
Half Year Results 2024

The Pebble Group

9 September 2024



Introduction

Chris Lee

CEO



Claire Thomson

CFO



Why are promotional products used?

Businesses of all sizes, sectors and geographies use products, branded with their name or key message in order to build culture, brand awareness and meaningful connections with their stakeholders, be it existing or potential customers, employees or suppliers.

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



Market Opportunity

GLOBAL INDUSTRY
c. **\$50**bn

Businesses of all sizes, sectors and geographies use products, branded with their name or key message.

The fragmented North American market is c.\$24bn of this total

The Pebble Group

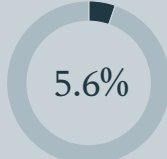
Our vision is to provide digital commerce, products and related services to the global promotional products industry

The Pebble Group

VISIBILITY OF SALES OF PROMOTIONAL PRODUCTS
\$1.5bn



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



Market share **\$1.4bn** out of **c.\$25.0bn** TAM

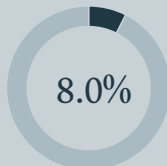


brand addition.

SALES THROUGH OUR TECHNOLOGY
\$1.4bn

brand addition.

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



Market share **70** out of **870** target companies

Investment highlights

The Pebble Group



Highlights

HY 24 Results

The Pebble Group

Group Adjusted EBITDA in line with prior year at £7.4m (HY 23: £7.5m)

Continued Gross Margin expansion to 44.7% (HY 23: 42.8%)

Cash at 30 June 2024 £4.9m (HY 23: £4.2m)

facilisgroup

Evolved leadership

Key indicators of GMV (+5%) and Preferred Supplier purchases (+6%)

Capital expenditure reducing

brand addition.

Revenue recovered well following challenging H2 23

High client retention levels continue

Gross profit margin at 35.3% (HY 23: 33.2%)

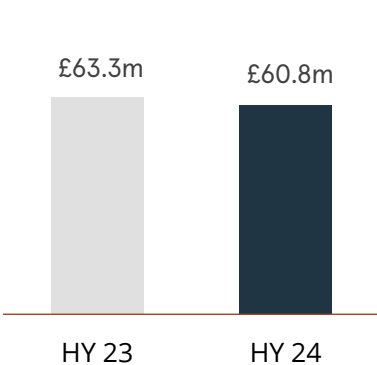
Highlights

HY 24, KPIs

Revenue

£60.8m

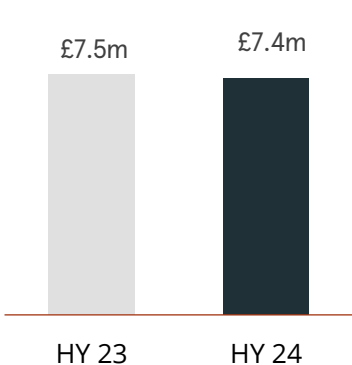
-3.9%



Adjusted EBITDA¹

£7.4m

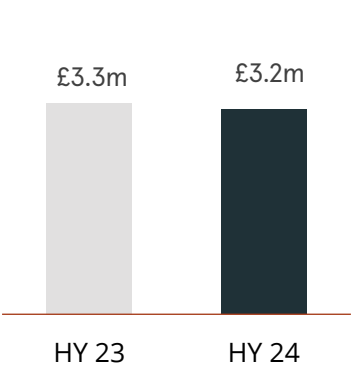
-1.3%



Operating profit

£3.2m

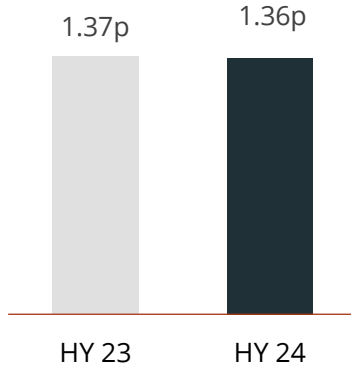
-3.1%



Basic EPS

1.36p

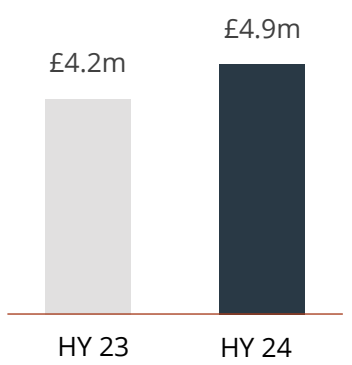
-0.7%



Net cash²

£4.9m

+16.7%

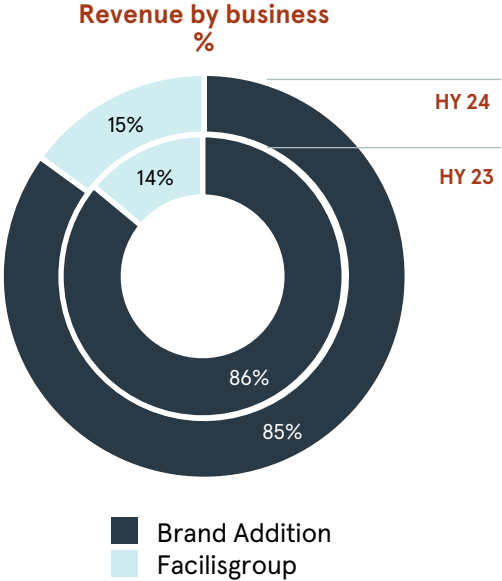


¹ Adjusted EBITDA is defined as operating profit before depreciation, amortisation and share based payment charge/credit

