Building brands
Growing relationships
Strengthening businesses

The Pebble Group plc

Admission Document
December 2019

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the Financial Services and Markets Act 2000 ("**FSMA**") if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

This document, which comprises an admission document prepared in accordance with the rules of the AIM Market of the London Stock Exchange ("**AIM**") , has been issued in connection with an application for admission to trading of the entire issued and to be issued ordinary share capital ("**Shares**") of The Pebble Group plc ("**Company**") to trading on AIM. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of the FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise, and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with or approved by the Financial Conduct Authority ("**FCA**") or any other competent authority.

Application has been made for the Shares, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM ("Admission"). No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange. It is expected that Admission will become effective and that trading in the Shares will commence on AIM on 5 December 2019. The new Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the existing Shares, and will rank in full for all dividends and other distributions declared, made or paid on Shares after Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 10 of this document, and the Company (whose registered office appears on page 10 of this document), accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

The whole of this document should be read. Your attention is drawn in particular to Part II of this document entitled "Risk Factors", which describes certain risks associated with an investment in The Pebble Group plc.

The Pebble Group plc

(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 12231361)

Placing of 128,983,708 Shares at 105 pence per Share

and

Admission to trading on AIM

BERENBERG
PARTNERSHIP SINCE 1590

Sole Global Coordinator and Broker

Grant Thornton
An instinct for growth™

Nominated Adviser

Grant Thornton UK LLP ("**Grant Thornton**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser in connection with the Placing and Admission, and will not be responsible to any other person for providing the protections afforded to clients of Grant Thornton or advising any other person in connection with the Placing and Admission. Grant Thornton's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to London Stock Exchange and not to the Company, the Directors or to any other person in respect of such person's decision to acquire Shares in reliance on any part of this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Grant Thornton by the FSMA or the regulatory regime established under it, Grant Thornton does not accept any responsibility whatsoever for the contents of this document and no representation or warranty, express or implied, is made by Grant Thornton with respect to the accuracy or completeness of this document or any part of it.

Joh. Berenberg, Gossler & Co. KG, London Branch ("**Berenberg**"), a firm which is authorised by the German Federal Financial Supervisory Authority and subject to limited regulation in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as sole global coordinator and broker in connection with the Placing and Admission, and will not be responsible to any other person for providing the protections afforded to customers of Berenberg or advising any other person in connection with the Placing and Admission. Apart from the responsibilities and liabilities, if any, which may be imposed on Berenberg by the FSMA or the regulatory regime established under it, Berenberg does not accept any responsibility whatsoever for the contents of this document, and no representation or warranty, express or implied, is made by Berenberg with respect to the accuracy or completeness of this document or any part of it.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan, nor in or into any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**US Securities Act**") nor under the applicable securities laws of any state of the United States or any province or territory of Canada, Australia, New Zealand, the Republic of South Africa or Japan. Accordingly, the Shares may not be offered or sold directly or indirectly in or into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or to any resident of the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan. No public offering of securities is being made in the United States. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Holding Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, and compliance with any other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Copies of the document will be available free of charge during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered office of the Company and the offices of Grant Thornton at 30 Finsbury Square, London, EC2A 1AG for one month from the date of this document. This document is also available on the Company's website, thepebblegroup.com.

IMPORTANT INFORMATION

General

This document should be read in its entirety before making any decision to subscribe for or purchase Placing Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Grant Thornton or Berenberg or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company, Grant Thornton or Berenberg or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if you are outside the United Kingdom, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing, the Company and/or its subsidiaries. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Directors, Grant Thornton, Berenberg or any of their respective representatives, that any recipient of this document should subscribe for or purchase any of the Shares. Prior to making any decision as to whether to subscribe for or purchase any Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors".

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA-authorised or other appropriate advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA-authorised or other appropriate advisers') examination of the Company.

Investors who subscribe for or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Grant Thornton, Berenberg or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors, Grant Thornton or Berenberg.

None of the Company, the Directors, Grant Thornton, Berenberg or any of their respective representatives makes any representation to any subscriber or purchaser of Placing Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Grant Thornton, Berenberg and any of their respective affiliates, acting as investors for their own accounts, may acquire Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by, Grant Thornton, Berenberg or any of their respective affiliates acting as investors for their own accounts. Neither Grant Thornton nor Berenberg intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Grant Thornton, Berenberg and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory or other services to, the Company, for which they would have received customary fees. Grant Thornton, Berenberg and any of their respective affiliates may provide such services to the Company and any of its affiliates in the future.

