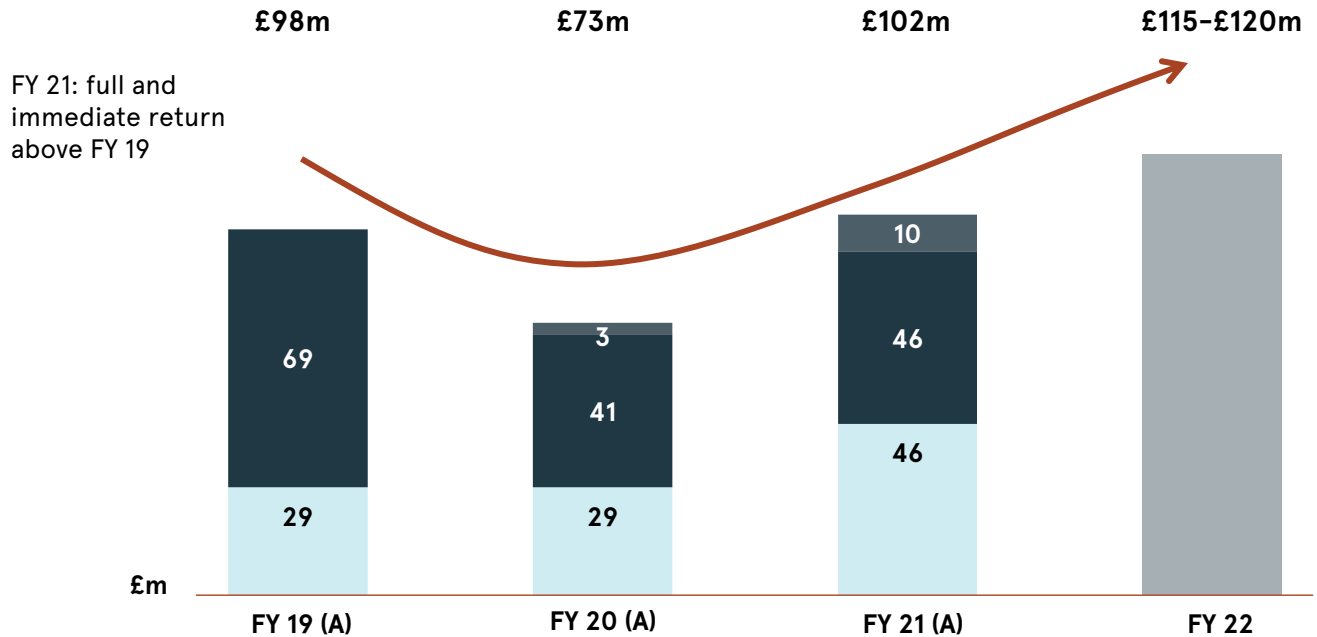
## 2. Corporate Programmes – like for like

- high retention levels, more clients returning to FY 19 levels

## 3. Corporate Programmes – new wins

- positively developing contribution of new contracts won in 2020 and a full year impact of contracts won in 2021

brand addition.