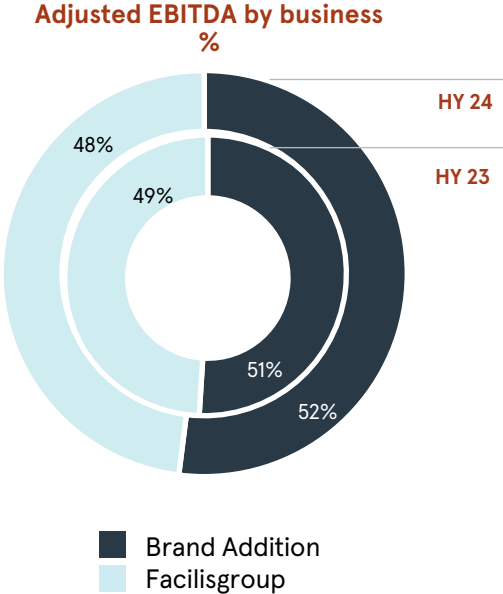
² Net cash is defined as cash and cash equivalents less borrowings (excluding lease liabilities)

Key Financial Dynamics

Facilisgroup SAAS revenue delivering high EBITDA margins



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



- Commentary**
- ➔ 47% EBITDA margins of Facilisgroup (HY 23: 47%)
 - ➔ 9% EBITDA margins of Brand Addition (HY 23: 8%)

Income Statement

HY 24

Revenue £

-4%

Gross profit %

+2ppt

EBITDA £

-1%

£'m	HY 24	HY 23	FY 23
Revenue	60.8	63.3	124.2
Gross profit	27.2	27.1	54.2
People & overhead	(18.4)	(18.3)	(35.8)
Adjusted EBITDA pre-Head Office	8.8	8.8	18.4
Head office costs	(1.4)	(1.3)	(2.4)
Adjusted EBITDA	7.4	7.5	16.0
Depreciation and amortisation	(5.0)	(3.4)	(7.4)
Share-based payments credit/(charge)	0.8	(0.8)	(0.6)
Operating profit	3.2	3.3	8.0

Gross profit %	44.7%	42.8%	43.6%
Adjusted EBITDA %	12.2%	11.8%	12.9%
Operating profit %	5.3%	5.2%	6.4%

Commentary

Increasing margins at Brand Addition 35.3% (HY 23: 33.2%)

Disciplined cost management supporting profitability in uncertain market conditions

HY24 includes £1.3m of accelerated amortisation of acquired intangible software assets (HY 23: nil), (FY 23: £0.5m)

Underlying increase due to amortisation of new product development at Facilisgroup

Credit in HY 24 as non-market-based performance conditions for 2022 and 2023 awards are not expected to be met

Balance Sheet

HY 24

High quality
working capital
converts
efficiently to
cash

£'m	HY 24	HY 23	FY 23
Non-current assets	69.1	69.4	69.9
Inventories	15.5	14.8	11.9
Trade & other receivables	32.9	36.9	30.1
Cash & cash equivalents	4.9	4.2	15.9
Current assets	53.3	55.9	57.9
Total assets	122.4	125.3	127.8
Lease liability	5.7	6.8	6.1
Deferred tax liability	1.9	2.4	2.4
Non-current liabilities	7.6	9.2	8.5
Lease liability	1.6	1.5	1.5
Trade and other payables	25.7	28.4	28.9
Current tax liability	0.1	0.4	0.4
Current liabilities	27.4	30.3	30.8
Total liabilities	35.0	39.5	39.3
Net assets	87.4	85.8	88.5

Goodwill and intangibles: £43.7m,
Software: £17.3m, PPE: £7.8m,
Deferred Tax asset £0.3m

Brand Addition, inventory for short turn
around orders underwritten in client
contracts. Includes £4.4m Goods In
Transit to clients (HY 23: £1.87m)

Brand Addition, blue-chip backed
receivables

Cash Flow

HY 24

Operating cash flow

+£0.6_m

£'m	HY 24	HY 23	FY 23	Commentary
Adjusted EBITDA	7.4	7.5	16.0	Predominately Brand Addition, movement in line with usual cycle
Movement in working capital	(9.4)	(9.7)	0.7	
Capital expenditure	(3.7)	(4.0)	(8.6)	Capital expenditure trending down
Leases	(0.8)	(0.9)	(1.6)	
Operating cash flow	(6.5)	(7.1)	6.5	
Taxes paid	(1.6)	(1.5)	(2.5)	
Net finance costs	(0.3)	(0.3)	(0.6)	100% dividend growth
Dividend paid	(2.0)	(1.0)	(1.0)	
Purchase of own shares	(0.7)	-	(0.4)	Purchase of own shares £0.6m Share Buyback Programme £0.1m Employee Benefit Trust
Exchange gain/(loss)	0.1	(1.0)	(1.2)	
Net cash flow	(11.0)	(10.9)	0.8	

