

Full Year Results 2022

# The Pebble Group

21 March 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.

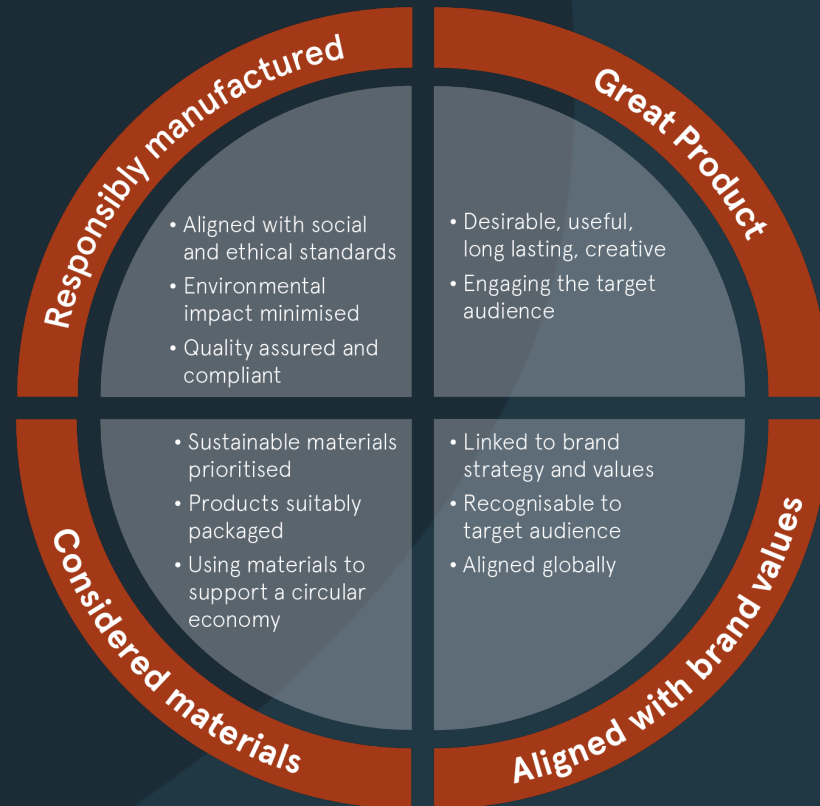
The right strategy can help businesses make a long lasting positive emotional connection with the recipient, reminding them of an interaction with a brand each time they use or wear a product.



# How to use them effectively

## Developing an effective strategy

## Benefits



-  **Brand loyalty**
-  **Stakeholder engagement**
-  **Driving brand sales**
-  **Creating memorable brand connections**

# 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**

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 promotional product distributors to professionalise and grow

## brand addition.

SALES OF PROMOTIONAL PRODUCTS

**\$0.1bn**

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

# Highlights

FY 22 Results



The Pebble Group  
16% growth in Group  
Revenue

Cash ahead of  
expectation at 31 Dec  
2022, being £15.1m

Proposed maiden final  
dividend of 0.6p per  
share



Facilisgroup  
31% Revenue growth

GMV transacted through  
our technology of  
USD1.4bn  
(FY 21: USD1.2bn)



Brand Addition  
15% Revenue growth

Gross profit margin at 30.7%  
(FY 21: 28.6%)

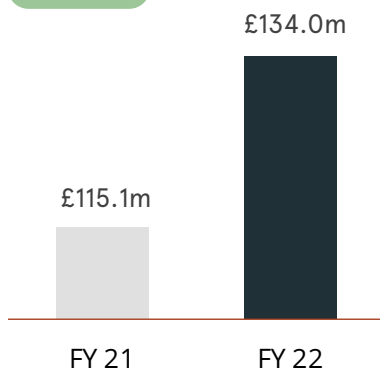
# Highlights

FY 22, KPIs

## Revenue

£134.0m

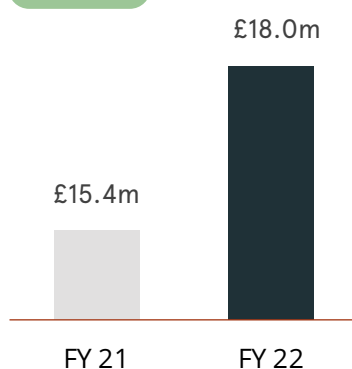
+16.4%



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

£18.0m

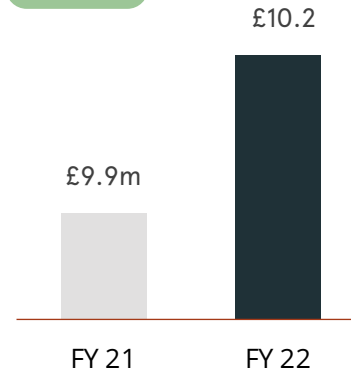
+16.9%



## Operating profit

£10.2m

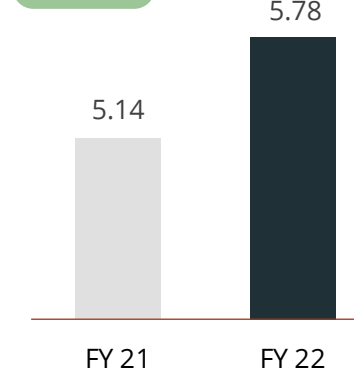
+3.0%



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

5.78p

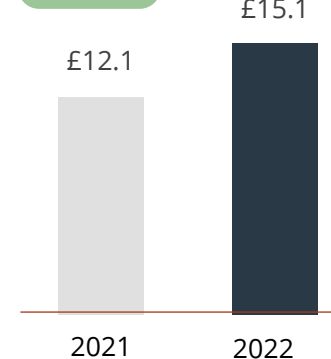
+12.5%



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

£15.1m

+24.8%



<sup>1</sup> Adjusted EBITDA is defined as operating profit before depreciation, amortisation, share based payments charge and exceptional items

