

9 September 2024

THE PEBBLE GROUP PLC
("The Pebble Group" or the "Group")

UNAUDITED HALF YEAR RESULTS 2024

***Strong operational progress with performance for FY 24 expected to be in line with market expectations
Appointment of new Non-Executive Chair***

The Pebble Group (AIM: PEBB, OTCQX: PEBBF), a leading provider of digital commerce, products and related services to the global promotional products industry, announces its unaudited results for the six months ended 30 June 2024 ("HY 24" or the "Period").

Having achieved satisfactory results in HY 24, the Board expects that for the year ending 31 December 2024 ("FY 24") the Group's results will be in line with market expectations.

Commenting, Chris Lee, Chief Executive Officer of The Pebble Group said: "We expect our full year performance to be in line with market expectations and have made strong operational progress in the period. The Group's robust financial profile and market leading businesses leave us well-placed to gain market share in the circa \$50bn global promotional products market.

"I am also delighted to welcome Anne de Kerckhove to The Pebble Group as our Non-Executive Chair. Anne's significant experience will further strengthen the Board's expertise and be particularly valuable as we push to deliver Facilisgroup's technology and product innovation strategy."

Financials

| Statutory results | HY 24 | HY 23 | Change | FY 23 |
|--|---------------|---------------|---------------|--------------|
| Revenue | £60.8m | £63.3m | -4% | £124.2m |
| Gross profit margin | 44.7% | 42.8% | +1.9ppt | 43.6% |
| Operating profit | £3.2m | £3.3m | -3% | £8.0m |
| Profit before tax | £2.9m | £3.1m | -6% | £7.4m |
| Basic earnings per share | 1.36p | 1.37p | -1% | 3.46p |
| Other financial highlights | HY 24 | HY 23 | Change | FY 23 |
| Adjusted EBITDA ¹ | £7.4m | £7.5m | -1% | £16.0m |
| Net cash ² | £4.9m | £4.2m | +£0.7m | £15.9m |
| Adjusted basic earnings per share ³ | 1.87p | 2.08p | -10% | 4.60p |

Financial highlights

- Group Adjusted EBITDA in line with prior year at £7.4m
- Gross profit margins continue to expand, up 1.9 percentage points to 44.7%, driven by improved margins at Brand Addition of 35.3% (HY 23: 33.2%)
- Customer retention remains excellent across the Group as our services continue to resonate well with our customers, underpinning growth opportunities
- Facilisgroup: Revenue, in home currency, for HY 24 of USD11.3m (HY 23: USD11.3m) generating USD5.4m Adjusted EBITDA, slightly ahead of prior year
- Brand Addition: Revenue for HY 24 of £51.9m (HY 23: £54.2m) generating £4.6m Adjusted EBITDA, slightly ahead of prior year
- Balance sheet remains strong with cash generated funding the Group's capital investment to support its growth strategy whilst continuing to increase shareholder returns

- On 6 September 2024, £0.8m of up to £5.0m has been returned to Shareholders under the Share Buyback Programme launched in May 2024 and the Group grew its dividend paid in in HY 24 by 100% to £2.0m (HY 23: £1.0m)

Business highlights

- In Facilisgroup:
 - Appointed our first Chief Product Officer, focused on the refinement and delivery of our technology strategy which follows on from the leadership change in late 2023
 - At 6 September 2024, Partner numbers were 240 (31 December 2023: 242) with 12 quality new Partners added to date in 2024. Underlying Partner retention rate remains excellent at circa 98%
 - Key indicators of Gross Merchandise Value (“GMV”) (+5%) and spend through our Preferred Suppliers (+6%) have returned to growth
 - Capitalised investment into new Facilisgroup technology products reducing in the year with further reduction planned for 2025 as the major new product investment cycle is now behind us
- In Brand Addition:
 - Revenue has recovered well following a challenging second half in 2023
 - High client retention levels continue
 - Gross margin strength and disciplined cost management is supporting the Group’s profitability in uncertain market conditions
 - Appointed a Global Marketing Director to evolve the business’s approach to new client acquisition

Outlook and Post Period update

- The Board expects FY 24 results to deliver on its market expectations
- Appointment of Anne de Kerckhove as Non-Executive Chair, bringing significant experience and further strengthening the Board’s technology expertise following the appointment of Non-Executive Director, David Moss in June 2023

¹ *Adjusted EBITDA means operating profit before depreciation, amortisation and share-based payment charge/credit*

² *Net cash is calculated as cash and cash equivalents less borrowings (excluding lease liabilities)*

³ *Adjusted basic earnings per share (“EPS”) represents Adjusted Earnings meaning profit after tax before amortisation of acquired intangible assets and share-based payment charge/credit divided by a weighted average number of shares*

Presentation for Analysts and Investors

A presentation for analysts and investors with Q&A will take place at 8:00am today by webinar.

Please register to attend via this link:

[The Pebble Group HY 24 Results Presentation](#)

A copy of the presentation is available on the Investors section of The Pebble Group’s website at <https://www.thepebblegroup.com/investors/>

Presentation for retail investors

The management team is hosting a separate online presentation for retail investors with Q&A at 1:00pm on Wednesday 11 September 2024. To participate, please register with PI World:

https://bit.ly/PEBB_H124_results_webinar

A recording of this presentation will be made available on the Investors section of The Pebble Group’s website at <https://www.thepebblegroup.com/investors/>

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About The Pebble Group

The Pebble Group is a provider of digital commerce, products and related services to the global promotional products industry, comprising two differentiated businesses, Facilisgroup and Brand Addition, focused on specific areas of the promotional products market. For further information, please visit www.thepebblegroup.com.

CHIEF EXECUTIVE OFFICER'S REVIEW

Summary of results

We are satisfied with the Group's financial performance in HY 24 achieving Revenue of £60.8m (HY 23: £63.3m), Adjusted EBITDA of £7.4m (HY 23: £7.5m) and Operating profit of £3.2m (HY 23: £3.3m).

The Group continues to have a strong balance sheet and our working capital cycle remains disciplined and in a consistent cycle with prior years. As a result of the Group's strong cash generation, net cash at 30 June 2024 was £4.9m (30 June 2023: £4.2m, 31 December 2023: £15.9m) following cash distributions of £2.6m in HY 24 (HY 23: £1.0m) through the previously announced dividend (£2.0m) and Share Buyback Programme (£0.6m).

Introduction

The Pebble Group's core competency is to use its technology and sustainability expertise, deep industry understanding and global footprint to create long-term relationships and grow its market share in the circa \$50 billion promotional products market. Our two businesses, Facilisgroup and Brand Addition, hold market leading and differentiated positions in this industry, delivering strong margins and cash generation.

The Group has significantly enhanced its senior talent pool over the last year and today we welcome the appointment of Anne de Kerckhove as our new Non-Executive Chair. Anne brings a wealth of relevant skills to the Group and further advances the technology sector expertise that was added to the Board in 2023 by the appointment of Non-Executive Director David Moss, co-founder of Blue Prism.

At Facilisgroup, following a change of leadership in late 2023, strong operational progress has been made. We are pleased to have appointed our first Chief Product Officer, focused on the refinement and delivery of our technology and product innovation strategy, a crucial part of advancing towards our medium-term aspirations. I have continued to directly lead the business, deepening my connection with its Partners (customers), Preferred Suppliers and team. These important relationships have strengthened over this time and leave the business well positioned for sustainable growth. The Board is currently carefully considering next steps regarding the leadership of Facilisgroup, to ensure it has the required depth and breadth of expertise for the next stage of its development.

At Brand Addition, we have appointed a Global Marketing Director to evolve the business's approach to new client acquisition alongside supporting the development of existing client relationships.

Our approach to the market and the financial performance in the Period of both Facilisgroup and Brand Addition is described below.

Facilisgroup: *providing a digital commerce platform for promotional products businesses in North America*

Revenue and profit analysis

| | HY 24 | HY 23 | FY 23 |
|------------------------|--------------|-------|--------|
| Recurring revenue | £8.5m | £8.6m | £17.0m |
| Other revenue | £0.4m | £0.6m | £0.9m |
| Total revenue | £8.9m | £9.2m | £17.9m |
| Gross profit margin | 100% | 100% | 100% |
| Adjusted EBITDA | £4.2m | £4.3m | £8.9m |
| Adjusted EBITDA margin | 47% | 47% | 50% |

Facilisgroup revenue in USD, the home currency of the business, was in line with HY 23. In GBP, the Group's reporting currency, there was a decrease of £0.3m (3% on HY 23) due to foreign exchange rates compared to prior year.