Use of capital from our cash generation

Principles of cash utilisation

Managing the business:

In line with prior years

1. Balance Sheet strength

Maintain a debt free, prudent cash position

2. Working capital

Facilisgroup: minimal requirement

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

3. Capital Expenditure

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

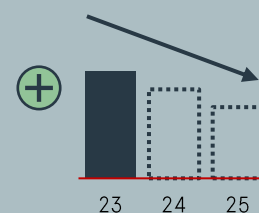
Brand Addition: circa £2.5m ongoing annual investment

Further shareholder value opportunities:

Capital expenditure reducing, returns increasing

4. Capital expenditure for extending growth

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

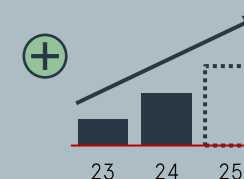


Cash enhancing

5. Dividend

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

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

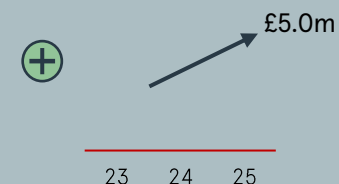


Returns to shareholders

6. Other opportunities

Board consideration ongoing for other opportunities to create shareholder value

Up to £5.0m share buyback programme ongoing



Returns to shareholders

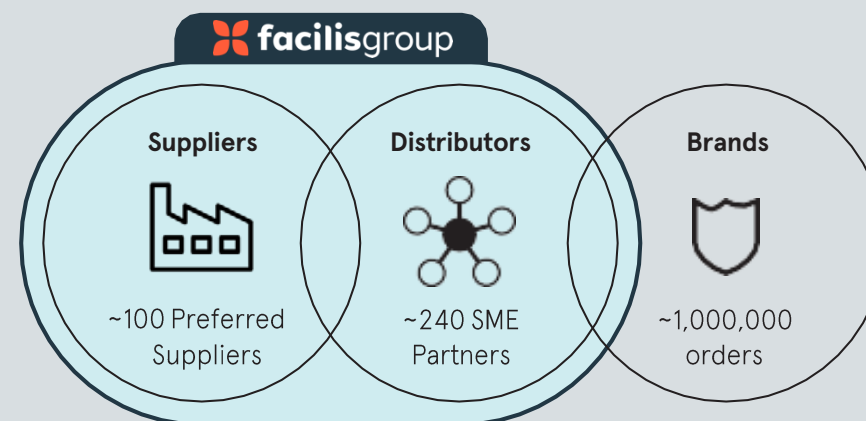




▶ Visit facilisgroup.com to learn more

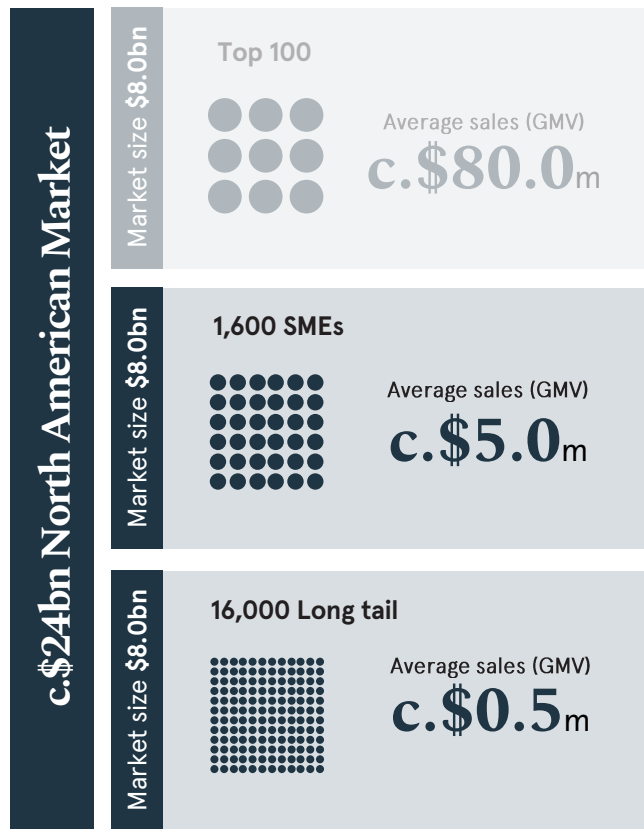


Facilisgroup, the network that powers your business for success

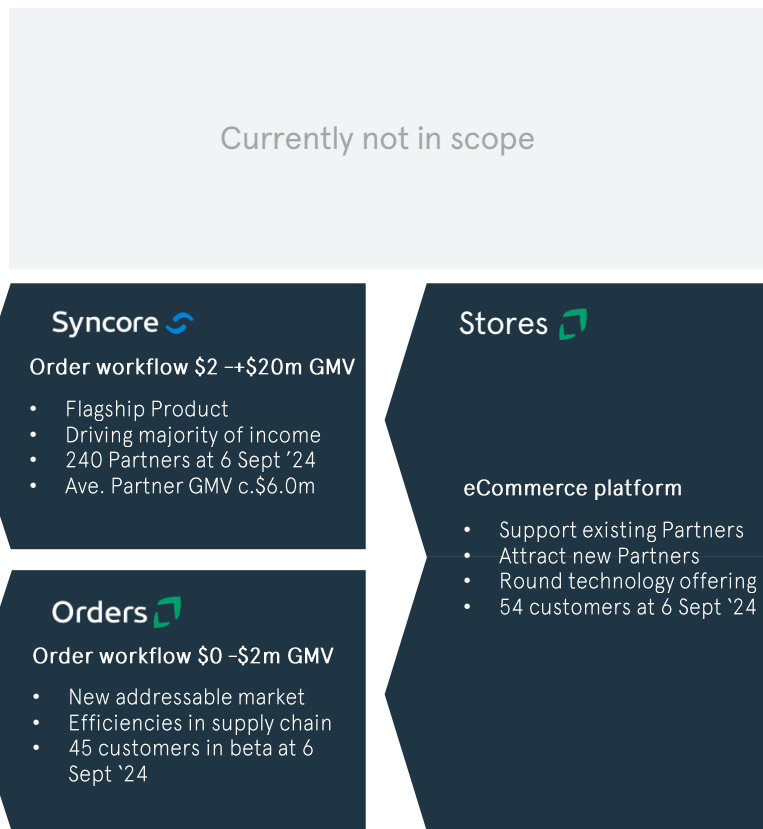


Growing GMV through technology

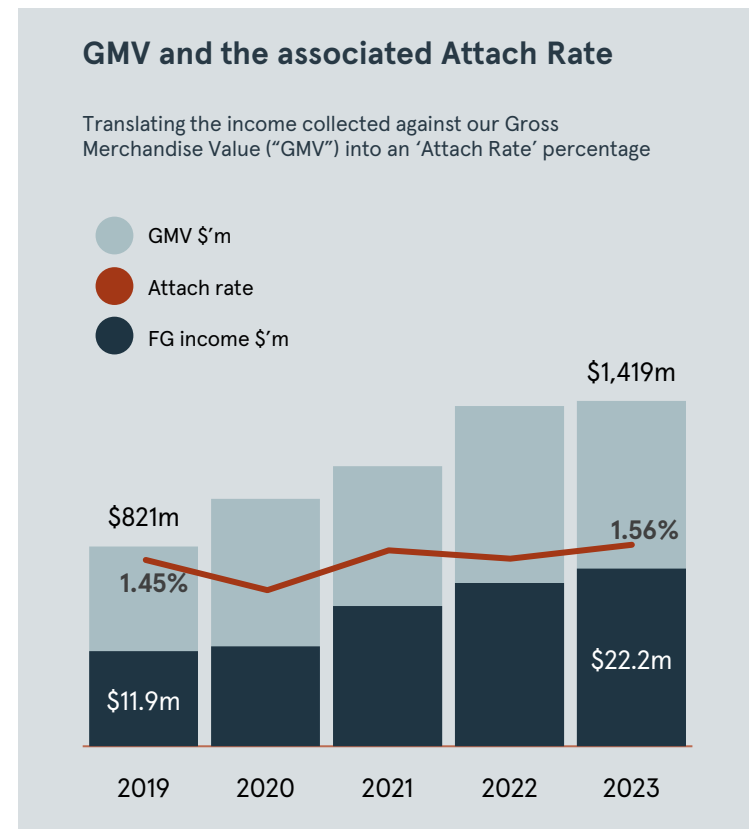
Distributor market



Our approach



Measuring Success

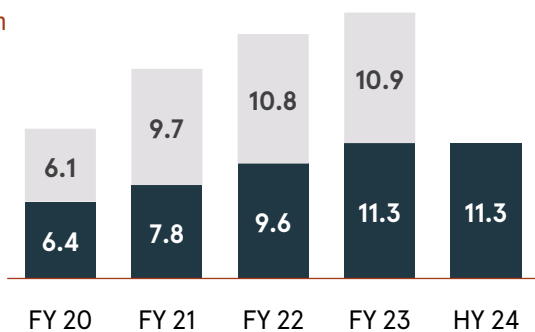


Results Summary

H2
H1

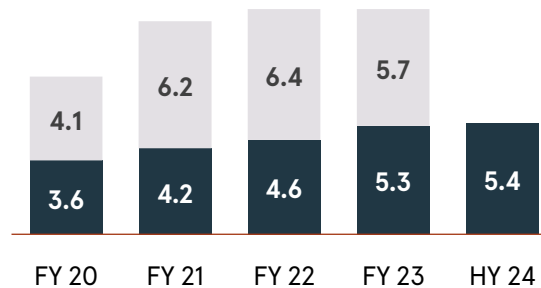
Revenue

USD'm



EBITDA

USD'm



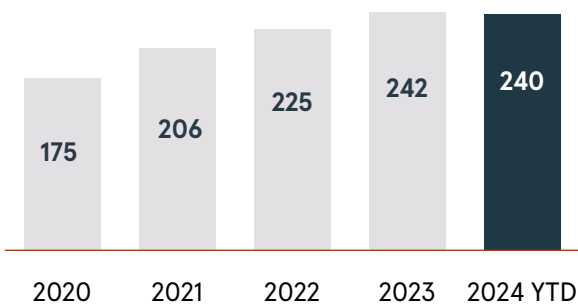
Growth and margins

15%
Revenue CAGR