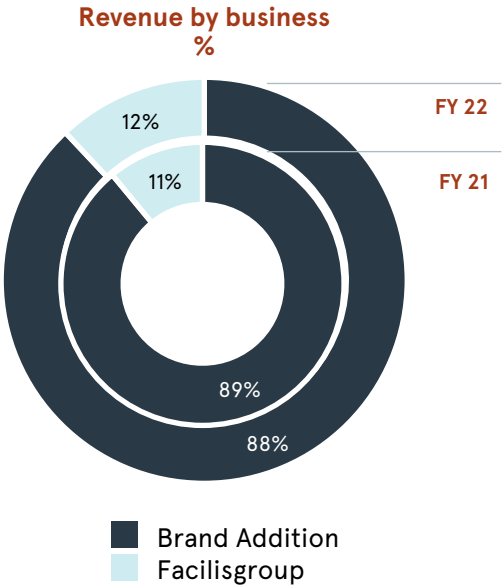
<sup>2</sup> Basic adjusted EPS is calculated as profit after tax before amortisation of acquired intangibles, share-based payments charge, and exceptional items divided by the weighted average number of shares in issue

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

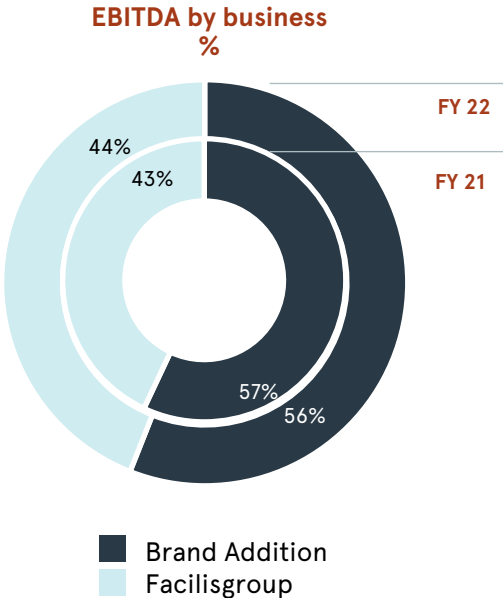
# Key Financial Dynamics

Continued revenue growth in both businesses

High EBITDA margins in Facilisgroup



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



- Commentary**
- 54% EBITDA margins of Facilisgroup (FY 21: 60%)
  - 10% EBITDA margins of Brand Addition (FY 21: 10%)



# Income Statement

FY 22

Revenue growth

## +16%

EBITDA growth

## +17%

£'m	FY 22	FY 21	Commentary
<b>Revenue</b>	<b>134.0</b>	<b>115.1</b>	
Gross profit	52.7	42.0	
People & overhead	(32.3)	(24.5)	Supporting growth and delivery medium term aspirations
Adjusted EBITDA pre-Head Office	20.4	17.5	
Head office costs	(2.4)	(2.1)	Combination of sales growth and impact of margin improvement at Brand Addition.
<b>Adjusted EBITDA</b>	<b>18.0</b>	<b>15.4</b>	
Depreciation and amortisation	(6.5)	(4.8)	
Share-based payments charge	(1.3)	(0.7)	Investment into new product development at Facilisgroup
<b>Operating profit</b>	<b>10.2</b>	<b>9.9</b>	

Gross profit %	39.3%	36.5%
<b>Adjusted EBITDA %</b>	<b>13.4%</b>	<b>13.4%</b>
<b>Operating profit %</b>	<b>7.6%</b>	<b>8.6%</b>

# Cash Flow

FY 22

£'m	FY 22	FY 21	Commentary
<b>Adjusted EBITDA</b>	<b>18.0</b>	<b>15.4</b>	Predominately Brand Addition, moves in line with sales growth
Movement in working capital	(3.4)	(2.8)	
Capital expenditure	(8.4)	(5.3)	Facilisgroup, £6.3m, Brand Addition, £2.1m
Leases	(1.7)	(1.4)	
<b>Adjusted operating cash flow</b>	<b>4.5</b>	<b>5.9</b>	FY 21 included impact of overpayments in FY 20
Taxes paid	(1.7)	(0.5)	
Net finance costs	(0.5)	(0.6)	
Exchange gain	0.7	0.2	
<b>Net cash flow</b>	<b>3.0</b>	<b>5.0</b>	

# Balance Sheet

FY 22

£'m	FY 22	FY 21
<b>Non-current assets</b>	<b>69.8</b>	<b>63.9</b>
Inventories	15.4	10.1
Trade & other receivables	34.7	29.4
Cash & cash equivalents	15.1	12.1
<b>Current assets</b>	<b>65.2</b>	<b>51.6</b>
<b>Total assets</b>	<b>135.0</b>	<b>115.5</b>
Lease liability	7.5	6.4
Deferred tax liability	2.9	3.0
<b>Non-current liabilities</b>	<b>10.4</b>	<b>9.4</b>
Lease liability	1.6	1.4
Trade and other payables	36.4	30.1
Current tax liability	1.0	-
<b>Current liabilities</b>	<b>39.0</b>	<b>31.5</b>
<b>Total liabilities</b>	<b>49.4</b>	<b>40.9</b>
<b>Net assets</b>	<b>85.6</b>	<b>74.6</b>