Notice to prospective investors in the United Kingdom

This document is being distributed in the United Kingdom where it is directed only at persons who are "**qualified investors**" within the meaning of the Prospectus Regulation and who are (i) persons having professional experience in matters relating to investments, i.e., investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**"); and/or (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO and at persons to whom it is otherwise lawful to distribute it without any obligation to issue a prospectus approved by competent regulators. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and in any event, and under no circumstances, should persons of any other description rely on or act upon the contents of this document.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area ("**EEA**") (each a "**Member State**"), no Shares have been offered or will be offered pursuant to the Placing to the public in that Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Member State, or otherwise in accordance with the Prospectus Regulation, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) in such Member State; or

(3) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall require the Company or any other person to publish a prospectus pursuant to Article 21 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Shares or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the Prospectus Regulation.

Neither the Company, Grant Thornton nor Berenberg has authorised, nor does any of them authorise, the making of any offer of Shares in circumstances in which an obligation arises for the Company to publish a prospectus or a supplemental prospectus in respect of such offer.

For the purposes of this provision, the expression "**an offer to the public**" in relation to any offer of Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, and the expression "**Prospectus Regulation**" means Regulation 2017/1129/EU.

Forward looking statements

Certain statements in this document are or may constitute forward looking statements, including statements about current beliefs and expectations of the Directors. In particular, the words "envisage", "projects", "expect", "anticipate", "estimate", "may", "should", "plan", "intend", "will", "would", "could", "target", "believe" and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Board's expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations and estimates and projections of the Group's financial performance. Though the Board believes these expectations to be reasonable at the date of this document, they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Group, or the industry in which the Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Prospective investors are strongly recommended to read the risk factors set out in Part II of this document.

Any forward looking statement in this document speaks only as of the date it is made. Save as required by law or regulation or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board's expectations or in order to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

Presentation of financial information

The combined and consolidated historical financial information of the Group for the three years ended 31 December 2018 and for the six months ended 30 June 2019 set out in Parts III, IV and V of this document has been prepared in accordance with IFRS, except that certain accounting conventions, commonly used for the preparation of combined and consolidated historical financial information for inclusion in investment circulars (as described in the Annexure to Standard for Investment Reporting 2000, issued by the Financial Reporting Council in the United Kingdom), have been applied in respect of the changes in legal structure of the Pebble Holdings Group and the ownership of Facilisgroup.

The Pebble Holdings Group has historically reported under UK Generally Accepted Accounting Practice ("**UK GAAP**") and Facilisgroup has historically reported under US and Canadian Generally Accepted Accounting Practice ("**US and Canadian GAAP**"). An explanation of the changes to the Group's financial information on transition from UK GAAP, US GAAP or Canadian GAAP (as applicable) is presented in note 26 of Part III and in note 22 of Part IV of this document.

Non-IFRS and non-financial information operating data

Unless stated otherwise, all trading information included in this document not extracted from the Group's historical financial information is extracted without material adjustment from the unaudited management accounts or internal financial reporting systems supporting the preparation of the Group's historical financial information for the relevant periods. These management accounts and internal financial reporting systems are prepared in accordance with the principles of relevant local GAAP, using information derived from accounting records used in the preparation of the Group's historical financial information.

Certain non-IFRS measures such as EBITDA and Adjusted EBITDA have been included in the financial information contained in this document as the Directors believe that these present important alternative measures with which to assess the Group's performance. These measures should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or to other measures of performance under IFRS. In addition, the Company's calculation of EBITDA and Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

Rounding

The financial information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Currency presentation

In the document, references to "sterling", "£", "penny", "pence" and "p" are to the lawful currency of the United Kingdom, references to "€" and "euros" are to the lawful currency of certain of the countries within the EU and references to "$" are references to the lawful currency of the United States. Unless otherwise indicated, the financial information contained in this document has been expressed in sterling. The Group presents its financial statements in sterling.

Market, industry and economic data

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group's position therein, are based on the Group's records. In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

This document includes market share and industry data and forecasts that the Company has obtained from industry publications, surveys and internal company sources.

Market and industry data is inherently predictive and speculative, and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, neither Grant Thornton nor Berenberg has authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by Grant Thornton or Berenberg for the accuracy or completeness of any market or industry data which is included in this document.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions and Glossary".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

Notice to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Berenberg will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

CONTENTS

ADMISSION STATISTICS AND EXPECTED TIMETABLE

Placing Price per Placing Share	105 pence
Number of Existing Shares	92,016,939
Number of New Shares to be issued by the Company	75,433,954
Number of Sale Shares being sold by the Selling Shareholders	53,549,754
Total number of Placing Shares	128,983,708
Placing Shares expressed as a percentage of the Enlarged Share Capital	77.0 per cent.
Number of Shares in issue following the Placing and Admission	167,450,893
Market capitalisation of the Company at the Placing Price immediately following Admission[1]	£175.8 million
Gross proceeds of the Placing	£135.4 million
Gross proceeds of the Placing receivable by the Company[2]	£79.2 million
Gross proceeds of the Placing receivable by the Selling Shareholders	£56.2 million
ISIN number	GB00BK71XP16
SEDOL number	BK71XP1
AIM TIDM	PEBB.L
LEI	213800LZUQAYBHDEQY04
Average exchange rate of Pounds Sterling to United States dollars for 2018 (£:$)	1.32
Average exchange rate of Pounds Sterling to United States dollars for 2017 (£:$)	1.30