4-years to 30 June 2024

47%
EBITDA margin
HY 24

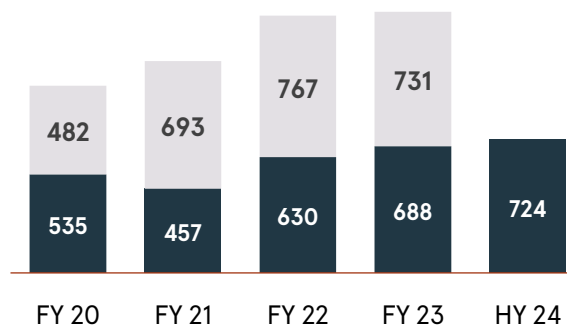
Syncore Partners

#



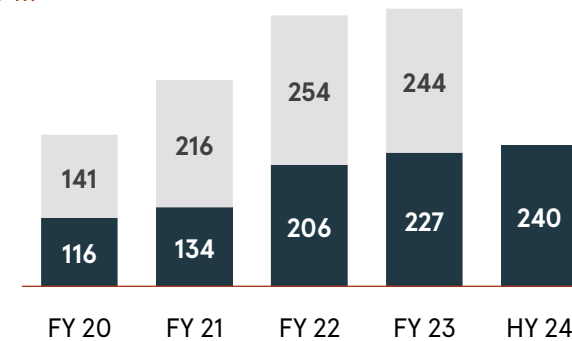
GMV

USD'm



Preferred Spend

USD'm

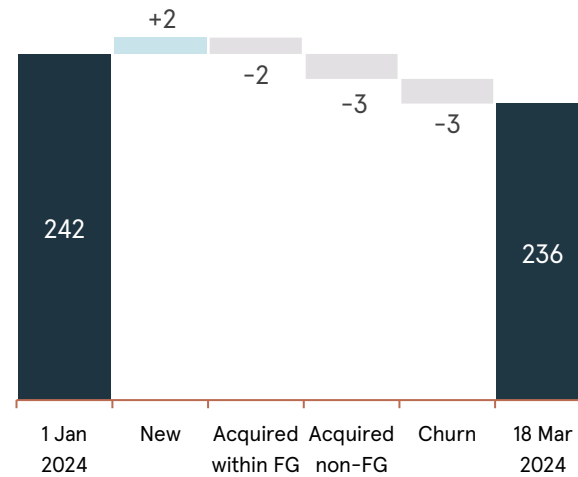


Partner retention levels remain strong

98%
(excluding businesses that have been acquired)

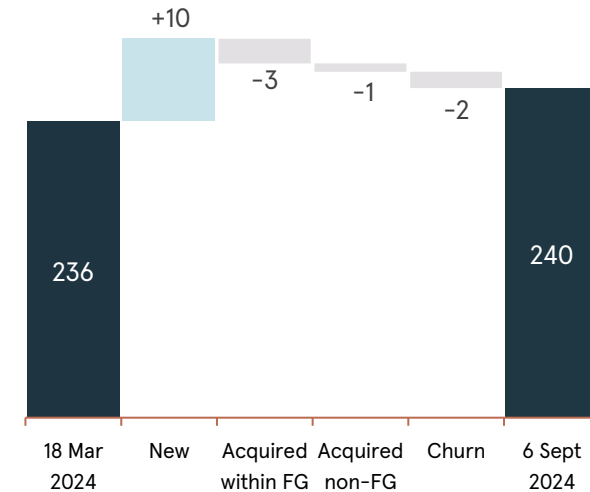
As at 18 Mar 2024 (FY 23 Results Announcement)

2024 : Partners bridges, YTD #



Progress from 18 Mar 2024 to 6 Sept 2024

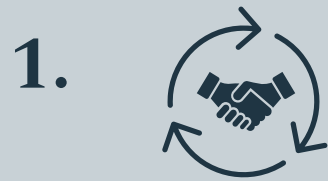
- ➔ New sales team building experience and pipeline to support responsible growth
- ➔ Higher level of acquisition activity than previous years. 'Acquired within FG' retains the GMV in the business
- ➔ Partner churn to date has a non-material impact on GMV



Progress in 2024

Strategies

Progress



1.