Goodwill and intangibles: £45.1m,  
Software: £14.9m, PPE: £9.5m, DT asset  
£0.3m

Brand Addition new business and specific  
client promotions in Q1 FY 23

Brand Addition, blue-chip backed  
receivables. Incremental volume as sales  
increase

# Use of capital from our cash generation

FY 22 and guidance FY 23

## 1. Balance Sheet strength

Maintain a prudent cash position

## 2. Working capital

Facilisgroup: Minimal  
Brand Addition: Changes in proportion to revenue

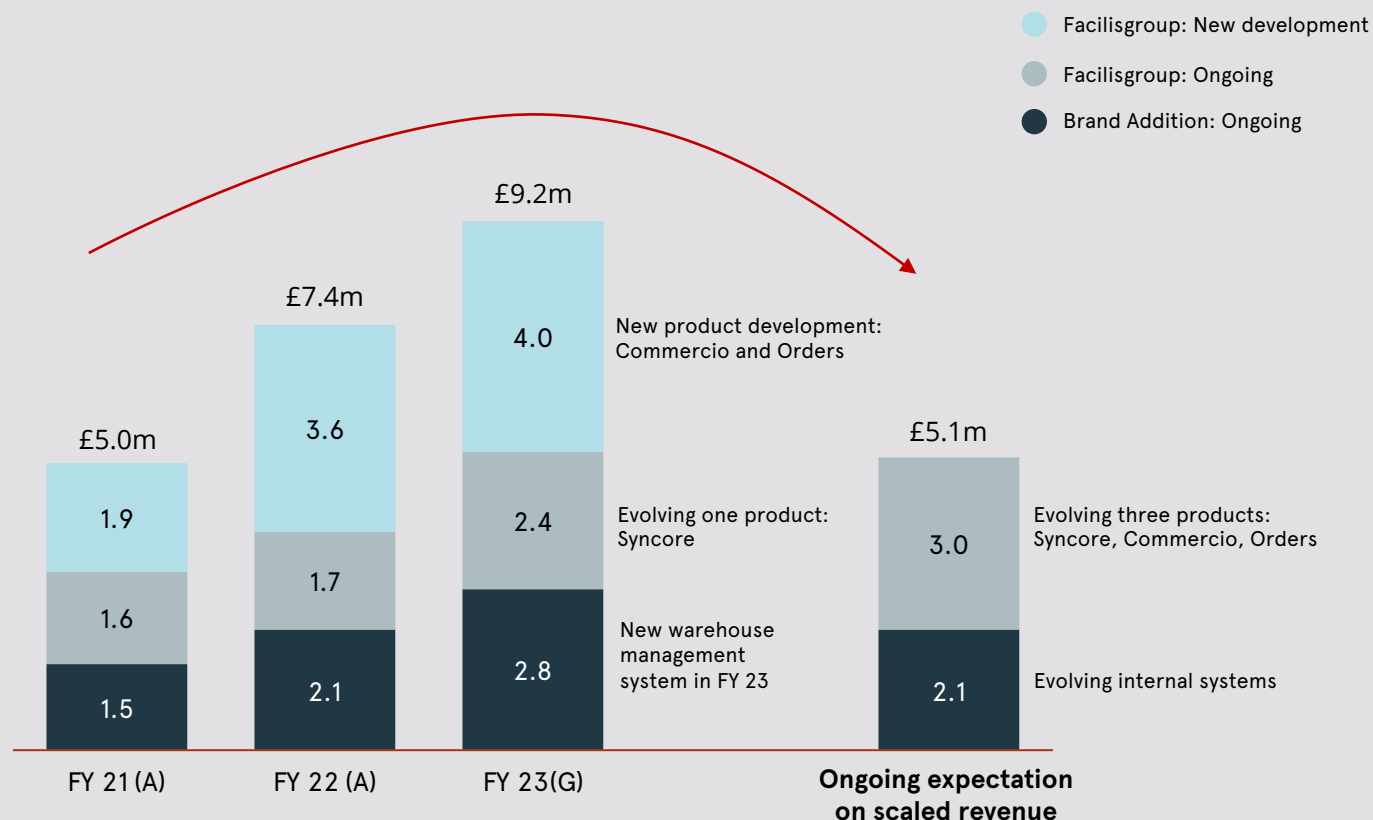
## 3. Capital Expenditure

Technology to support the entire distributor industry  
Our customer acquisition is increasing as a result  
Revenue impact starts in 2023 and our target is \$50m ARR