Expected Timetable

Publication of this document	2 December 2019
Admission and commencement of dealings in the Enlarged Share Capital on AIM	5 December 2019
Placing Shares credited to CREST accounts (where applicable)	5 December 2019
Dispatch of definitive share certificates for Placing Shares (where applicable)	by 19 December 2019

All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change without further notice.

1 The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will be equal to or exceed the Placing Price.

2 These proceeds will be applied to (i) repay in full Series A, Series B and Series C loan notes issued by the Group together with all accrued interest; (ii) to repay amounts due under a mezzanine agreement entered into with Beechbrook; (iii) to redeem in full the existing preference shares in the capital of the Company; (iv) settlement of payments due under the facilisgroup acquisition and (v) repay in full amounts due under the senior facilities agreement entered into with HSBC Bank plc.

COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS

Directors	Richard Anthony Law *(Non-Executive Chairman)* Christopher Lee *(Chief Executive Officer)* Claire Louise Thomson *(Chief Financial Officer)* Yvonne May Monaghan *(Independent Non-Executive Director and Senior Independent Director)* Stuart Neil Warriner *(Independent Non-Executive Director)*
Company secretary	Claire Louise Thomson
Registered office	Broadway House Trafford Wharf Road Trafford Park Manchester M17 1DD
Website	thepebblegroup.com
Nominated Adviser	Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Sole Global Coordinator and Broker	Joh. Berenberg, Gossler & Co. KG, London Branch 60 Threadneedle Street London EC2R 8HP
Legal advisers to the Company	Addleshaw Goddard LLP One St Peter's Square Manchester M2 3DE
Legal advisers to the Nominated Adviser and Sole Global Coordinator and Broker	Bird & Bird LLP 12 New Fetter Lane London EC4A 1JP
Reporting Accountant	BDO LLP 3 Hardman Street Manchester M3 3AT
Auditors and tax advisers	PricewaterhouseCoopers LLP No 1 Spinningfields Hardman Square Manchester M3 3EB
IFRS accounting advisers	Bennett Brooks St. George's Court Winnington Avenue Northwich CW8 4EE
Registrars	Equiniti Limited Aspect House Spencer Road Lancing Business Park West Sussex BN99 6DA
PR advisers to the Company	Belvedere Communications 25 Finsbury Circus London EC2M 7EE
IT due diligence advisers	Intuitus Limited Netherton of Bucklyvie Fordell Fife KY4 8EY

DEFINITIONS AND GLOSSARY

Adjusted EBITDA	EBITDA excluding non-recurring exceptional items and private equity monitoring costs
Admission	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
AIM	AIM, a market operated by the London Stock Exchange
AIM Rules for Companies	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) and those other rules of the London Stock Exchange which govern the admission of securities to trading on, and the regulation of, AIM
AIM Rules for Nominated Advisers	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
Articles	the articles of association of the Company which were adopted on 28 November 2019, conditional upon Admission
Beechbrook	Beechbrook Private Debt III LP, acting by its general partner Beechbrook Private Debt III GP LP, and Beechbrook Private Debt III S.A.R.L.
Berenberg	Joh. Berenberg, Gossler & Co. KG, London Branch, broker to the Company and sole global coordinator
Brand Addition	Brand Addition Limited (and, where the context requires, various of its subsidiaries, not including Facilisgroup, and/or one or more of the businesses carried on by such companies)
Board	the board of Directors of the Company, or any duly authorised committee thereof
CAGR	compound annual growth rate
China	People's Republic of China
Companies Act	the Companies Act 2006 (as amended)
Company	The Pebble Group plc
CREST	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form, which is administered by Euroclear
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
CRM	customer relationship management
Deeds of Election	the deed polls of election and power of attorney entered into by each of the Other Selling Shareholders in favour of the Company in connection with the sale by him or her of Shares in the Placing
Directors	the directors of the Company as at the date of this document, whose names appear on page 10 of this document