Support existing Partners' growth and hence the GMV throughput of their businesses

- ➔ Improved relationships, supporting retention
- ➔ Investment in Product technology to maintain market leading position
- ➔ Learning and education initiatives to influence Partner GMV

2.



Winning more Partners, gaining market share within our existing TAM

- ➔ 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

- ➔ Deepening relationships with top-tier Preferred Suppliers including fewer, higher quality events
- ➔ Utilising large data sources created by \$1.4bn of GMV to improve the Preferred Supplier purchases

4.



Bringing new technology to market to grow the services to our existing Partners and increase our TAM

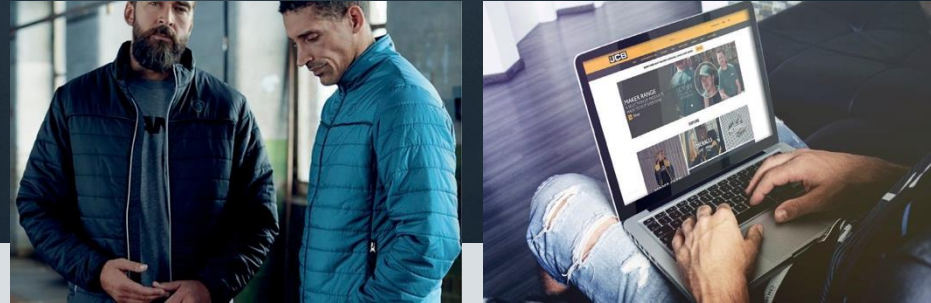
- ➔ **Stores:** eCommerce Platform
 - Past its most significant investment period
 - Contributing to new Partner acquisition and retention
- ➔ **Orders:** Order workflow for small sized distributors
 - Past its most significant investment period
 - Focus is on supplier integration to drive product usage

brand addition.

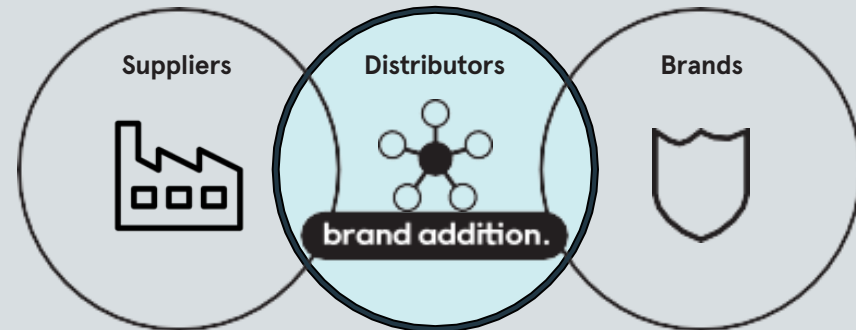
▶ Visit brandaddition.com to learn more

+

Add what matters.
brand addition.



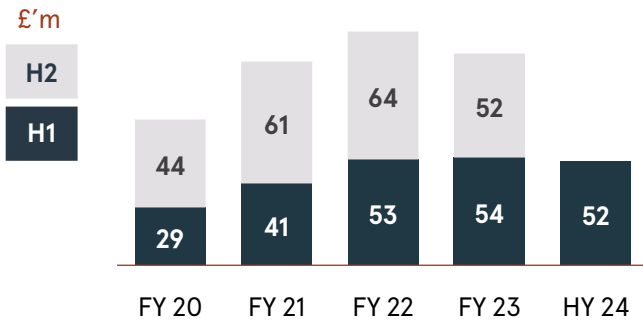
Brand Addition is an end-to-end creative branded merchandise agency that helps global brands build culture, awareness and meaningful connections with their customers, employees and communities.



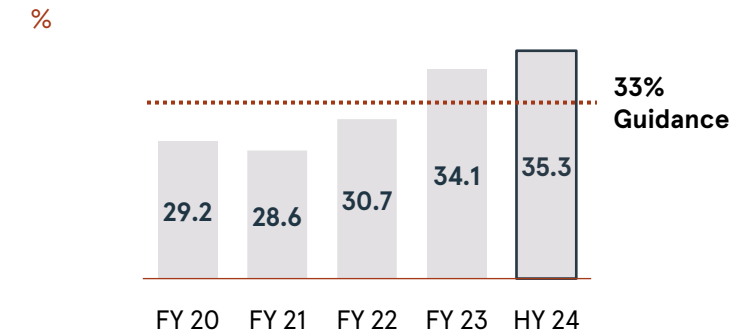
Results Summary

brand addition.