Facilisgroup's growth record since the Group listed on AIM in late 2019 is robust, with a 4-year CAGR to 30 June 2024 of 15%. The reduced Annual Recurring Revenue ("ARR") growth in HY 24 compared to prior periods reflects

that our fee model is underpinned by the GMV value that is placed through our technology and the attention that has been placed on significant operational progress in the last 12 months.

To recap, the income model for our ARR has two elements:

1. Technology Subscription Fee: Fixed annually and paid monthly by our Partners based on the GMV in the prior calendar year; and
2. Preferred Supplier Activity Fee: Accrued monthly and paid twice yearly by our Preferred Suppliers based upon the in-month purchases through these contracted Preferred Suppliers.

In 2023, GMV was in line with the prior year due to a broader market slowdown, indicating that our Technology Subscription Fee for existing Partners will be broadly flat in 2024. Growth in 2024 will be predominantly driven by additional Partner wins from 2023 and 2024, plus increasing purchases through our Preferred Suppliers compared to prior year.

The activity on these key forward indicators in HY 24 has improved compared to prior year as GMV in HY 24 increased by 5% to USD724m (HY 23: USD688m) and Preferred Supplier Purchases increased by 6% to USD240m (HY 23: USD227m). This increase is predominantly from the contribution of recently added new Partners. Improvements in the macroeconomic environment would be expected to contribute to further increasing GMV and Preferred Supplier Purchases supporting future income growth when Technology Subscription Fees are renewed in January 2025.

Partner numbers at 6 September 2024 were 240 (31 December 2023: 242) including 12 new quality Partner wins. Strong Partner retention rates continue. Within our Partner attrition, 9 Partners were acquired by other businesses and 1 Partner was exited by Facilisgroup, leaving underlying attrition of 4 and a retention rate of 98%. A key area of operational focus in the last 12 months has been improvements in our sales organisation and go-to-market strategy where we have an identified target list of 1,600 businesses and a growing pipeline.

Our strategy to scale Facilisgroup is focused on driving GMV through our technology, delivering services that provide value to support the "Attach Rate" percentage derived from the amount of income earned against this GMV. Below we share the four principal strategies for growth to unlock the large value opportunity and alongside each, summarise the operational progress that has been made.

| Strategy for growth | Progress in last 12 months |
|---|--|
| 1. Retain existing Partners through supporting their workflow efficiency and growth and consequently the GMV throughput of their businesses | <ul style="list-style-type: none"> Improved relationships, supporting retention Investment in technology to maintain a market leading Product proposition Learning and education initiatives to influence Partner GMV |
| 2. Winning more Partners, gaining market share within our existing Total Addressable Market (“TAM”) | <ul style="list-style-type: none"> Refocussed on a higher quality and scale of new Partner additions More knowledgeable, experienced sales team, increasing the new Partner pipeline |
| 3. Concentrating Partner purchases through our Preferred Suppliers | <ul style="list-style-type: none"> Deepening relationships with top-tier Preferred Suppliers including fewer, higher quality events Utilising large data sources created by USD1.4bn of GMV to improve the Preferred Supplier purchases |
| 4. New product development, bringing additional technology to market to grow the services to our existing Partners and increase our TAM within the North American promotional products market | <ul style="list-style-type: none"> Stores: <i>eCommerce Platform</i> Through its most significant capital investment period. Contributing to new Partner acquisition and retention Currently: 54 customers Focus is on targeting existing Partners as our principal route to additional product uptake Orders: <i>Order workflow for small sized distributors</i> Through its most significant capital investment period. Currently: 45 beta customers Focus is on integration with our Preferred Suppliers to support product usage |

We have chosen to invest capital into new product development (Stores and Orders) over the last three years. In 2025, our aim is for Facilisgroup’s total capitalised product development to continue to reduce.

We believe that Facilisgroup has made strong operational progress and with its leading market position, growth potential and excellent profit margins is well-placed to continue to gain market share and drive value for the Group.

Brand Addition: *providing promotional products and related services under contract to many of the world's most recognisable brands*

Revenue and profit analysis

| | HY 24 | HY 23 | FY 23 |
|------------------------|---------------|--------|---------|
| Revenue | £51.9m | £54.2m | £106.3m |
| Gross profit | £18.3m | £18.0m | £36.3m |
| Gross profit margin | 35.3% | 33.2% | 34.1% |
| Adjusted EBITDA | £4.6m | £4.5m | £9.5m |
| Adjusted EBITDA margin | 8.9% | 8.3% | 8.9% |

Brand Addition revenue has recovered well in HY 24 following the previously announced lower than expected revenues in the last six months of 2023, driven primarily by challenging macroeconomic conditions leading to a reduction in promotional marketing spend by our clients in the Technology and Consumer sectors.

HY 24 revenue was £51.9m, 4.2% behind HY 23. In HY 24, there has been some recovery in our Technology clients which are slightly ahead of HY 23. Clients in our Consumer sector represent most of the difference in total revenue compared to HY 23.

Gross margins have increased over the last two years to 35.3% in HY 24 (HY 23: 33.2%, HY 22: 29.9%) reflecting the value being created by the business for its clients. Alongside this, careful cost management has resulted in EBITDA of £4.6m (HY 23: £4.5m), slightly ahead of prior year.

Brand Addition supports its clients – which include many of the best-known brands in the world – by providing a range of complex services to deliver promotional merchandise strategies. These services are underpinned by technology, creative product solutions with a strong and consistent sustainability focus, delivered across multiple geographies. We believe that Brand Addition is one of the few businesses with the skills, knowledge and experience to provide this level of service at scale and this supports its high client retention levels.

The majority of Brand Addition’s revenue is generated through approximately 70 client contracts and, with a new business development target list of 800 companies, Brand Addition has a large addressable market to grow into. Current new business tendering activity is in line with previous periods, albeit final decision making for the appointment of new contracts has been slower than historically experienced.

In such an environment, we are focussed on protecting our profitability through strengthening our gross margin and prudently managing our cost base. Throughout the period, client retention has remained strong which supports the long-term growth and success of the business as market conditions improve.

At the end of August 2024 revenues are broadly in line with the same period in 2023.

Environmental, Social and Governance (“ESG”)

In alignment with our four ESG cornerstones, during 2024 we have continued to drive action to measure and reduce carbon emissions and implement sustainable practices. We have conducted our first Carbon Disclosure Project submission, enhancing transparency around our climate change initiatives. Following the achievement of the Race Equality Code Quality Mark award in 2023, we have maintained focus on Diversity, Equality and Inclusion with Brand Addition receiving the Living Wage Foundation accreditation and Facilisgroup relaunching its Women’s Empower initiative.

The Group is expected to publish its next ESG report in 2025 alongside its 2024 Annual Report and Accounts, providing a detailed update on our actions and progress.

Group outlook

From our assessment of recent sales activity, gross margin run rates and cost commitments, the Board expects FY 24 Group results to be in line with market expectations.

Good operational progress has been made in the last 12 months, delivering a solid foundation to support growth opportunities in the substantial market in which the Group operates. This is underpinned by a robust balance sheet and strong cash generation.

Whilst concentrating on our stated growth strategies, the Group will continue to focus on driving shareholder returns, including the current Share Buyback Programme.

Christopher Lee
Chief Executive Officer
9 September 2024

CHIEF FINANCIAL OFFICER'S REVIEW

HY 24 Results

| | HY 24 Unaudited £'m | HY 23 Unaudited £'m | FY 23 Audited £'m |
|-------------------------------------|---------------------------|---------------------------|-------------------------|
| Revenue | 60.8 | 63.3 | 124.2 |
| Gross profit | 27.2 | 27.1 | 54.2 |
| Gross profit margin | 44.7% | 42.8% | 43.6% |
| Adjusted EBITDA | 7.4 | 7.5 | 16.0 |
| <i>Adjusted EBITDA margin</i> | 12.2% | 11.8% | 12.9% |
| Depreciation and amortisation | (5.0) | (3.4) | (7.4) |
| Share-based payment credit/(charge) | 0.8 | (0.8) | (0.6) |
| Operating profit | 3.2 | 3.3 | 8.0 |
| Net finance costs | (0.3) | (0.2) | (0.6) |
| Profit before tax | 2.9 | 3.1 | 7.4 |
| Tax | (0.6) | (0.8) | (1.6) |
| Profit for the Period | 2.3 | 2.3 | 5.8 |
| Weighted average number of shares | 166,890,909 | 167,450,893 | 167,412,949 |
| Adjusted Basic EPS | 1.87p | 2.08p | 4.60p |
| Basic EPS | 1.36p | 1.37p | 3.46p |

Revenue

Revenue for the Period to 30 June was £60.8m (HY 23: £63.3m), a decrease of £2.5m (3.9%) compared to the same period in 2023. Facilisgroup's total revenues decreased £0.3m (3% on HY 23), flat when measured on a constant currency basis. ARR growth when measured in USD was 1.4%. This is lower than historic growth rates as the challenging economic backdrop to H2 23 impacted partner GMV and consequently the Net Revenue Retention ("NRR") percentage achieved on technology subscription fees which for FY 24 were 102% (FY 23: 110%). The balance of the movement relates to Brand Addition where overall, we have seen a stabilisation of order intake trends when compared to those experienced in H2 23.