EBITDA	Earnings before interest, tax, depreciation and amortisation
EEA	the European Economic Area
Elysian	(a) Elysian Capital GP II LLP as the general partner for and on behalf of Elysian Capital II LP; and (b) Elysian Capital GP II LLP as the general partner for and on behalf of Elysian Capital Executive Management LP
Enlarged Share Capital	the issued ordinary share capital of the Company immediately following Admission, comprising the Existing Shares and the New Shares
EU	the European Union
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Executive Directors	the executive Directors of the Company as at the date of this document, namely Christopher Lee and Claire Thomson
Existing Shares	92,016,939 Shares, being the Shares which are in issue at Admission, excluding the New Shares
Facilisgroup	Facilisgroup LLC and Facilisgroup Canada Inc
FCA or **Financial Conduct Authority**	the Financial Conduct Authority of the United Kingdom
FSMA	the Financial Services and Markets Act 2000, as amended
Grant Thornton	Grant Thornton UK LLP
Group or **the Pebble Group**	the Company and its subsidiaries
Historical Financial Information	the audited financial information of The Pebble Holdings Group and of Facilisgroup for the three years ended 31 December 2018, as set out in Section B of Part III and Section B of Part IV respectively of this document
Hong Kong	Hong Kong Special Administrative Region of China
HMRC	Her Majesty's Revenue and Customs
IFRS	International Financial Reporting Standards as adopted by the European Commission for use in the European Union
Locked-In Shareholders	Christopher Lee, Claire Thomson, David Landes, Adelfo Marino, Rowland Deighton, Karl Whiteside, Chuck Fandos, Richard Law and Elysian
London Stock Exchange	London Stock Exchange plc
MAR or **Market Abuse Regulation**	the EU Market Abuse Regulation (Regulation 596/2014)
Member State	a member state of the EEA
NAFTA	North American Free Trade Agreement
New Shares	the 75,433,954 new Shares to be allotted and issued by the Company in connection with the Placing

Non-executive Directors	the non-executive Directors of the Company (including the Chairman) as at the date of this document, namely Richard Law, Yvonne Monaghan and Stuart Warriner
Official List	the Official List of the FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA
Other Selling Shareholders	the holders of ordinary shares in the capital of the Company as at the date of this document, other than the Principal Selling Shareholders and Chuck Fandos
Pebble	as the context requires: (a) the Group (in respect of any period on or after 5 November 2019) (b) The Pebble Group (Holdings) Limited and its subsidiaries (in respect of any period on or after 8 May 2017, but prior to 5 November 2019) (c) H.I.G. Milan UK Topco Limited and its subsidiaries (in respect of any period on or after 15 February 2012, but prior to 8 May 2017) and/or any one or more of the companies for the time being comprised within any of the groups referred to in (a) – (c) above and/or any one or more of their respective businesses or operations
the Pebble Holdings Group	(a) prior to 8 May 2017, H.I.G. Milan UK Topco Limited and its subsidiaries and (b) on or after 8 May 2017, The Pebble Group (Holdings) Limited and its subsidiaries
Placee	a person subscribing for or purchasing Placing Shares under the Placing
Placing	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement entered into on or about the date of this document between (1) the Company, (2) the Directors (3) the Principal Selling Shareholders (4) Berenberg and (5) Grant Thornton in relation to the Placing of the Placing Shares and Admission, details of which are set out in paragraph 15.3 of Part VII of this document
Placing Price	105 pence per Placing Share
Placing Shares	the New Shares and the Sale Shares
Principal Selling Shareholders	Elysian, Beechbrook Private Debt III LP, acting by its general partner, Beechbrook Private Debt III GP LP, Christopher Lee and Claire Thomson
Prospectus Regulation Rules	the prospectus regulation rules made by the FCA under Part VI of the FSMA
QCA	the Quoted Companies Alliance
QCA Code	the QCA Corporate Governance Code as published by the QCA from time to time

Registrar	Equiniti Limited
Reorganisation	the reorganisation of the share capital of the Company which has taken place during the period prior to the date of this document, as further described in paragraphs 3.2 and 15.8 of Part VII of this document
RoW	rest of the world
SaaS	a method of software delivery and licensing in which software is accessed online via a subscription, rather than bought and installed on individual computers
Sale Shares	the 53,549,754 Shares to be sold by the Selling Shareholders in connection with the Placing
Selling Shareholder Agreement	the agreement between (1) Berenberg and (2) the Company in relation to the sale of Shares by the Other Selling Shareholders in connection with the Placing and Admission, details of which are set out in paragraph 15.4 of Part VII of this document
Selling Shareholders	the Principal Selling Shareholders and the Other Selling Shareholders
Shareholders	holders of Shares for the time being
Shares	ordinary shares of 1 penny each in the capital of the Company
SMEs	small and medium sized businesses
subsidiary	has the meaning given in the Companies Act
Takeover Code	the City Code on Takeover and Mergers, as published by the Takeover Panel from time to time
Takeover Panel	the UK Panel on Takeovers and Mergers
UK or **United Kingdom**	the United Kingdom of Great Britain and Northern Ireland
uncertificated or **uncertificated form**	Shares recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction issued in accordance with the rules of CREST
United States or **US** or **USA**	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
VAT	UK value added tax
£ and **p**	United Kingdom pounds sterling and pence, respectively
$	United States dollars
€	euros

PART I

INFORMATION ON THE GROUP

1. Introduction

Pebble is a provider of products, services and technology to the global promotional products industry, which operates through two focused and differentiated businesses. The Group's principal areas of activity are (i) the design, sourcing and delivery of creative promotional merchandise and branded products to blue chip clients for corporate and consumer marketing activity, through Brand Addition and (ii) the provision of SaaS to SME promotional products distributors based in North America, through Facilisgroup.