Consumer Promotions

Corporate Programmes – like for like from 2019

Corporate Programmes – major new wins 2020 and 2021

Brand Addition total: Potential scenarios, not a forecast

## Environmental, Social and Governance (ESG)



### Our four cornerstones:

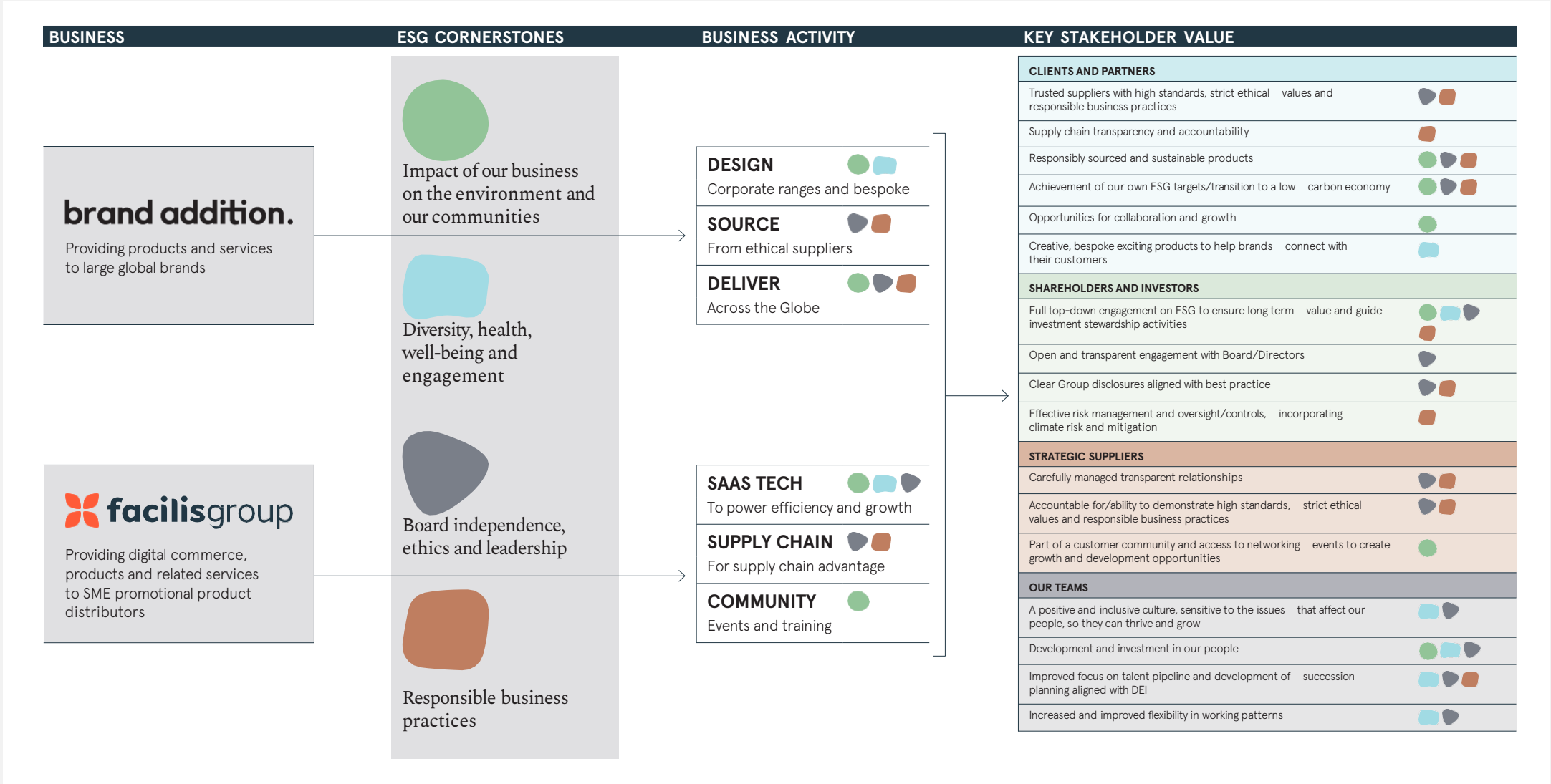
**ENVIRONMENTAL** SOCIAL GOVERNANCE  
Impact of our business on the environment and our communities

ENVIRONMENTAL **SOCIAL** GOVERNANCE  
Diversity, health, well-being and engagement

ENVIRONMENTAL SOCIAL **GOVERNANCE**  
Board independence, ethics and leadership

**ENVIRONMENTAL** SOCIAL GOVERNANCE  
Responsible business practices

# How ESG integrates into our business





## Group Outlook

### The Pebble Group

We are continuing to deliver on our stated strategies

Our businesses are performing well and we look forward to FY 22 and beyond with confidence

### Facilisgroup

Our ambition is to enter 2023 with an increasing customer base for Commercio

We expect Facilisgroup's revenue in FY 22 to be in line with market expectations

### Brand Addition

Through our order visibility and current activities, we expect Brand Addition revenues in FY 22 to be at least in line with market expectations

# Appendix

- Financial Guidance
- Brand Addition typical working capital cycle

## 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	6.9

### ▪ 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 FY

### ▪ CURRENCY RATES:

	Actual	Actual	Est
£:US\$	2020	2021	2022
Income Statement (average rate)	1.28	1.38	1.30
Balance Sheet (year end rate)	1.36	1.35	1.22

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

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

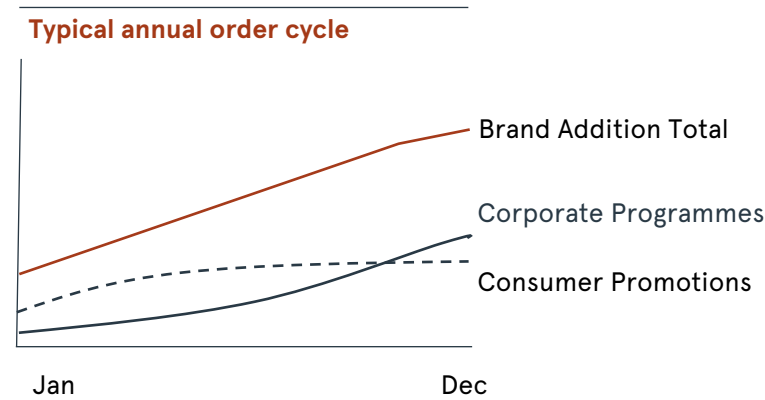
FY 21 charge, £715,000. FY 22 estimate, £1,400,000.