## 4. Dividend

Implementing a progressive policy

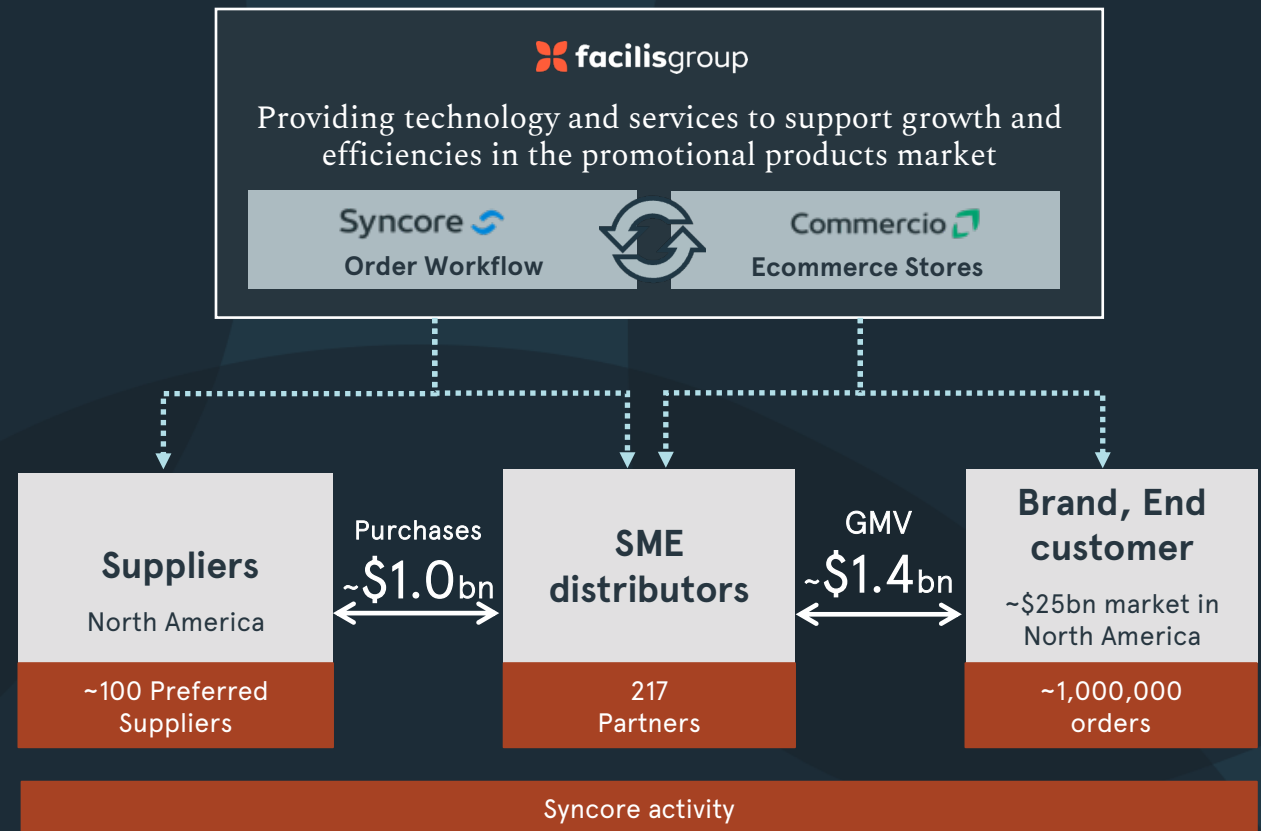
## 5. Other opportunities





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

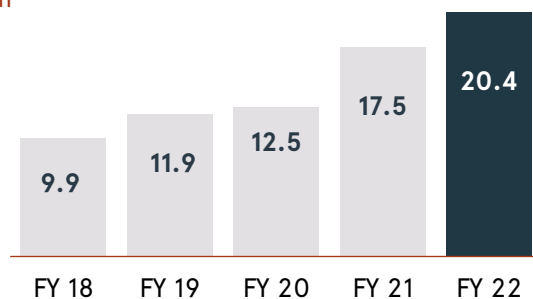
▶ Visit [facilisgroup.com](https://facilisgroup.com) to learn more