Gross profit

Gross profit as a percentage of revenue continued to increase and was 44.7% (HY 23: 42.8%). This 1.9 ppt increase relates principally to Brand Addition where the business has successfully maintained the pricing increases introduced in FY 23.

Adjusted EBITDA

Adjusted EBITDA was £7.4m (HY 23: £7.5m) made up as follows:

- Facilisgroup £4.2m (HY 23: £4.3m) maintaining excellent EBITDA margins of 47.2% (HY: 23 46.7%);
- Brand Addition £4.6m (HY 23: £4.5m) as improvements in gross margin offset the impact of movements in sales; and
- Central costs £1.4m (HY 23: £1.3m). Increase of £0.1m.

The Adjusted EBITDA margin increased to 12.2% (HY 23: 11.8%) as a result of improved margins at Brand Addition.

Depreciation and amortisation

The total charge for the Period was £5.0m (HY 23: £3.4m) of which £3.9m (HY 23: £2.2m) was the amortisation of intangible assets. The amortisation of intangible assets charge in HY 24 includes a one-off amount of £1.3m to align the amortisation period for acquired intangible software assets (previously 5 years) with that of those which are internally generated (3 years). The charge for the amortisation of acquired intangible assets in FY 24 is expected to be £2.2m and for FY 25 circa £0.6m.

Share-based payments

The total credit for the Period under IFRS 2 "Share-based payments" was £0.8m (HY 23: charge of £0.8m) and relates to the 2022, 2023 and 2024 awards made under The Pebble Group Long Term Incentive Plan ("LTIP") and

Sharesave Plan. The credit reflects the decrease in the number of equity instruments expected to vest under the non market based performance conditions of the 2022 and 2023 LTIP awards.

Operating profit

Operating profit for the Period was £3.2m (HY 23: £3.3m).

Taxation

The tax charge for the Period was £0.6m (HY 23: £0.8m) and is based on the full year Group expected tax rate for 2024.

Basic Earnings per share

The earnings per share analysis in note 5 covers both adjusted earnings per share (profit attributable to equity shareholders before amortisation of acquired intangibles and share-based payment charge/credit divided by the weighted average number of shares in issue during the Period), and basic earnings per share (profit attributable to equity holders divided by the weighted average number of shares in issue during the Period). Adjusted earnings were £3.1m (HY 23: £3.5m) meaning adjusted basic earnings per share was 1.87 pence per share (FY 23: 2.08 pence per share), a decrease of 0.21 pence per share. Basic earnings per share was 1.36 pence per share (FY 23: 1.37 pence per share), a decrease of 0.01 pence per share.

Dividends

In March 2024, the Board announced a final dividend payment in respect of FY 23 confirming its intention to maintain a progressive dividend policy of making dividend payments of circa 30% of profit after tax. The Board remains committed to this decision but does not consider the introduction of an interim dividend payment necessary at this time. An update on the dividend payment in respect of FY 24 will be provided at the time of the full year announcement in March 2025.

Cash Flow

The Group had a cash balance of £4.9m at 30 June 2024 (30 June 2023: £4.2m) after distributions of £2.6m (HY 23: £1.0m) through the previously announced dividend and Share Buyback Programme.

Cash flow for the Period is set out below:

| | HY 24 | HY 23 | FY 23 |
|-------------------------------|------------------|-----------|---------|
| | Unaudited | Unaudited | Audited |
| | £'m | £'m | £'m |
| Adjusted EBITDA | 7.4 | 7.5 | 16.0 |
| Movement in working capital | (9.4) | (9.7) | 0.7 |
| Capital expenditure | (3.7) | (4.0) | (8.6) |
| Leases | (0.8) | (0.9) | (1.6) |
| Operating cash flow | (6.5) | (7.1) | 6.5 |
| Tax paid | (1.6) | (1.5) | (2.5) |
| Net finance cash flows | (0.3) | (0.3) | (0.6) |
| Dividend paid | (2.0) | (1.0) | (1.0) |
| Purchase of own shares | (0.6) | - | - |
| Purchase of own shares by EBT | (0.1) | - | (0.4) |
| Exchange gain/(loss) | 0.1 | (1.0) | (1.2) |
| Net cash flow | (11.0) | (10.9) | 0.8 |

The outflow in working capital in the Period was £9.4m (HY 23: £9.7m). This is in line with the normal in-year cycle which peaks in Q3.

Capital expenditure in the Period was £3.7m (HY 23: £4.0m). This spend relates principally to investment in the Facilisgroup digital commerce platform. This reduction aligns with our previous statements that FY 23 would be the peak of capital investment into new product development.

Lease payments relate to leases capitalised in accordance with IFRS 16 "Leases".

Cash and liquidity

The Group's working capital cycle is unwinding as expected. The high point experienced in the period from June to August 2024 is reducing, as we progress towards the year end, with clients and Partners continuing to pay to agreed terms.

The Group had Net cash of £6.6m at 6 September 2024 and continues to demonstrate an attractive profit to cash conversion. At the full year end, 31 December 2024 we expect Net cash to be circa £15m after a Dividend payment of £2.0m and assumed full year returns to Shareholders under the ongoing Share Buyback Programme of £2.0m (31 December 2023: £15.9m, Dividend £1.0m, Share Buyback Programme £Nil).

Claire Thomson
Chief Financial Officer
9 September 2024

CONSOLIDATED INCOME STATEMENT

| | | Unaudited | Unaudited | Audited |
|-------------------------------------|-------|-----------------------|----------------|-------------|
| | | 6 months ended | 6 months ended | Year ended |
| | | 30 June | 30 June | 31 December |
| | | 2024 | 2023 | 2023 |
| | Notes | £'000 | £'000 | £'000 |
| Revenue | | 60,753 | 63,317 | 124,171 |
| Cost of goods sold | | (33,573) | (36,188) | (69,988) |
| Gross profit | | 27,180 | 27,129 | 54,183 |
| Operating expenses | | (23,991) | (23,810) | (46,185) |
| Operating profit | | 3,189 | 3,319 | 7,998 |
| Analysed as: | | | | |
| Adjusted EBITDA ¹ | 6 | 7,354 | 7,480 | 15,978 |
| Depreciation | 9 | (1,127) | (1,115) | (2,248) |
| Amortisation | 8 | (3,853) | (2,224) | (5,184) |
| Share-based payment credit/(charge) | 13 | 815 | (822) | (548) |
| Total operating profit | | 3,189 | 3,319 | 7,998 |
| Finance expense | | (281) | (266) | (589) |
| Profit before taxation | | 2,908 | 3,053 | 7,409 |
| Income tax expense | 4 | (640) | (751) | (1,614) |
| Profit for the period | | 2,268 | 2,302 | 5,795 |
| Basic earnings per share | 5 | 1.36p | 1.37p | 3.46p |
| Diluted earnings per share | 5 | 1.36p | 1.37p | 3.45p |