### ▪ CENTRAL COSTS:

FY 21 charge, £2,100,000. FY 22 estimate, £2,400,000.

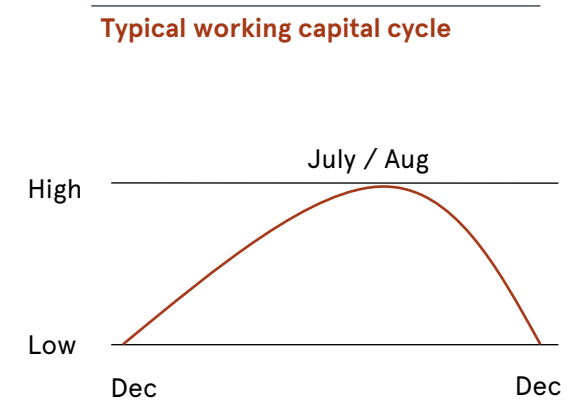
Order receipt and working capital dynamics

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



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)

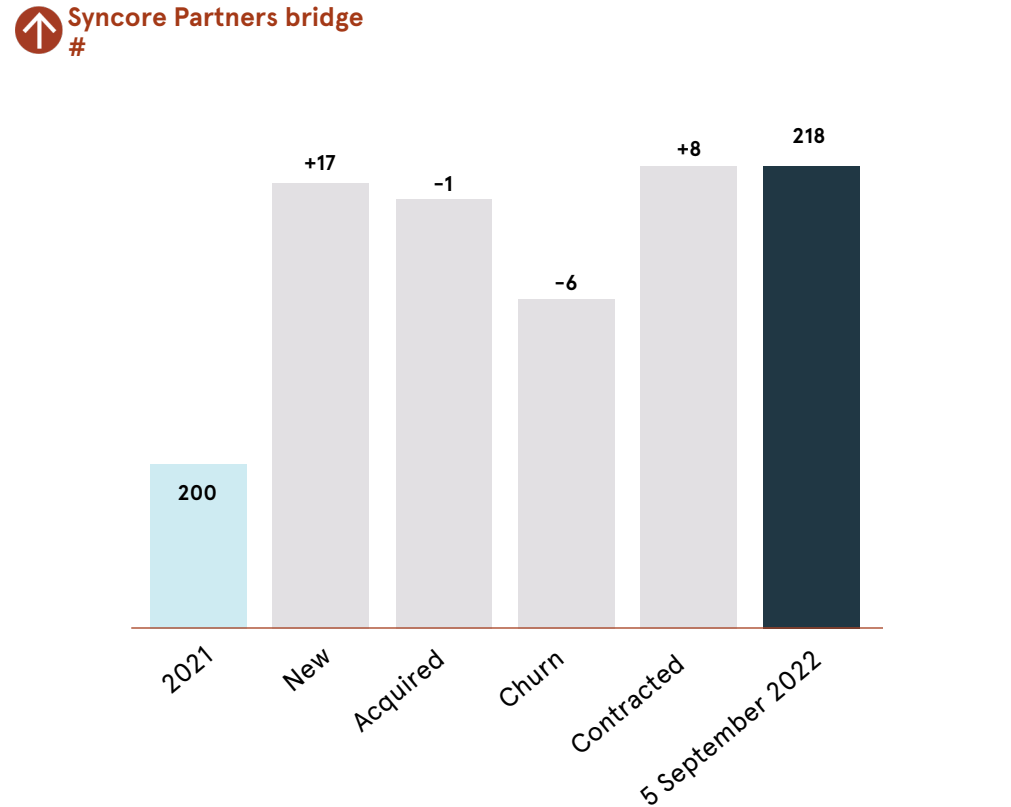
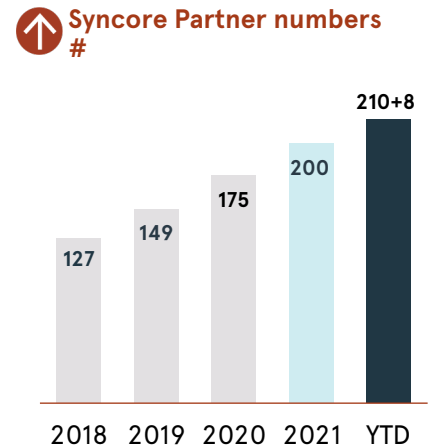


Commentary

- 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

## Partner Activity, bridge of Partner growth in 2022

High retention rates, supporting growth



- **New:** Additional Partners implemented
- **Acquired:** Partners businesses that have been acquired by non-Partners
- **Churn:** Partners leaving for other reasons
- **Contracted:** Contracts signed, awaiting implementation



Building brands.  
Growing relationships.  
Strengthening businesses.

**The Pebble Group**