# Results Summary

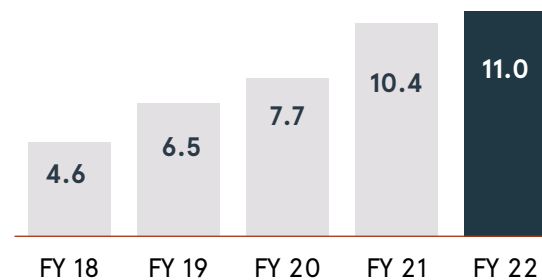
## Revenue

USD'm



## EBITDA

USD'm



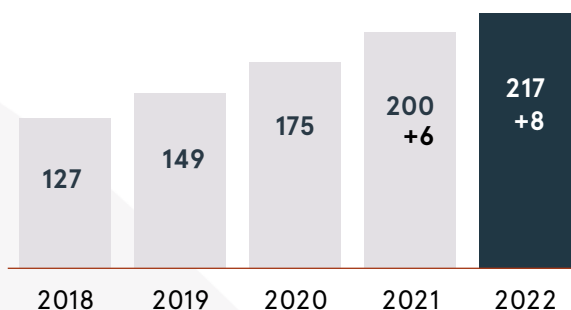
## Growth and margins

**20%**  
Revenue CAGR  
4-year

**54%**  
EBITDA margin  
FY 22

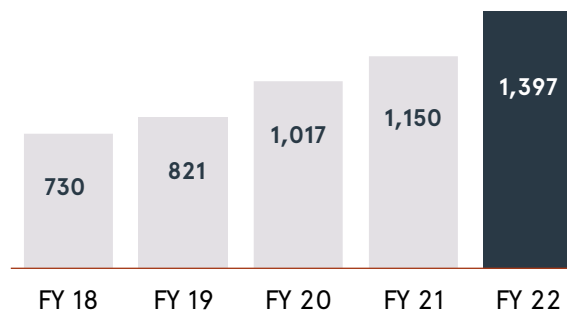
## Syncore Partners

#



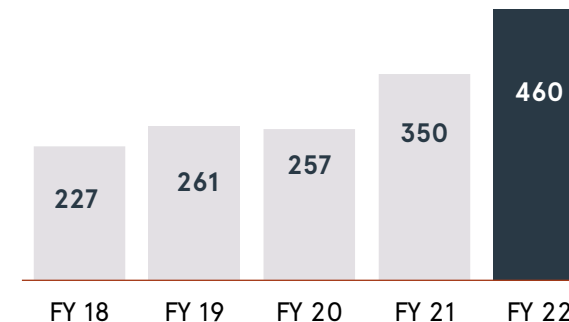
## GMV

USD'm



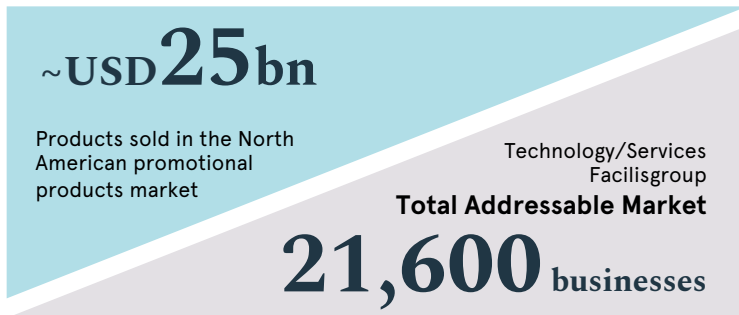
## Preferred Spend

USD'm



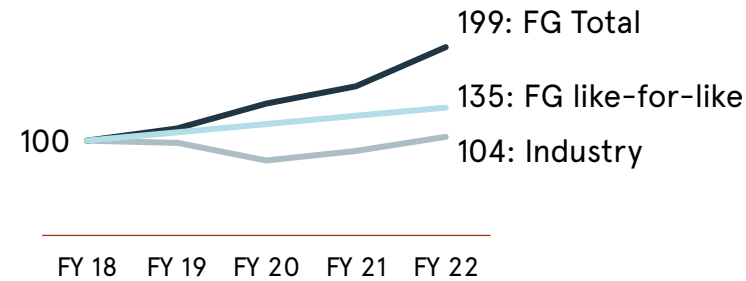
# Market summary and KPIs

## Market opportunity

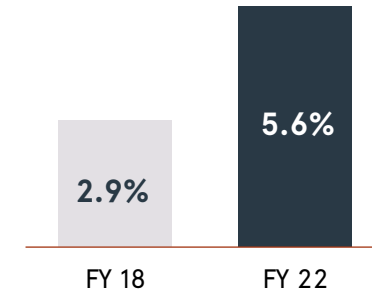


## Facilisgroup (FG) v Industry

### Indexed GMV Growth



## GMV share of ~\$25bn market

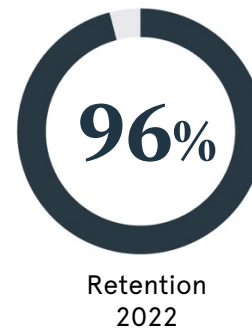


## Net Retention Rate

**110%**

Technology subscriptions  
2022 to 2023

## Partner (Customer) Retention



## NPS score



# Growing our addressable market and income streams

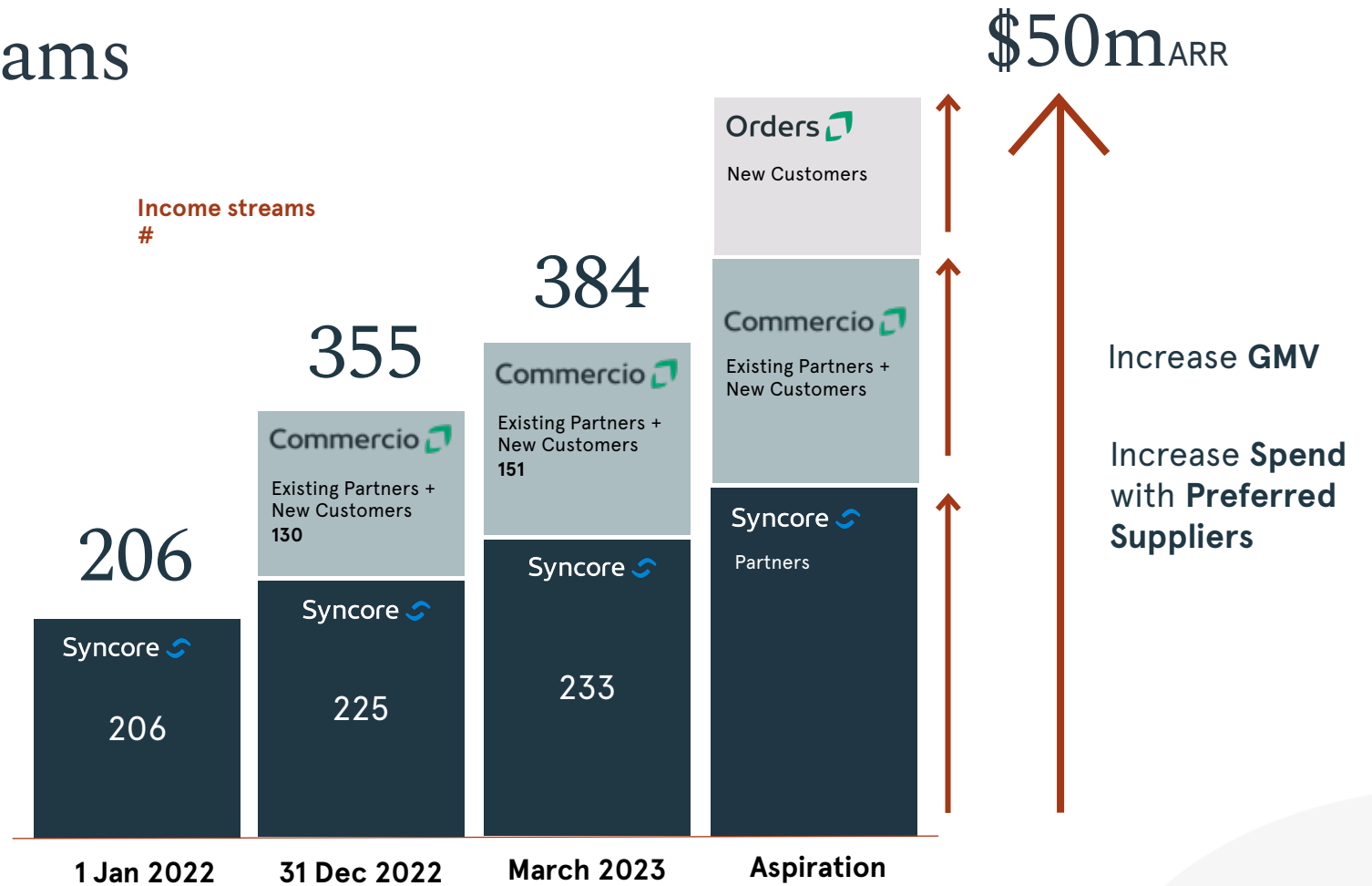
Three complementary technology products cover the spectrum of needs of the c.21,600 businesses in the North American promotional products market