1 Adjusted EBITDA, which is defined as operating profit before depreciation, amortisation and share-based payment credit/charge, is a non-GAAP metric used by management and is not an IFRS disclosure.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited 6 months ended 30 June 2024 £'000 | Unaudited 6 months ended 30 June 2023 £'000 | Audited Year ended 31 December 2023 £'000 |
|---|--|---|---|
| Profit for the period | 2,268 | 2,302 | 5,795 |
| Items that may be subsequently reclassified to profit and loss | | | |
| Currency translation differences | 130 | (1,901) | (2,068) |
| Other comprehensive income/(expense) for the period | 130 | (1,901) | (2,068) |
| Total comprehensive income for the period | 2,398 | 401 | 3,727 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | Unaudited | Unaudited | Audited |
|--------------------------------------|-------|------------------|-----------|-------------|
| | | As at | As at | As at |
| | | 30 June | 30 June | 31 December |
| | | 2024 | 2023 | 2023 |
| | Notes | £'000 | £'000 | £'000 |
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | 8 | 61,070 | 60,353 | 61,307 |
| Property, plant and equipment | 9 | 7,765 | 8,729 | 8,306 |
| Deferred tax asset | | 281 | 270 | 282 |
| Total non-current assets | | 69,116 | 69,352 | 69,895 |
| Current assets | | | | |
| Inventories | | 15,472 | 14,788 | 11,852 |
| Trade and other receivables | | 32,595 | 36,901 | 30,158 |
| Current tax asset | | 250 | - | - |
| Cash and cash equivalents | | 4,909 | 4,184 | 15,898 |
| Total current assets | | 53,226 | 55,873 | 57,908 |
| Total assets | | 122,342 | 125,225 | 127,803 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Lease liability | 10 | 5,650 | 6,795 | 6,130 |
| Deferred tax liability | | 1,926 | 2,370 | 2,365 |
| Total non-current liabilities | | 7,576 | 9,165 | 8,495 |
| Current liabilities | | | | |
| Lease liability | 10 | 1,559 | 1,496 | 1,494 |
| Trade and other payables | | 25,708 | 28,403 | 28,965 |
| Current tax liability | | 118 | 397 | 381 |
| Total current liabilities | | 27,385 | 30,296 | 30,840 |
| Total liabilities | | 34,961 | 39,461 | 39,335 |
| Net assets | | 87,381 | 85,764 | 88,468 |
| Equity | | | | |
| Share capital | 11 | 1,665 | 1,675 | 1,675 |
| Share premium | 11 | 78,451 | 78,451 | 78,451 |
| Own share reserve | | (255) | - | (227) |
| Capital reserve | | 135 | 125 | 125 |
| Merger reserve | | (103,581) | (103,581) | (103,581) |
| Translation reserve | | (1,075) | (1,038) | (1,205) |
| Share-based payment reserve | | 1,098 | 2,671 | 2,005 |
| Retained earnings | | 110,943 | 107,461 | 111,225 |
| Total equity | | 87,381 | 85,764 | 88,468 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital £'000 | Share premium £'000 | Own share reserve £'000 | Capital reserve £'000 | Merger reserve £'000 | Translation reserve £'000 | Share-based payment reserve £'000 | Retained earnings £'000 | Total equity £'000 |
|--|------------------------|------------------------|----------------------------|--------------------------|-------------------------|------------------------------|--------------------------------------|----------------------------|-----------------------|
| | | | | | (103,581) | | | | |
| At 1 January 2023 | 1,675 | 78,451 | - | 125 | - | 863 | 1,892 | 106,164 | 85,589 |
| Profit for the period | - | - | - | - | - | - | - | 2,302 | 2,302 |
| Other comprehensive expense for the period | - | - | - | - | - | (1,901) | - | - | (1,901) |
| Total comprehensive (expense)/income | - | - | - | - | - | (1,901) | - | 2,302 | 401 |
| Employee share schemes – value of employee services | - | - | - | - | - | - | 743 | - | 743 |
| Deferred tax on employee share schemes | - | - | - | - | - | - | 36 | - | 36 |
| Dividend paid | - | - | - | - | - | - | - | (1,005) | (1,005) |
| Total transactions with owners recognised in equity | - | - | - | - | - | - | 779 | (1,005) | (226) |
| | | | | | (103,581) | | | | |
| At 30 June 2023 | 1,675 | 78,451 | - | 125 | - | (1,038) | 2,671 | 107,461 | 85,764 |
| Profit for the period | - | - | - | - | - | - | - | 3,493 | 3,493 |
| Other comprehensive expense for the period | - | - | - | - | - | (167) | - | - | (167) |
| Total comprehensive (expense)/income | - | - | - | - | - | (167) | - | 3,493 | 3,326 |
| Purchase of own shares by EBT | - | - | (395) | - | - | - | - | - | (395) |
| Employee share schemes – value of employee services | - | - | 168 | - | - | - | (607) | 271 | (168) |
| Deferred tax on employee share schemes | - | - | - | - | - | - | (59) | - | (59) |
| Total transactions with owners recognised in equity | - | - | (227) | - | - | - | (666) | 271 | (622) |
| | | | | | (103,581) | | | | |
| At 31 December 2023 | 1,675 | 78,451 | (227) | 125 | - | (1,205) | 2,005 | 111,225 | 88,468 |
| Profit for the period | - | - | - | - | - | - | - | 2,268 | 2,268 |
| Other comprehensive income for the period | - | - | - | - | - | 130 | - | - | 130 |
| Total comprehensive income | - | - | - | - | - | 130 | - | 2,268 | 2,398 |
| Purchase of own shares | (10) | - | - | 10 | - | - | - | (589) | (589) |
| Purchase of own shares by EBT | - | - | (109) | - | - | - | - | - | (109) |
| Employee share schemes – value of employee services | - | - | 81 | - | - | - | (910) | 44 | (785) |

| | | | | | | | | | |
|--|--------------|---------------|--------------|------------|-----------|----------------|--------------|----------------|---------------|
| Deferred tax on employee share schemes | - | - | - | - | - | - | 3 | - | 3 |
| Dividend paid | - | - | - | - | - | - | - | (2,005) | (2,005) |
| Total transactions with owners recognised in equity | (10) | - | (28) | 10 | - | - | (907) | (2,550) | (3,485) |
| | | | | | (103,58 | | | | |
| At 30 June 2024 | 1,665 | 78,451 | (255) | 135 | 1) | (1,075) | 1,098 | 110,943 | 87,381 |

The Group has an Employee Benefit Trust (EBT) to administer share plans and to acquire shares, using funds contributed by the Group, to meet commitments to employee share schemes. At 30 June 2024, the EBT held 458,382 shares (30 June 2023: nil, 31 December 2023: 412,637 shares).

CONSOLIDATED CASH FLOW STATEMENT

| | | Unaudited 6 months ended 30 June 2024 £'000 | Unaudited 6 months ended 30 June 2023 £'000 | Audited Year ended 31 December 2023 £'000 |
|---|-------|--|---|---|
| | Notes | | | |
| Profit before taxation | | 2,908 | 3,053 | 7,409 |
| Adjustments for: | | | | |
| Depreciation | 9 | 1,127 | 1,115 | 2,248 |
| Amortisation | 8 | 3,853 | 2,224 | 5,184 |
| Share-based payment (credit)/charge | 13 | (815) | 822 | 548 |
| Loss on disposal of fixed assets | | - | 3 | (18) |
| Finance expense | | 281 | 266 | 589 |
| Cash flows from operating activities before changes in working capital | | 7,354 | 7,483 | 15,960 |
| Change in inventories | | (3,645) | 659 | 3,595 |
| Change in trade receivables | | (2,561) | (2,208) | 4,535 |
| Change in trade payables | | (3,184) | (8,089) | (7,422) |
| Cash flows (used in)/from operating activities | | (2,036) | (2,155) | 16,668 |
| Income taxes paid | | (1,593) | (1,545) | (2,517) |
| Net cash flows (used in)/from operating activities | | (3,629) | (3,700) | 14,151 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | 9 | (194) | (349) | (882) |
| Purchase of intangible assets | 8 | (3,491) | (3,687) | (7,648) |
| Net cash flows used in investing activities | | (3,685) | (4,036) | (8,530) |
| Cash flows from financing activities | | | | |
| Lease payments - capital | | (810) | (919) | (1,600) |
| Lease payments - interest | | (188) | (199) | (399) |
| Interest paid | | (42) | (67) | (190) |
| Dividend paid | 7 | (2,005) | (1,005) | (1,005) |
| Share-based payments – cash-settled | | (7) | - | - |
| Purchase of own shares | 11 | (589) | - | - |
| Purchase of own shares by EBT | 11 | (109) | - | (395) |
| Net cash flows used in financing activities | | (3,750) | (2,190) | (3,589) |
| Net cash flows | | (11,064) | (9,926) | 2,032 |
| Cash and cash equivalents at beginning of period | | 15,898 | 15,058 | 15,058 |
| Effects of exchange rate changes | | 75 | (948) | (1,192) |
| Cash and cash equivalents at end of period | | 4,909 | 4,184 | 15,898 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activity of The Pebble Group plc (the “Company”) is that of a holding company and the principal activity of the Company and its subsidiaries (the “Group”) is the sale of digital commerce, products and related services to the promotional merchandise industry. The Group has two segments: Brand Addition; and Facilisgroup. For Brand Addition, this is the sale of promotional products internationally, to many of the world’s best-known brands. For Facilisgroup, this is the provision of digital commerce, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services.