Brand Addition is a leading provider of promotional products to global brands. Brand Addition utilises its global network to source and deliver complex and creative promotional product solutions to support the marketing efforts of its multi-national clients, who operate in sectors which include health & beauty, fast moving consumer goods, transport, technology, banking & finance and charity. Brand Addition's clients primarily comprise major global brands.

Brand Addition's two primary routes to market are:

- the provision of creative services, product development and sourcing, the creation and the operation of online web stores and the supply of distribution services on behalf of its clients ("**Corporate Programme**"); and
- the design and distribution of bespoke brand-building promotional products, which are gifted alongside the sale of clients' retail products ("**Consumer Promotion**").

Brand Addition has operations in the UK, Europe, the United States and Asia, which support its global distribution capability. In the year ended 31 December 2018, Brand Addition generated a gross profit margin of 29.7 per cent. on sales of £92.3 million and its revenues have increased at 11.6 per cent. CAGR between the year ended 31 December 2016 and the year ended 31 December 2018.

Facilisgroup provides subscription-based services to SME promotional product distributors in the United States and Canada. Facilisgroup's suite of services includes business intelligence software, buying power and community events. Through its @ease proprietary software, Facilisgroup offers a SaaS technology platform that enables its network of customers ("**Partners**") to improve order management, CRM and sales analysis and reporting. Facilisgroup also provides its Partners with access on favourable terms to a selected group of preferred suppliers, by consolidating the purchasing power of its Partners. This attracts rebates from suppliers, who in turn benefit from access to a network of selected distributors. As part of the Facilisgroup network, Partners have access to an open community which promotes training, events and best practice learning. Facilisgroup currently works with nearly 150 Partners. The number of Partners has grown at a CAGR of 9.0 per cent. from 107 on 31 December 2016 to 127 on 31 December 2018. In the year ended 31 December 2018, Facilisgroup processed over $700 million of distributor sales via its platform. Sales grew by 17.4 per cent. CAGR between the year ended 31 December 2016 and the year ended 31 December 2018 and generated an Adjusted EBITDA margin of 53.3 per cent. on sales of £7.5 million in the year to 31 December 2018.

Pebble reported a gross profit margin of 35 per cent. on pro-forma revenue of £99.8 million, and Adjusted EBITDA of £13.7 million, in the year ended 31 December 2018 and increased revenues at 12 per cent. CAGR between the year ended 31 December 2016 and the year ended 31 December 2018. In the six months to 30 June 2019, Pebble recorded revenues of £48.1 million and Adjusted EBITDA of £5.3 million (2018: £2.5 million). Pebble has a track record of sales growth, profitability and strong cash generation.

Pebble's head office is in Manchester and the Group has operations in the United Kingdom, the Republic of Ireland, Germany, Turkey, China, Canada and the United States.

The Company is seeking to raise £79.2 million through the issue of New Shares in the Placing, the proceeds of which will be used to repay bank and all other external debt, to redeem preference share capital and to settle the deferred consideration in respect of Pebble's acquisition of Facilisgroup. In addition, the Placing will raise approximately £56.2 million (before expenses) for the Selling Shareholders. Further details of the Placing are set out in paragraph 14 of this Part I.

2. History and background

The Brand Addition brand was established in 2010 from three separate businesses within 4imprint, a group traded on the main market for listed securities of the London Stock Exchange. In February 2012, the companies that formed the Brand Addition division were acquired as part of a management buy-out led by Christopher Lee and Claire Thomson (the Group's current Chief Executive Officer and Chief Financial Officer), which was backed by entities controlled by H.I.G. Europe Capital Partners LP (an affiliate of H.I.G. Capital LLC, a leading global private equity investment firm) and by Beechbrook Capital LLP. 4imprint announced that the divestment of these businesses was to allow it to focus resources on continued organic growth in its promotional products direct marketing business.

The strategy of Brand Addition's management, following the management buy-out, was to capitalise on the expected long-term growth of the promotional products supply market for global corporates, to diversify the products and services offered by Brand Addition and to expand the company's geographic reach.