**Syncore:** Order workflow, >USD2m distributors  
Established

**Commercio:** Ecommerce Stores, all distributors  
Newly launched 2022

**Orders:** Order workflow, <USD2m distributors  
Launching late 2023

Increases our income streams via new addressable markets, growing GMV and Spend with Preferred Suppliers





# 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



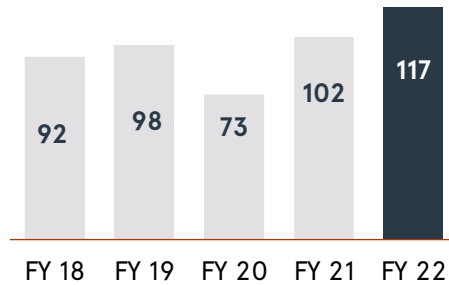
▶ Visit [brandaddition.com](https://brandaddition.com) to learn more

brand addition.

# Results Summary

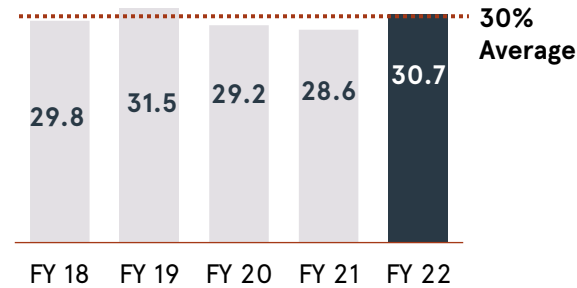
## Revenue

£'m



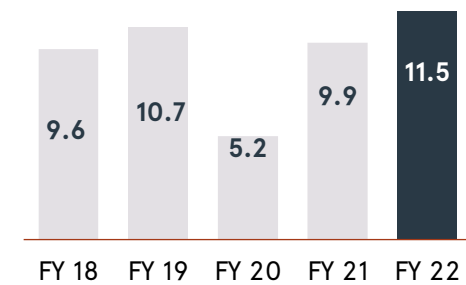
## Gross profit margins

%

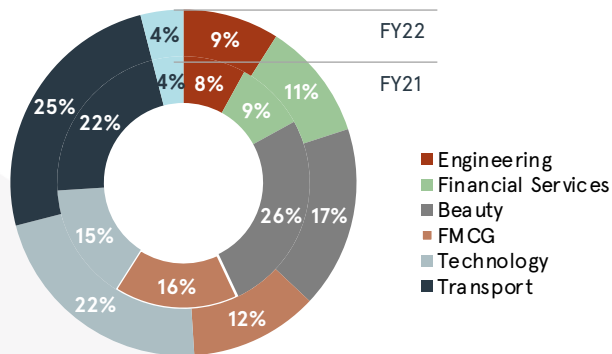


## EBITDA

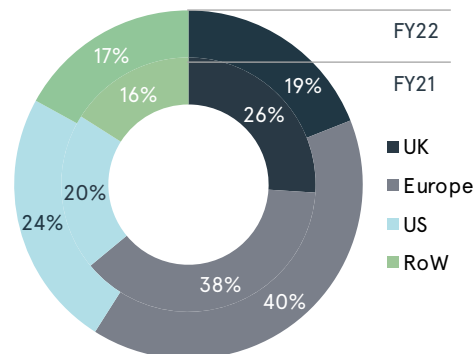
£'m



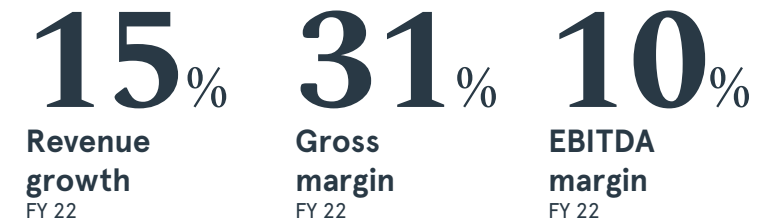
## Revenue by client sector



## Revenue by destination



## Growth and margins



brand addition.