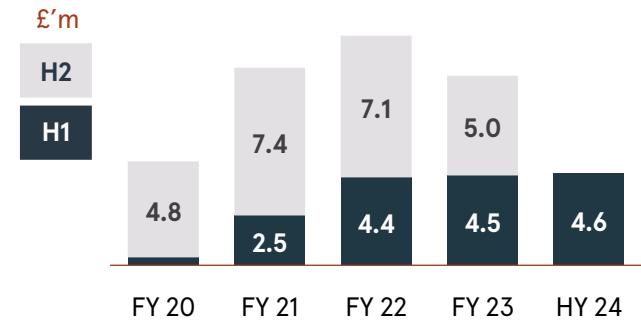
Revenue



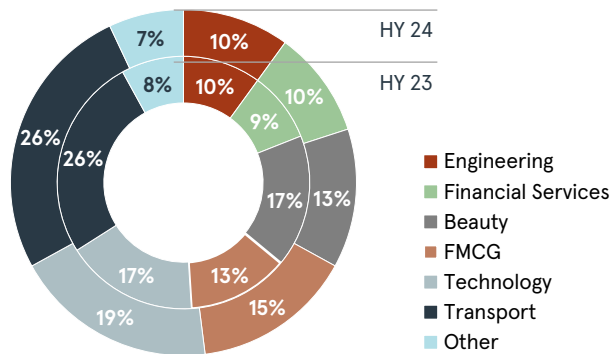
Gross profit margins



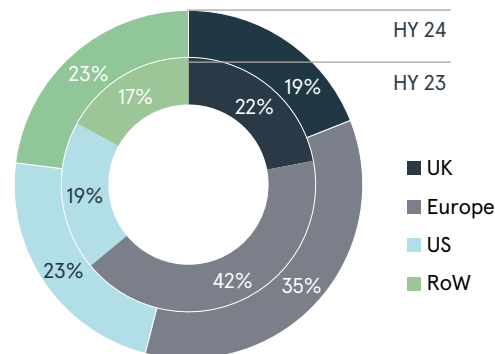
EBITDA



Revenue by client sector



Revenue by destination



Growth and margins



brand addition.

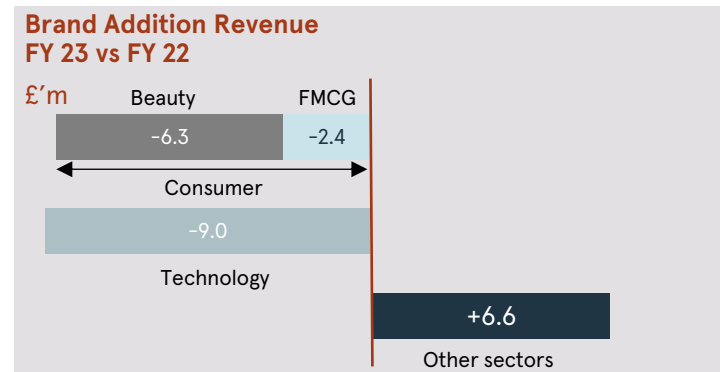
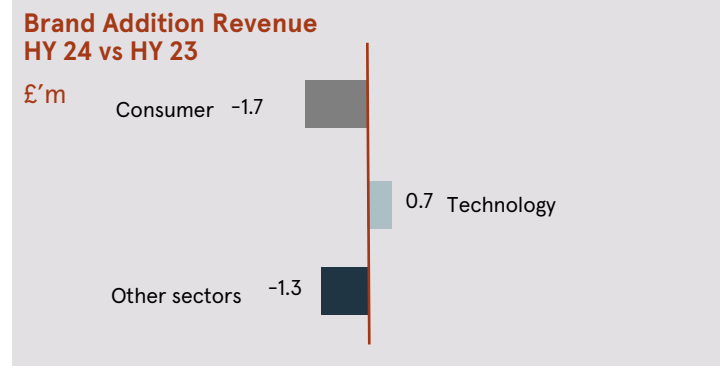
HY 24 revenues stable

Revenue by client sector

HY 24 was in line with management expectations, with order intake to date following anticipated trends

Sector specific revenue impact on sales invoiced in H2 23

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



Client retention

100%
of top 10 clients from 2022

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

Gross margin improvement in HY 24

35.3%
HY 23 33.2%

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

Progress in 2024



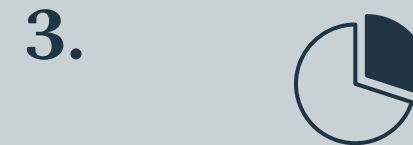
Client retention

- Remains strong
- Taking existing clients into new geographies



Attracting new clients

- Tender activity in line with prior years, albeit final decision making slower than in historic periods
- Appoint of Global Marketing Director to enhance and influence new business activities and wider marketing strategies



Gross margin management

- Improvement in HY 24 to 35.3% against medium term guidance of 33%
- Client's valuing complex suite of services to deliver internationally, at scale

Advancing our commitment to sustainability through our ESG strategy



Kirsten Motyl
Senior ESG officer

Executive interview

- ➔ Why ESG is important to The Pebble Group
- ➔ Our four ESG cornerstones
- ➔ ESG priorities for our two businesses:
 - Facilisgroup
 - Brand Addition

Scan the QR code to watch our interview:



Building an industry community through Facilisgroup



facilis ❤️ cares

- ➔ Uniting the industry community to make a difference
- ➔ Giving back to the local community



Educating Partners and suppliers in the industry

- ➔ Partner summits, supplier showcases, monthly webinars
- ➔ Specific industry training



Building an industry community

- ➔ Supporting women to thrive, network and achieve their aspirations in the industry
- ➔ Specialised platform for women to connect within the Facilisgroup Community

Group Outlook

FY 24 Group results expected to be in line with markets expectations

Robust cash position supporting growing shareholder returns in a \$50bn global industry

Welcome appointment of Anne de Kerckhove as our new Non-Executive Chair

Investment highlights

The Pebble Group



Appendix

Building brands.
Growing relationships.
Strengthening businesses.