The Company was incorporated on 27 September 2019 in the United Kingdom and is a public company limited by shares registered in England and Wales. The registered office of the Company is Broadway House, Trafford Wharf Road, Trafford Park, Manchester, England M17 1DD. The Company registration number is 12231361.

2. BASIS OF PREPARATION

These Condensed consolidated interim financial statements of the Group are for the 6 months ended 30 June 2024. They have been prepared on the basis of the accounting policies set out in the 2023 annual financial statements and in accordance with the requirements of UK-adopted IAS 34 “Interim Financial Reporting”.

The Condensed consolidated interim financial statements are unaudited and do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. They should be read in conjunction with the Group’s 2023 Annual report and financial statements which were prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The 2023 Annual report and financial statements have been filed with the Registrar of Companies. The auditors’ report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498 of the Companies Act 2006.

The Condensed consolidated interim financial statements are presented in the Group’s functional currency of Sterling and all values are rounded to the nearest thousand (£’000) except when otherwise indicated.

Accounting Policies

The accounting policies adopted in the preparation of the Condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023 as described in the Group’s Annual report and financial statements for that year and as available on the Group’s website (www.thepebblegroup.com).

Taxation

Taxes on income in the interim periods are accrued using management’s best estimate of the weighted average annual tax rate that would be applicable to expected total annual earnings.

Forward looking statements

Certain statements in this report are forward looking with respect to the operations, strategy, performance, financial condition and growth opportunities of the Group. The terms “expect”, “anticipate”, “should be”, “will be”, “is likely to”, and similar expressions, identify forward-looking statements. Although the Board believes that the expectations reflected in these forward-looking statements are reasonable, by their nature these statements are based on assumptions and are subject to a number of risks and uncertainties. Actual

events could differ materially from those expressed or implied by these forward-looking statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, without limitation: general economic conditions and business conditions in the Group's markets, customers' expectations and behaviours, supply chain developments, technology changes, the actions of competitors, exchange rate fluctuations and legislative, fiscal and regulatory developments. Information contained in these financial statements relating to the Group should not be relied upon as a guide to future performance.

Alternative performance measures

Throughout the report, we refer to a number of alternative performance measures (APMs). APMs are used internally by management to assess the operating performance of the Group. These are non-GAAP measures and so other entities may not calculate these measures in the same way and hence are not directly comparable. The APMs that are not recognised under UK-adopted international accounting standards are:

- Adjusted EBTIDA;
- Adjusted operating profit;
- Adjusted operating profit less finance expense; and
- Adjusted earnings.

A reconciliation of the APMs can be found in note 6.

The Board considers that the above APMs provide useful information for stakeholders on the underlying trends and performance of the Group and facilitate meaningful year-on-year comparisons.

Key risks and uncertainties

The Group has in place a structured risk management process which identifies key risks and uncertainties along with their associated mitigants. The key risks and uncertainties that could affect the Group's medium-term performance and the factors that mitigate those risks are set out in the Group's Annual Report which can be found on the Group's website (www.thepebblegroup.com). These have not substantially changed in the period, with the exception of the strategic risk associated with share price performance, volatility and liquidity where, in its latest review, the Board has increased the level of risk in response to the extended period of low share price performance.

Going Concern statement

The Group meets its day-to-day working capital requirements through its own cash balances and committed banking facilities. The Group has a £10m Revolving Credit Facility to January 2026. In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the Directors have prepared cash flow forecasts and projections up to 31 December 2025.

The forecasts and projections, which the Directors consider to be prudent, have been further sensitised by applying reductions to revenue growth and margin, to consider a severe but plausible downside. Under both the base and sensitised case, the Group is expected to have headroom against covenants, which are based on interest cover and net leverage, and a sufficient level of financial resources available through existing facilities when the future funding requirements of the Group are compared with the level of committed available facilities. Based on this, the Directors are satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements. For this reason, they continue to adopt the going concern basis in preparing the consolidated interim financial statements.

3. SEGMENTAL ANALYSIS

The Chief Operating Decision Maker (CODM) has been identified as the Executive Directors. The Directors have determined that the operating segments, based on these financial statements, are: Brand Addition; Facilisgroup; and Central operations.

Segment information about the above businesses is presented below.

Income statement for the 6 months ended 30 June 2024

| | Brand Addition £'000 | Facilisgroup £'000 | Central operations £'000 | Total Group £'000 |
|--------------------------------------|----------------------------|-----------------------|--------------------------------|-------------------------|
| Revenue | 51,852 | 8,901 | - | 60,753 |
| Cost of goods sold | (33,573) | - | - | (33,573) |
| Gross profit | 18,279 | 8,901 | - | 27,180 |
| Operating expenses | (14,809) | (7,910) | (1,272) | (23,991) |
| Operating profit/(loss) | 3,470 | 991 | (1,272) | 3,189 |
| Analysed as: | | | | |
| Adjusted EBITDA | 4,559 | 4,245 | (1,450) | 7,354 |
| Depreciation | (793) | (294) | (40) | (1,127) |
| Amortisation | (671) | (3,182) | - | (3,853) |
| Share-based payment credit | 375 | 222 | 218 | 815 |
| Total operating profit/(loss) | 3,470 | 991 | (1,272) | 3,189 |
| Finance expense | (157) | (30) | (94) | (281) |
| Profit/(loss) before taxation | 3,313 | 961 | (1,366) | 2,908 |
| Income tax (expense)/income | (729) | (211) | 300 | (640) |
| Profit/(loss) for the period | 2,584 | 750 | (1,066) | 2,268 |

Due to the timing on the delivery of orders, the Brand Addition segment of The Pebble Group plc traditionally raises a higher number of invoices in the period July to December which results in The Pebble Group plc's performance being weighted to the second half of the year.

All the above revenues are generated from contracts with customers.

Income statement for the 6 months ended 30 June 2023

| | Brand Addition £'000 | Facilisgroup £'000 | Central operations £'000 | Total Group £'000 |
|--------------------------------------|----------------------------|-----------------------|--------------------------------|-------------------------|
| Revenue | 54,153 | 9,164 | - | 63,317 |
| Cost of goods sold | (36,188) | - | - | (36,188) |
| Gross profit | 17,965 | 9,164 | - | 27,129 |
| Operating expenses | (15,300) | (7,002) | (1,508) | (23,810) |
| Operating profit/(loss) | 2,665 | 2,162 | (1,508) | 3,319 |
| Analysed as: | | | | |
| Adjusted EBITDA | 4,457 | 4,272 | (1,249) | 7,480 |
| Depreciation | (783) | (295) | (37) | (1,115) |
| Amortisation | (670) | (1,554) | - | (2,224) |
| Share-based payment charge | (339) | (261) | (222) | (822) |
| Operating profit/(loss) | 2,665 | 2,162 | (1,508) | 3,319 |
| Finance expense | (176) | (22) | (68) | (266) |
| Profit/(loss) before taxation | 2,489 | 2,140 | (1,576) | 3,053 |
| Income tax (expense)/income | (612) | (526) | 387 | (751) |
| Profit/(loss) for the period | 1,877 | 1,614 | (1,189) | 2,302 |