In 2014, Brand Addition expanded its operations into Shanghai, establishing a full-service office, which enabled the business to further develop its overseas capabilities. Brand Addition subsequently acquired the US-based promotional merchandising company Gateway CDI (now Brand Addition US) in 2016, increasing its market share and providing access to the world's largest single regional market for promotional products.

In May 2017, funds managed by Elysian Capital LLP and Beechbrook Capital LLP supported a secondary management buy-out of Brand Addition, again led by Christopher Lee and Claire Thomson, at which time The Pebble Group (Holdings) Limited (then named Project Amber Topco Limited) was formed as the ultimate parent company of Brand Addition.

Pebble acquired Facilisgroup, a SaaS provider of business intelligence, buying power and community services to SME promotional product distributors in North America, in December 2018. Pebble already had an established relationship with Facilisgroup, which was a supplier to its Brand Addition US operation. The acquisition of Facilisgroup enabled the Group to diversify and strengthen its service offering in the promotional products sector in the US and Canada and enhance its operational and business systems, creating an additional platform for continued future growth.

Prior to Admission, The Pebble Group plc was formed and, through a share for share exchange, became the parent company of the Group.

3. Market overview and competition

The promotional products market is large and growing. The Group's management estimates this market to have been worth over $50 billion in 2018 (which would represent approximately 10 per cent. of global marketing expenditure), with North America and Europe representing $24.7 billion and $22.6 billion respectively.

Promotional products comprise an increasingly important part of a company's marketing mix, conveying a company's brand values and identity to its stakeholders. The return that promotional products deliver, in respect of brand awareness relative to the level of investment, makes them a valuable marketing and engagement tool for all businesses, particularly at times where budgets are constrained. The Directors consider the promotional products industry to be highly fragmented, typified by the large number of promotional product distributors.

Through Brand Addition, Pebble looks to differentiate itself from its competition by utilising its depth of expertise and international infrastructure to provide a comprehensive and integrated service of account management, design, quality control and web stores, which meets the complex needs of global brands.

In the $24.7 billion North American promotional products market, there are fewer than 20 businesses with annual sales over $100 million. The Directors consider the European market to be similarly structured, as regards the relatively small number of businesses of scale. While some of these US and European businesses have an international presence, few operate offices of substance on the global scale which Brand Addition is able to offer its clients. This international infrastructure, coupled with Brand Addition's integrated service capability, provides a commercially efficient and beneficial solution to global corporations. Brand Addition's differentiated position in the market is demonstrated by its ability to attract and retain clients over an extended period.

Through Facilisgroup, the Group is able to access a different segment of the market. Its subscription-based proprietary software and services support the growth and operations of North American owner-managed, sales-led SME promotional product distributors in this region. Facilisgroup's industry focused technology platform enables Partners to improve the efficiency of their operations and understanding of the activities of their businesses. The quality of the @ease technology platform, combined with preferred supplier access and communal best practice learning, differentiates Facilisgroup from its competitors, attracting customers who want to benefit from the consolidation of spend in the safe harbour of a larger organisation, whilst maintaining their independence or ownership.

While there are a number of other providers of subscription-based technology services in the North American promotional products market, the Directors consider that few are able to offer the three-pillar service of technology, supply chain power and community events that Facilisgroup delivers to its network of Partners. The efficiency of Facilisgroup's @ease platform has facilitated growth in the volume of promotional product distributors using the network, as well as an increase in the level of sales processed at both a Partner and a preferred supplier level. Facilisgroup's service offering has enabled it to build a significant foothold in this market. Facilisgroup currently has nearly 150 Partners, constituting approximately 3.9 per cent. of SME promotional product distributors in North America with annual sales typically between $1 million and $10 million.

4. Business Model

The Group comprises two differentiated businesses, focused on specific areas of the promotional products market: Brand Addition, whose activities comprise the design, sourcing and delivery of creative promotional merchandise and branded products for global brands, and Facilisgroup, which provides subscription-based SaaS technology and services to SME distributors in the promotional products market in North America.