# Results Summary

## Market opportunity

~USD **50**bn

Products sold in the global promotional products market

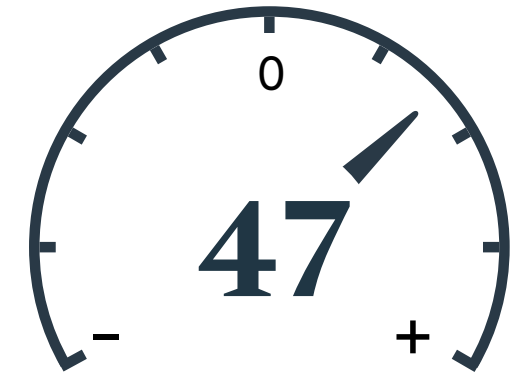
Large corporate outsourced spend, being Brand Addition  
**Total Addressable Market**

Short list  
**#800**  
companies

## High client retention rate

Average  
**10** year  
relationship  
Top 20 clients FY 22

## NPS



*'How happy were you with the overall service provided?'*

6,699 respondents to 2022 monthly Surveys

# Revenue growth and margin strength

2019 to 2022

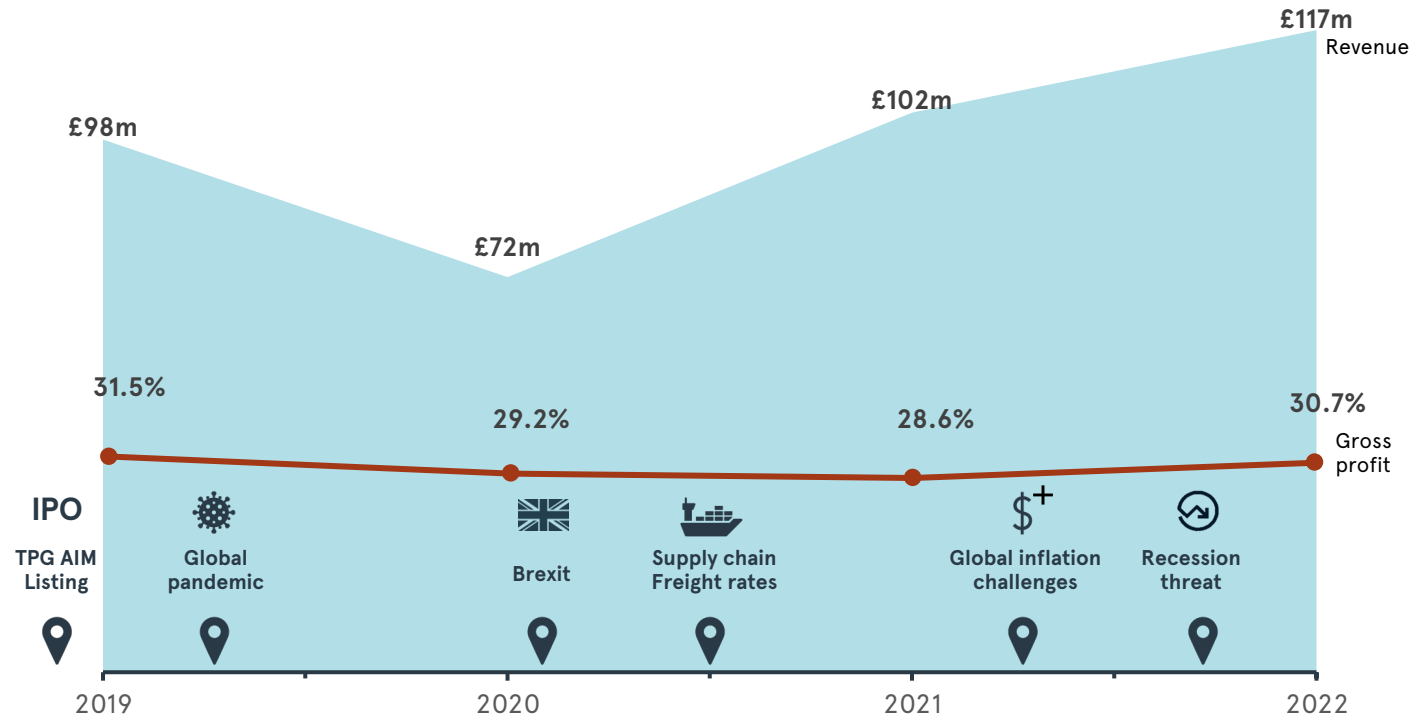
brand addition.

## Brand Addition

## Market conditions

## Robust performance

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



### Revenue growth

**19%**

FY 19 to FY 22

### Gross margins

**30%**

average maintained

### 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% (FY 22: 30.7%)

# Environmental, Social and Governance (ESG)

A framework focused on our material ESG topics:

-  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



Actions:

- ➔ Dedicated Group ESG leads
- ➔ Aligning our approach with stakeholders needs and best practice
- ➔ Taking relevant and meaningful action
- ➔ Acting responsibly through effective governance

# 2022 ESG Highlights

### Environmental:



**-8%**

**Reduction in Scope 1 and Scope 2 emissions.**  
2022 vs. 2021 baseline

**36%**

**Renewable electricity in FY22.**  
Ambition to source 100% renewable electricity by 2025.

### Social:



**51%**

**Female representation across Group-wide leadership team**  
Operating boards, their direct reports and Group Executive Committee

**810hrs**

**Donated to local community activities in FY22.**

### Governance:



**TCFD**

**TCFD integration**  
TCFD recommendations integrated into ESG strategy and risk management framework



**Winner of AIM Corporate Governance award 2022**  
Recognising effective corporate governance, stakeholder engagement and integration of ESG responsibilities

 Read our [ESG Report 2022](#) to find out more



# Group Outlook



In Facilisgroup and Brand Addition we have two differentiated and focused businesses with large addressable markets. We remain disciplined in our growth strategies and positive in the belief of achieving our aspirational goals

The new financial year has started well and in line with the Group's expectations