Income statement for the year ended 31 December 2023

| | Brand Addition £'000 | Facilisgroup £'000 | Central operations £'000 | Total Group £'000 |
|--------------------------------------|----------------------------|-----------------------|--------------------------------|-------------------------|
| Revenue | 106,276 | 17,895 | - | 124,171 |
| Cost of goods sold | (69,988) | - | - | (69,988) |
| Gross profit | 36,288 | 17,895 | - | 54,183 |
| Operating expenses | (30,084) | (13,514) | (2,587) | (46,185) |
| Operating profit/(loss) | 6,204 | 4,381 | (2,587) | 7,998 |
| Analysed as: | | | | |
| Adjusted EBITDA | 9,491 | 8,851 | (2,364) | 15,978 |
| Depreciation | (1,640) | (571) | (37) | (2,248) |
| Amortisation | (1,335) | (3,849) | - | (5,184) |
| Share-based payment charge | (312) | (50) | (186) | (548) |
| Total operating profit/(loss) | 6,204 | 4,381 | (2,587) | 7,998 |
| Finance expense | (345) | (67) | (177) | (589) |
| Profit/(loss) before taxation | 5,859 | 4,314 | (2,764) | 7,409 |
| Income tax expense | (891) | (700) | (23) | (1,614) |
| Profit/(loss) for the year | 4,968 | 3,614 | (2,787) | 5,795 |

Statement of financial position as at 30 June 2024

| | Brand Addition £'000 | Facilisgroup £'000 | Central operations £'000 | Total Group £'000 |
|--------------------------------------|----------------------------|-----------------------|--------------------------------|-------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | 38,602 | 22,468 | - | 61,070 |
| Property, plant and equipment | 4,863 | 2,632 | 270 | 7,765 |
| Deferred tax asset | 171 | - | 110 | 281 |
| Total non-current assets | 43,636 | 25,100 | 380 | 69,116 |
| Current assets | | | | |
| Inventories | 15,472 | - | - | 15,472 |
| Trade and other receivables | 27,067 | 5,298 | 230 | 32,595 |
| Current tax asset | (67) | - | 317 | 250 |
| Cash and cash equivalents | 3,435 | 994 | 480 | 4,909 |
| Total current assets | 45,907 | 6,292 | 1,027 | 53,226 |
| Total assets | 89,543 | 31,392 | 1,407 | 122,342 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Lease liability | 3,579 | 1,921 | 150 | 5,650 |
| Deferred tax liability | - | 1,926 | - | 1,926 |
| Total non-current liabilities | 3,579 | 3,847 | 150 | 7,576 |
| Current liabilities | | | | |
| Lease liability | 1,228 | 282 | 49 | 1,559 |
| Trade and other payables | 23,386 | 1,807 | 515 | 25,708 |
| Current tax liability | (192) | 310 | - | 118 |
| Total current liabilities | 24,422 | 2,399 | 564 | 27,385 |
| Total liabilities | 28,001 | 6,246 | 714 | 34,961 |
| Net assets | 61,542 | 25,146 | 693 | 87,381 |

Statement of financial position as at 30 June 2023

| | Brand Addition £'000 | Facilisgroup £'000 | Central operations £'000 | Total Group £'000 |
|--------------------------------------|----------------------------|-----------------------|--------------------------------|-------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | 38,095 | 22,258 | - | 60,353 |
| Property, plant and equipment | 5,744 | 2,750 | 235 | 8,729 |
| Deferred tax asset | 92 | - | 178 | 270 |
| Total non-current assets | 43,931 | 25,008 | 413 | 69,352 |
| Current assets | | | | |
| Inventories | 14,788 | - | - | 14,788 |
| Trade and other receivables | 32,039 | 4,568 | 294 | 36,901 |
| Cash and cash equivalents | 2,477 | 1,555 | 152 | 4,184 |
| Total current assets | 49,304 | 6,123 | 446 | 55,873 |
| Total assets | 93,235 | 31,131 | 859 | 125,225 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Lease liability | 4,618 | 2,177 | - | 6,795 |
| Deferred tax liability | - | 2,370 | - | 2,370 |
| Total non-current liabilities | 4,618 | 4,547 | - | 9,165 |
| Current liabilities | | | | |
| Lease liability | 1,179 | 255 | 62 | 1,496 |
| Trade and other payables | 26,185 | 1,605 | 613 | 28,403 |
| Current tax liability | (56) | 770 | (317) | 397 |
| Total current liabilities | 27,308 | 2,630 | 358 | 30,296 |
| Total liabilities | 31,926 | 7,177 | 358 | 39,461 |
| Net assets | 61,309 | 23,954 | 501 | 85,764 |

Statement of financial position as at 31 December 2023

| | Brand Addition £'000 | Facilisgroup £'000 | Central operations £'000 | Total Group £'000 |
|--------------------------------------|----------------------------|-----------------------|--------------------------------|-------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | 38,472 | 22,835 | - | 61,307 |
| Property, plant and equipment | 5,269 | 2,803 | 234 | 8,306 |
| Deferred tax asset | 158 | - | 124 | 282 |
| Total non-current assets | 43,899 | 25,638 | 358 | 69,895 |
| Current assets | | | | |
| Inventories | 11,852 | - | - | 11,852 |
| Trade and other receivables | 24,956 | 4,921 | 281 | 30,158 |
| Cash and cash equivalents | 12,906 | 1,607 | 1,385 | 15,898 |
| Total current assets | 49,714 | 6,528 | 1,666 | 57,908 |
| Total assets | 93,613 | 32,166 | 2,024 | 127,803 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Lease liability | 4,161 | 1,969 | - | 6,130 |
| Deferred tax liability | - | 2,365 | - | 2,365 |
| Total non-current liabilities | 4,161 | 4,334 | - | 8,495 |
| Current liabilities | | | | |
| Lease liability | 1,195 | 299 | - | 1,494 |
| Trade and other payables | 26,519 | 2,006 | 440 | 28,965 |
| Current tax liability | (202) | 583 | - | 381 |
| Total current liabilities | 27,512 | 2,888 | 440 | 30,840 |
| Total liabilities | 31,673 | 7,222 | 440 | 39,335 |
| Net assets | 61,940 | 24,944 | 1,584 | 88,468 |

4. INCOME TAX EXPENSE

The income tax expense for the 6 months ended 30 June 2024 is based upon management's best estimate of the weighted average annual tax rate expected for the full year ending 31 December 2024. The income tax expense is lower than the standard rate of 25.0% due to tax relief that the Group is claiming in relation to research and development costs it incurs. The income tax expense for the year ended 31 December 2023 was also lower than the standard rate of 23.5% due to lower standard income tax rates in overseas territories as well as tax relief for research and development costs.

5. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of Ordinary Shares in issue during the period.

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all potentially dilutive Ordinary Shares. The Company has potentially dilutive Ordinary Shares arising from share options granted to employees. Options are dilutive under the Group Sharesave Plan where the exercise price together with the future IFRS 2 charge of the option is less than the average market price of the Company's Ordinary Shares during the period. Options under The Pebble Group plc Long Term Incentive Plan, as defined by IFRS 2, are contingently issuable shares and are therefore only included

within the calculation of diluted earnings per share if the performance conditions are satisfied at the end of the reporting period, irrespective of whether this is the end of the vesting period or not.

The impact of the potentially dilutive share options issued under the LTIP on 29 March 2022, 28 March 2023 and 26 March 2024 and the SAYE on 6 October 2021 and 25 April 2023 is: nil for the 6 months ended 30 June 2024 (6 months ended 30 June 2023: nil, year ended 31 December 2023: 0.01p) in respect of statutory earnings per share; and 0.01p for the 6 months ended 30 June 2024 (6 months ended 30 June 2023: 0.01p, year ended 31 December 2023: 0.01p) in respect of adjusted earnings per share.