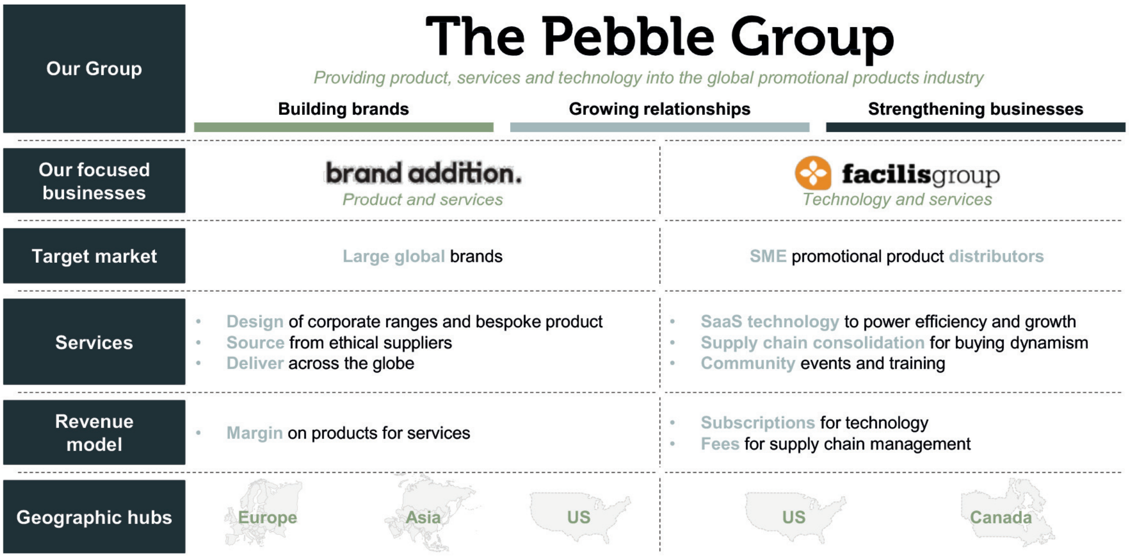


Figure 1: Pebble's business model

Brand Addition

Since 2010, Brand Addition has grown to become a market leader in delivering complex services to support the corporate marketing and consumer promotions of global corporate clients. Headquartered in Manchester, Brand Addition attracts and retains global brands through its design, ethical sourcing and international distribution of promotional products from its locations in Europe, the US and Asia. In the year ended 31 December 2018, Brand Addition distributed to over 150 countries and 95 per cent. of sales were derived from 87 clients.

Brand Addition provides promotional products to its clients across its two main offerings: Corporate Programmes and Consumer Promotions.

Corporate Programmes

Brand Addition provides products, supported by a suite of complex services, to develop stock ranges of promotional products for its global clients, in order to enable the promotion of their brands and generate additional revenue streams. Typical Corporate Programme clients are engaged on three to five-year framework contracts. Brand Addition designs, manages the sampling process and sources compliant, ethically manufactured products, predominantly through China, Europe and North America. Brand Addition identifies and manages the critical compliance processes of its principal suppliers and then manages the quality control process from sampling to distribution either directly from supplier to client or to Brand Addition's warehousing facilities in the UK, Europe, USA and China.

Brand Addition often holds the inventory of products on behalf of its clients, who draw on the stock over time. The sale of this stock is predominantly underwritten by Brand Addition's clients in the event of brand changes or contracts ending.

Brand Addition designs, maintains and hosts client-branded global, multi-lingual, multi-currency web stores, which can be integrated into a client's internal procurement systems. Products can be ordered through these Brand Addition hosted webstores either by a client's employees or by other approved buyers for brand promotion, customer marketing and gifting. Global order distribution solutions are overseen by Brand Addition on behalf of its clients.

Brand Addition focuses on global corporate clients who require a full suite of capabilities, including account management, design, quality control, web stores, ethical sourcing and global distribution. Brand Addition funds the working capital requirement of these services and invoices clients at the point of despatch.

Consumer Promotions

Brand Addition is the single or a preferred supplier to its clients, who use bespoke branded products, which are gifted to customers alongside the purchase of the client's retail products, to support one-off promotional activities.

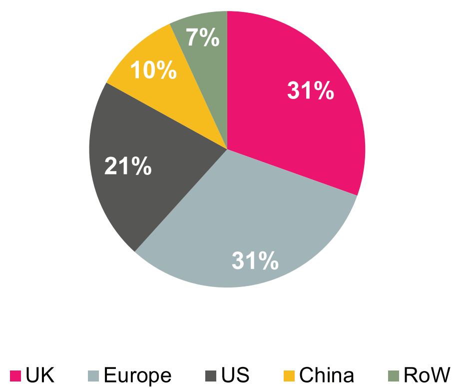
In a similar manner to Corporate Programmes, Brand Addition is responsible for the design and sampling of products for clients and it then sources the compliant, ethical and quality controlled global manufacturing of those products. Brand Addition sources the distribution of products to its clients' own networks, where they are then packaged alongside the client's own retail goods to be gifted alongside the purchase.

Contracts with clients are negotiated on a framework basis and under these contracts, Brand Addition will supply numerous campaigns each year.

Brand Addition represented 92.5 per cent. of pro forma aggregated Group revenues for the year ended 31 December 2018. Brand Addition's revenues grew at 11.6 per cent. CAGR between the year ended 31 December 2016 and the year ended 31 December 2018. In the year ended 31 December 2018, the largest Brand Addition client represented 8 per cent. of Brand Addition sales and the 20 largest customers 61.4 per cent. of Group sales. Brand Addition currently works with 20 clients with an annual spend of over £1 million, compared to nine such clients in 2013.