## Other information

The Pebble Group

# Segmental Analysis

FY 22

£'m	FY 22	FY 21	Commentary
Recurring Revenue	15.5	12.2	Investment in team to support growth aspirations plus spend on Partner community events
Other Revenue	1.1	0.5	
<b>Total Revenue</b>	<b>16.6</b>	<b>12.7</b>	
People & overhead	(7.6)	(5.1)	Strong EBITDA margins with scaling revenue
<b>Adjusted EBITDA</b>	<b>9.0</b>	<b>7.6</b>	
Depreciation and amortisation	(3.6)	(2.2)	Continued investment in product development capitalised in line with IAS 38
Share-based payments charge	(0.4)	(0.3)	
<b>Operating profit</b>	<b>5.0</b>	<b>5.1</b>	
<b>£:US\$ average rate</b>	<b>1.24</b>	<b>1.38</b>	

Recurring revenue \$m	19.0	16.7
Recurring revenue \$m growth %	13.8%	40.3%
Adjusted EBITDA %	54.2%	59.6%
Operating profit %	30.1%	40.7%

brand addition.

# Segmental Analysis

FY 22

£'m	FY 22	FY 21	Commentary
<b>Revenue</b>	<b>117.4</b>	<b>102.4</b>	
Gross profit	36.1	29.3	
People & overhead	(24.6)	(19.4)	Investment in team to support sales growth
<b>Adjusted EBITDA</b>	<b>11.5</b>	<b>9.9</b>	
Depreciation and amortisation	(2.9)	(2.5)	Includes incremental depreciation on new European warehouse facility
Share-based payments charge	(0.6)	(0.3)	
<b>Operating profit</b>	<b>8.0</b>	<b>7.1</b>	

Revenue growth %	14.6%	41.0%
Gross profit %	30.7%	28.6%
Adjusted EBITDA %	9.8%	9.7%
Operating profit %	6.8%	6.9%

# 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	8.2

## 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	1.25
Balance Sheet (year end rate)	1.36	1.35	1.20	1.25

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	1.13
Balance Sheet (year end rate)	1.11	1.19	1.13	1.13

## SHARE BASED PAYMENTS CHARGE:

FY 22 charge, £1,300,000. FY 23 estimate, £1,400,000

## CENTRAL COSTS:

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

# Market Opportunity

The Pebble Group



brand addition.

GLOBAL INDUSTRY

c. \$50bn



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

Product	Targeting distributors	TAM company targets	Share at 31 Dec 2022
Syncore	GMV, >\$2m	c.1,600 #	225 #
Stores	GMV, <\$2m	c.21,600 #	130 #
Orders	All sized distributors	c.20,000 #	Launching 2023

## brand addition.

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

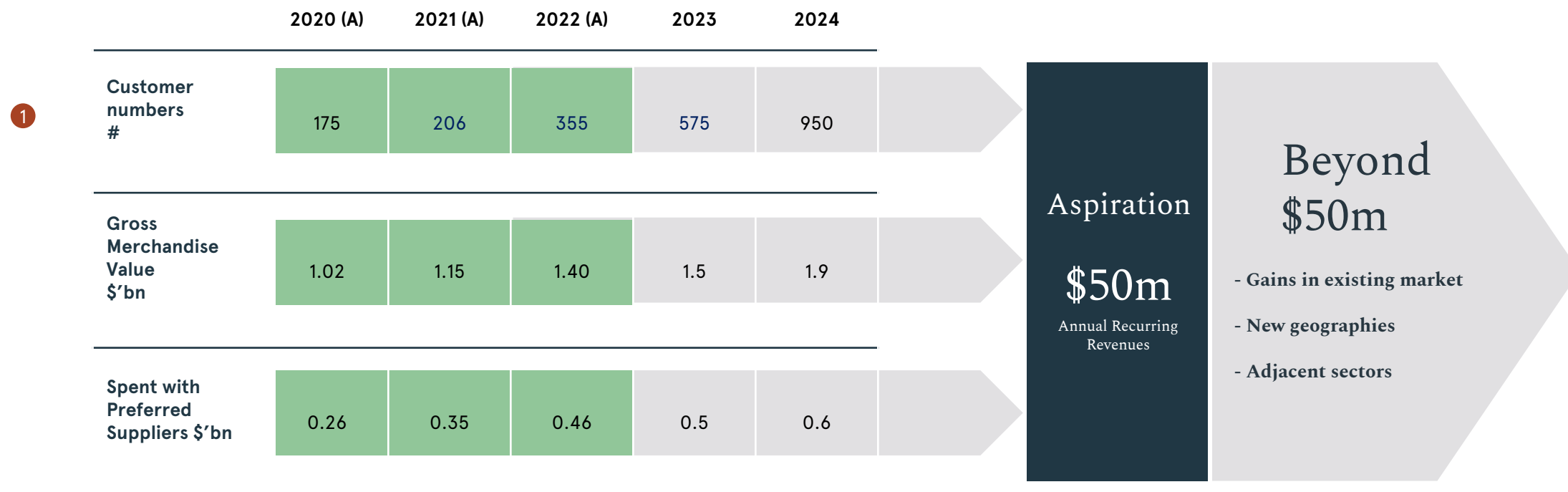
Targeting businesses	TAM company targets	Share at 31 Dec 2022
By sector /employee #	Short list c. 800 #	c.100 #

# Scaling Facilisgroup

Set in 2020, our internal aspiration is for Facilisgroup to scale to \$50m ARR and beyond

Below we continue to track the progress of the key indicators that drive the business towards this revenue

## Internal aspirations progress



1 At 31 December 2022, breakdown on Page 16

Building brands.  
Growing relationships.  
Strengthening businesses.

**The Pebble Group**