The calculation of basic earnings per share is based on the following data:

Statutory earnings per share

| | Unaudited 6 months ended 30 June 2024 | Unaudited 6 months ended 30 June 2023 | Audited Year ended 31 December 2023 |
|---|--|--|--|
| Earnings (£'000) | | | |
| Earnings for the purposes of basic and diluted earnings per share being profit for the period attributable to equity shareholders | 2,268 | 2,302 | 5,795 |
| Number of shares | | | |
| Weighted average number of shares for the purposes of basic earnings per share | 166,890,909 | 167,450,893 | 167,412,949 |
| Weighted average dilutive effects of conditional share awards | 424,313 | 600,871 | 445,904 |
| Weighted average number of shares for the purposes of diluted earnings per share | 167,315,222 | 168,051,764 | 167,858,853 |
| Earnings per Ordinary Share | | | |
| Basic earnings per Ordinary Share (pence) | 1.36 | 1.37 | 3.46 |
| Diluted earnings per Ordinary Share (pence) | 1.36 | 1.37 | 3.45 |

Adjusted earnings per share

The calculation of adjusted earnings per share is based on the after-tax adjusted profit after adding back certain costs as detailed in the table in note 6. Adjusted earnings per share figures are given to exclude the effects of amortisation of acquired intangible assets and share-based payment charge/credit, all net of taxation, and are considered to show the underlying performance of the Group.

| | Unaudited 6 months ended 30 June 2024 | Unaudited 6 months ended 30 June 2023 | Audited Year ended 31 December 2023 |
|--|--|--|--|
| Earnings (£'000) | | | |
| Earnings for the purposes of basic and diluted adjusted earnings per share being adjusted earnings | 3,116 | 3,479 | 7,708 |
| Number of shares | | | |
| Weighted average number of shares for the purposes of basic adjusted earnings per share | 166,890,909 | 167,450,893 | 167,412,949 |
| Weighted average dilutive effects of conditional share awards | 424,313 | 600,871 | 445,904 |
| Weighted average number of shares for the purposes of diluted adjusted earnings per share | 167,315,222 | 168,051,764 | 167,858,853 |
| Adjusted earnings per Ordinary Share | | | |
| Basic adjusted earnings per Ordinary Share (pence) | 1.87 | 2.08 | 4.60 |
| Diluted adjusted earnings per Ordinary Share (pence) | 1.86 | 2.07 | 4.59 |

6. ALTERNATIVE PERFORMANCE MEASURES

Throughout the consolidated interim financial statements, we refer to a number of alternative performance measures (APMs). A reconciliation of the APMs used are shown below.

Adjusted EBTIDA

| | Unaudited 6 months ended 30 June 2024 £'000 | Unaudited 6 months ended 30 June 2023 £'000 | Audited Year ended 31 December 2023 £'000 |
|-------------------------------------|--|---|---|
| Operating profit | 3,189 | 3,319 | 7,998 |
| Add back/(deduct): | | | |
| Depreciation | 1,127 | 1,115 | 2,248 |
| Amortisation | 3,853 | 2,224 | 5,184 |
| Share-based payment (credit)/charge | (815) | 822 | 548 |
| Adjusted EBITDA | 7,354 | 7,480 | 15,978 |

Adjusted operating profit

| | Unaudited 6 months ended 30 June 2024 £'000 | Unaudited 6 months ended 30 June 2023 £'000 | Audited Year ended 31 December 2023 £'000 |
|---|--|---|---|
| Operating profit | 3,189 | 3,319 | 7,998 |
| Add back/(deduct): | | | |
| Amortisation charge on acquired intangible assets | 1,847 | 709 | 1,901 |
| Share-based payment (credit)/charge | (815) | 822 | 548 |
| Adjusted operating profit | 4,221 | 4,850 | 10,447 |

Adjusted operating profit less finance expense

| | Unaudited 6 months ended 30 June 2024 £'000 | Unaudited 6 months ended 30 June 2023 £'000 | Audited Year ended 31 December 2023 £'000 |
|---|--|---|---|
| Adjusted operating profit | 4,221 | 4,850 | 10,447 |
| Deduct: | | | |
| Finance expense | (281) | (266) | (589) |
| Adjusted operating profit less finance expense | 3,940 | 4,584 | 9,858 |

Adjusted earnings

| | Unaudited 6 months ended 30 June 2024 £'000 | Unaudited 6 months ended 30 June 2023 £'000 | Audited Year ended 31 December 2023 £'000 |
|---|--|---|---|
| Profit for the period attributable to equity shareholders | 2,268 | 2,302 | 5,795 |
| Add back/(deduct): | | | |
| Amortisation charge on acquired intangible assets | 1,847 | 709 | 1,901 |
| Share-based payment (credit)/charge | (815) | 822 | 548 |
| Tax effect of the above | (184) | (354) | (536) |
| Adjusted earnings | 3,116 | 3,479 | 7,708 |

7. DIVIDENDS PAID AND PROPOSED

| | Unaudited 6 months ended 30 June 2024 £'000 | Unaudited 6 months ended 30 June 2023 £'000 | Audited Year ended 31 December 2023 £'000 |
|--|--|---|---|
| Declared and paid during the period | | | |
| Final dividend for 2023 of 1.2p per share (2022: 0.6p per share) | 2,005 | 1,005 | 1,005 |
| Proposed for approval at AGM (not recognised in the period) | | | |
| Final dividend for 2023 of 1.2p per share | | | 2,005 |

As per the Trust Deed, the EBT waived its entitlement to the dividend on the shares held of 367,942 shares.

8. INTANGIBLE ASSETS

| | Goodwill £'000 | Customer relationships £'000 | Software and development costs £'000 | Work in progress £'000 | Total £'000 |
|---------------------------------|-------------------|------------------------------------|--|------------------------------|----------------|
| Cost | | | | | |
| At 1 January 2023 | 36,139 | 11,322 | 24,877 | 4,085 | 76,423 |
| Additions | - | - | 401 | 3,286 | 3,687 |
| Reclassifications | - | - | 3,644 | (3,644) | - |
| Exchange differences | (168) | (530) | (655) | (188) | (1,541) |
| At 30 June 2023 | 35,971 | 10,792 | 28,267 | 3,539 | 78,569 |
| Additions | - | - | 260 | 3,701 | 3,961 |
| Disposals | - | - | (186) | - | (186) |
| Reclassifications | - | - | 556 | (556) | - |
| Exchange differences | (7) | (24) | (17) | (7) | (55) |
| At 31 December 2023 | 35,964 | 10,768 | 28,880 | 6,677 | 82,289 |
| Additions | - | - | 145 | 3,346 | 3,491 |
| Disposals | - | - | (14) | - | (14) |
| Reclassifications | - | - | 3,315 | (3,315) | - |
| Exchange differences | 25 | 78 | (43) | 40 | 100 |
| At 30 June 2024 | 35,989 | 10,846 | 32,283 | 6,748 | 85,866 |
| Accumulated amortisation | | | | | |
| At 1 January 2023 | - | 2,372 | 14,049 | - | 16,421 |
| Charge for the period | - | 277 | 1,947 | - | 2,224 |
| Exchange differences | - | (113) | (316) | - | (429) |
| At 30 June 2023 | - | 2,536 | 15,680 | - | 18,216 |
| Charge for the period | - | 273 | 2,687 | - | 2,960 |
| Disposals | - | - | (155) | - | (155) |
| Exchange differences | - | (10) | (29) | - | (39) |
| At 31 December 2023 | - | 2,799 | 18,183 | - | 20,982 |
| Charge for the period | - | 271 | 3,582 | - | 3,853 |
| Disposals | - | - | (14) | - | (14) |
| Exchange differences | - | 20 | (45) | - | (25) |
| At 30 June 2024 | - | 3,090 | 21,706 | - | 24,796 |
| Net book value | | | | | |
| At 31 December 2022 | 36,139 | 8,950 | 10,828 | 4,085 | 60,002 |
| At 30 June 2023 | 35,971 | 8,256 | 12,587 | 3,539 | 60,353 |
| At 31 December 2023 | 35,964 | 7,969 | 10,697 | 6,677 | 61,307 |
| At 30 June 2024 | 35,989 | 7,756 | 10,577 | 6,748 | 61,070 |

Within software and development costs, the amortisation charge for the 6 months ended 30 June 2024 includes £1,576,000 (6 months ended 30 June 2023: £432,000, year ended 31 December 2023: £1,351,000) in respect of acquired intangible assets. This includes a charge of £1,260,000 (6 months ended 30 June 2023: £nil, year ended 31 December 2023: £494,000) which has been accelerated to align the useful lives of certain acquired intangible assets with those that are internally generated.

The Group tests annually for impairment, at the year end, or more frequently if there are indicators that goodwill might be impaired. There were no such indicators as at 30 June 2024.