The Pebble Group



Segmental Analysis, home currency USD

HY 24

USD'm	HY 24	HY 23	FY 23
Recurring Revenue	10.7	10.6	21.2
Other Revenue	0.6	0.7	1.0
Total Revenue	11.3	11.3	22.2
People & overhead	(5.9)	(6.0)	(11.2)
Adjusted EBITDA	5.4	5.3	11.0
Depreciation and amortisation	(4.4)	(2.3)	(5.5)
Share-based payments charge	0.3	(0.4)	(0.1)
Operating profit	1.3	2.6	5.4
£:US\$ average rate	1.27	1.23	1.24

Commentary

In line with HY 23 due to impact of flat FY 23 GMV on 2024 Technology Subscription fees

Strong EBITDA margins

HY24 includes USD1.6m of accelerated amortisation of acquired intangible software assets (HY 23: nil), (FY 23: USD0.6m)

Recurring revenue \$m	10.7	10.6	21.2
Recurring revenue \$m growth %	1.0%	16.5%	11.6%
Adjusted EBITDA %	47.8%	46.9%	49.5%
Operating profit %	11.5%	23.0%	24.3%

Segmental Analysis, reporting currency GBP

HY 24

£'m	HY 24	HY 23	FY 23
Recurring Revenue	8.5	8.6	17.0
Other Revenue	0.4	0.6	0.9
Total Revenue	8.9	9.2	17.9
People & overhead	(4.7)	(4.9)	(9.0)
Adjusted EBITDA	4.2	4.3	8.9
Depreciation and amortisation	(3.4)	(1.8)	(4.4)
Share-based payments charge	0.2	(0.3)	(0.1)
Operating profit	1.0	2.2	4.4
£:US\$ average rate	1.27	1.23	1.24

Commentary

In line with HY 23 due to impact of flat FY 23 GMV on 2024 Technology Subscription fees, decrease in GBP due to foreign exchange rate

Strong EBITDA margins

HY24 includes £1.3m of accelerated amortisation of acquired intangible software assets (HY 23: nil), (FY 23: £0.5m)

Recurring revenue \$m	10.7	10.6	21.2
Recurring revenue \$m growth %	1.0%	16.5%	11.6%
Adjusted EBITDA %	47.2%	46.7%	49.7%
Operating profit %	11.2%	23.9%	24.6%

Segmental Analysis

HY 24

brand addition.

£'m	HY 24	HY 23	FY 23
Revenue	51.9	54.2	106.3
Gross profit	18.3	18.0	36.3
People & overhead	(13.7)	(13.5)	(26.8)
Adjusted EBITDA	4.6	4.5	9.5
Depreciation and amortisation	(1.5)	(1.5)	(3.0)
Share-based payments charge	0.4	(0.3)	(0.3)
Operating profit	3.5	2.7	6.2

Commentary

Controlling costs in uncertain market conditions

Revenue growth %	(4.2)%	2.5%	(9.5)%
Gross profit %	35.3%	33.2%	34.1%
Adjusted EBITDA %	8.9%	8.3%	8.9%
Operating profit %	6.7%	5.0%	5.8%

Continued increase in Gross profit margin percentage supporting profitability

Financial Guidance

CAPITAL EXPENDITURE:

(excluding amounts capitalised under IFRS 16)

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

DEPRECIATION AND AMORTISATION:

	Actual	Actual	Est
£m	2022	2023	2024
Depreciation	2.4	2.2	2.3
Amortisation*	4.2	5.2	6.5

* Includes acquired intangibles 2022: £1.4m, 2023 £1.9m, 2024 estimate £2.2m

TAXATION:

2024 guidance rate, 22%

CURRENCY RATES:

	Actual	Actual	Actual	Est
£:US\$	2021	2022	2023	2024
Income Statement (average rate)	1.38	1.24	1.24	1.30
Balance Sheet (year end rate)	1.35	1.20	1.27	1.31

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


	Actual	Actual	Actual	Est
£:€	2021	2022	2023	2024
Income Statement (average rate)	1.16	1.17	1.15	1.17
Balance Sheet (year end rate)	1.19	1.13	1.15	1.18

SHARE BASED PAYMENTS CHARGE:

FY 23 charge, £0.5m. FY 24 estimate, credit of £0.5m

CENTRAL COSTS:

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

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

Building brands.
Growing relationships.
Strengthening businesses.

The Pebble Group