9. PROPERTY, PLANT AND EQUIPMENT

| | Fixtures and fittings £'000 | Computer hardware £'000 | Right-of-use assets £'000 | Total £'000 |
|---------------------------------|-----------------------------------|-------------------------------|---------------------------------|----------------|
| Cost | | | | |
| At 1 January 2023 | 3,555 | 2,671 | 13,798 | 20,024 |
| Additions | 194 | 145 | 472 | 811 |
| Disposals | - | (7) | (345) | (352) |
| Exchange differences | (115) | (77) | (624) | (816) |
| At 30 June 2023 | 3,634 | 2,732 | 13,301 | 19,667 |
| Additions | 51 | 481 | 44 | 576 |
| Disposals | - | (343) | (132) | (475) |
| Exchange differences | (3) | 3 | 230 | 230 |
| At 31 December 2023 | 3,682 | 2,873 | 13,443 | 19,998 |
| Additions | 79 | 115 | 404 | 598 |
| Disposals | - | - | (497) | (497) |
| Exchange differences | 6 | (10) | (18) | (22) |
| At 30 June 2024 | 3,767 | 2,978 | 13,332 | 20,077 |
| Accumulated depreciation | | | | |
| At 1 January 2023 | 2,640 | 1,572 | 6,320 | 10,532 |
| Charge for the period | 245 | 205 | 665 | 1,115 |
| Disposals | - | (4) | (345) | (349) |
| Exchange differences | (92) | (48) | (220) | (360) |
| At 30 June 2023 | 2,793 | 1,725 | 6,420 | 10,938 |
| Charge for the period | 33 | 260 | 840 | 1,133 |
| Disposals | - | (341) | (126) | (467) |
| Exchange differences | 11 | - | 77 | 88 |
| At 31 December 2023 | 2,837 | 1,644 | 7,211 | 11,692 |
| Charge for the period | 131 | 233 | 763 | 1,127 |
| Disposals | - | - | (497) | (497) |
| Exchange differences | 5 | (5) | (10) | (10) |
| At 30 June 2024 | 2,973 | 1,872 | 7,467 | 12,312 |
| Net book value | | | | |
| At 31 December 2022 | 915 | 1,099 | 7,478 | 9,492 |
| At 30 June 2023 | 841 | 1,007 | 6,881 | 8,729 |
| At 31 December 2023 | 845 | 1,229 | 6,232 | 8,306 |
| At 30 June 2024 | 794 | 1,106 | 5,865 | 7,765 |

Right-of-use assets - net book value

| | Unaudited | Unaudited | Audited |
|---|------------------|-----------|-------------|
| | As at | As at | As at |
| | 30 June | 30 June | 31 December |
| | 2024 | 2023 | 2023 |
| | £'000 | £'000 | £'000 |
| Leasehold property | 5,506 | 6,655 | 5,943 |
| Fixtures and fittings | 177 | 43 | 100 |
| Computer hardware | 182 | 183 | 189 |
| Total right-of-use assets – net book value | 5,865 | 6,881 | 6,232 |

10. LEASES

Amounts recognised in the consolidated statement of financial position

In addition to the right-of-use assets included within note 9, the consolidated statement of financial position shows the following amounts relating to leases:

Lease liability

| | Unaudited As at 30 June 2024 £'000 | Unaudited As at 30 June 2023 £'000 | Audited As at 31 December 2023 £'000 |
|--|---|--|--|
| Maturity analysis – contractual undiscounted cash flows: | | | |
| Less than one year | 1,862 | 1,912 | 1,807 |
| More than one year, less than two years | 1,818 | 1,688 | 1,729 |
| More than two years, less than three years | 1,597 | 1,684 | 1,722 |
| More than three years, less than four years | 1,080 | 1,465 | 1,165 |
| More than four years, less than five years | 921 | 1,019 | 1,004 |
| More than five years | 724 | 1,611 | 1,106 |
| Total undiscounted lease liability at period end | 8,002 | 9,379 | 8,533 |
| Finance expense | (793) | (1,088) | (909) |
| Total discounted lease liability at period end | 7,209 | 8,291 | 7,624 |
| Current | 1,559 | 1,496 | 1,494 |
| Non-current | 5,650 | 6,795 | 6,130 |
| | 7,209 | 8,291 | 7,624 |

Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

| | Unaudited 6 months ended 30 June 2024 £'000 | Unaudited 6 months ended 30 June 2023 £'000 | Audited Year ended 31 December 2023 £'000 |
|---|--|---|---|
| Depreciation charge – leasehold property | 700 | 602 | 1,365 |
| Depreciation charge – fixtures and fittings | 36 | 42 | 86 |
| Depreciation charge – computer hardware | 27 | 21 | 54 |
| | 763 | 665 | 1,505 |
| Interest expense (within finance expense) | 188 | 199 | 399 |

11. SHARE CAPITAL

The authorised, issued and fully paid number of shares are set out below.

| | Ordinary Shares 2024 Number | Share capital £ | Share premium £ |
|--|-----------------------------------|-----------------------|-----------------------|
| Ordinary Shares of 1p each: | | | |
| At 1 January 2023, 30 June 2023 and 31 December 2023 | 167,450,893 | 1,674,509 | 78,451,312 |
| Purchase of own shares | (985,256) | (9,853) | - |
| At 30 June 2024 | 166,465,637 | 1,664,656 | 78,451,312 |

In May 2024, the Group commenced a share buyback programme to repurchase up to £5 million of its own shares. During the 6 months ended 30 June 2024, 985,256 Ordinary Shares with a total nominal value of £9,853 were bought back by the Company for a total consideration, including transaction costs, of £588,711, charged to retained earnings. The Company subsequently cancelled these shares which resulted in a reduction in share capital of £9,853, with a corresponding increase in the capital reserve.

In the 6 months ended 30 June 2024, the EBT purchased a total of 194,085 Ordinary Shares at an average price of £0.56 per share, which were used to satisfy the exercise of 148,340 LTIP options. The EBT did not sell any shares and the remaining 458,382 shares are held by the Trust.

12. FINANCIAL INSTRUMENTS

The fair values of all financial instruments included in the consolidated statement of financial position are a reasonable approximation of their carrying values.

13. SHARE-BASED PAYMENTS

In the 6 months ended 30 June 2024, the Group operated equity-settled share-based payment plans as described below.

The Group recognised total a total credit of £826,000 in respect of equity-settled share-based payment transactions for the 6 months ended 30 June 2024 (6 months ended 30 June 2023: expense of £822,000, year ended 31 December 2023: expense of £548,000).

The Pebble Group plc Long Term Incentive Plan (LTIP)

Certain employees of the Company, along with other Group employees, have been granted share options on 29 March 2022 28 March 2023 and 26 March 2024 under the LTIP.

Details of the maximum total number of Ordinary Shares which may be issued in future periods in respect of LTIP awards outstanding at 30 June 2024 are shown below.

| | Number of shares |
|------------------------------------|------------------|
| At 1 January 2023 | 3,357,530 |
| Granted in the period | 1,655,496 |
| Lapsed in the period | (60,789) |
| At 30 June 2023 | 4,952,237 |
| Exercised in the period | (303,558) |
| Lapsed in the period | (1,433,726) |
| At 31 December 2023 | 3,214,953 |
| Granted in the period | 3,009,191 |
| Exercised in the period | (148,340) |
| Lapsed in the period | (229,186) |
| Outstanding at 30 June 2024 | 5,846,618 |
| Exercisable at 30 June 2024 | 424,313 |

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share based on the AIM Price Index over the past 3 years, the expected dividend yield and the risk-free interest rate for the term of the option. This information in respect of the 2024 award in the period is shown below.

| | 2024 award TSR condition | 2024 award AEPS condition |
|--|-----------------------------|---------------------------------|
| Share price at start of performance period | 60.2p | 60.2p |
| Share price at grant date | 67.0p | 67.0p |
| Exercise price | £nil | £nil |
| Expected volatility | 12.14% | - |
| Expected life | 3 years | 3 years |
| Expected dividend yield | 1.78% | - |
| Risk-free interest rate | 4.11% | - |
| Fair value per option | 16.5p | 67.0p |

The vesting of these awards is subject to the Group achieving certain performance targets under the LTIP. The options are split into two parts with the amount of Part 1 options that will vest depending on achievement of the Group's Basic Adjusted EPS (AEPS), which comprises 70% of the award, whilst Part 2 depends on absolute total shareholder return (TSR) that will vest depending on performance of the Company's Absolute TSR, which comprises 30% of the award.

The Pebble Group plc Group Sharesave Plan

Certain eligible employees of the Company, along with other Group employees, have been granted share options on 6 October 2021 and 25 April 2023 under the SAYE.

Details of the maximum total number of Ordinary Shares which may be issued in future periods in respect of SAYE awards outstanding at 30 June 2024 are shown below.

| | Number of shares |
|------------------------------------|------------------|
| At 1 January 2023 | 742,065 |
| Lapsed in the period | (245,839) |
| At 30 June 2023 | 496,226 |
| Granted in the period | 417,932 |
| Lapsed in the period | (235,811) |
| At 31 December 2023 | 678,347 |
| Lapsed in the period | (127,679) |
| Outstanding at 30 June 2024 | 550,668 |