Brand Addition's client base is well diversified across sectors and geographies as shown in Figure 2.

Brand Addition revenue split by geography (year to 31 December 2018)



Brand Addition revenue split by sector (year to 31 December 2018)

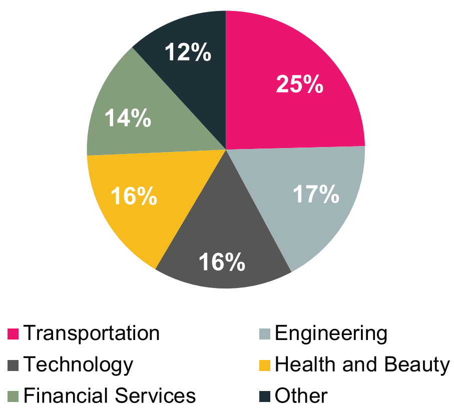


Figure 2: Brand Addition revenue diversification

Facilisgroup

Established in 2004 and acquired by Pebble in December 2018, Facilisgroup provides a SaaS-based platform to support the operations of SME promotional product distributors based in the United States and Canada. Facilisgroup has built a community of nearly 150 SME promotional product distributors and over 100 preferred suppliers in North America and in the year ended 31 December 2018 processed over $700 million of sales (2017: $638 million) in the promotional products sector. A typical Facilisgroup Partner generates between $1 million and $10 million of annual sales.

Facilisgroup attracts and retains Partners through its proprietary @ease software, consolidating the buying power of its Partners and developing its community of Partners and suppliers through learning and networking events. Facilisgroup generates revenue through three main pillars; (i) subscription revenue from providing technology to its Partners, (ii) income from its suppliers for co-ordinating the consolidation of spend and (iii) fees from suppliers for hosting community events with Partners and suppliers.

(i) *Technology* – Facilisgroup's @ease proprietary software, developed in-house, is provided as an end-to-end SaaS business platform. The @ease SaaS system provides tools for business management and analysis and is designed to streamline processes and increase productivity for promotional products distributors. The @ease software covers CRM and sales management, order processing, invoicing, real-time reporting and a white labelled, managed, product website, which can be branded for each Partner and its sales teams.

For using @ease, Partners pay Facilisgroup an initial joining fee, followed by monthly subscription fees, based on their annual sales volume in the previous year. These fees are usually more than offset by the rebates which Partners receive from Facilisgroup's preferred suppliers, through the consolidated purchasing programme described below. In the year ended 31 December 2018, subscription revenues from Facilisgroup's @ease proprietary software were £5.2 million ($6.85 million), representing 69.3 per cent. of Facilisgroup revenues (2017: £4.7 million ($6.1 million), 74.7 per cent.). Partner numbers grew at 9.0 per cent. CAGR from 107 on 31 December 2016 to 127 on 31 December 2018. In the year ended 31 December 2018, the largest Facilisgroup Partner represented 1.5 per cent. of Facilisgroup revenues and the 20 largest Partners generated revenues of £1.6 million ($2.1 million).

(ii) *Supply chain power* – By processing a substantial volume of orders, Facilisgroup consolidates the buying power of its Partners and provides them with favourable pricing arrangements from its preferred suppliers. Facilisgroup generates marketing fees, paid half-yearly by its preferred suppliers, for every order placed by its Partners. In the year ended 31 December 2018, out of $702 million of sales by Partners which were processed through @ease, orders with corresponding purchases to the value of approximately $461 million were placed with suppliers of which approximately 50 per cent. (by value) were placed with Facilisgroup's preferred suppliers. This has resulted in Facilisgroup generating marketing fees of £1.3 million ($1.7 million), representing 17.4 per cent. of Facilisgroup revenues (2017: £1.1 million ($1.4 million): 17.6 per cent.). Preferred supplier orders processed in the period between the year ended 31 December 2016 and the year ended 31 December 2018 grew at a CAGR of 20.1 per cent.

(iii) *Community* – Facilisgroup hosts community events for its Partners and suppliers in order to support learning and networking opportunities. The community events include conferences and consultancy workshops, which offer best practice learning and help Partners to professionalise their businesses through sales and management training. These events also enable suppliers to showcase their products, providing Partners and suppliers with an opportunity to network and develop business opportunities. The community events enable Partners to benefit both from the support of fellow Partners in the Facilisgroup network and from training, whilst still retaining business ownership and independence. As Partners professionalise their businesses and improve their sales and marketing techniques, Facilisgroup typically sees the revenues generated from subscription fees and marketing fees increase correspondingly. In the year ended 31 December 2018, revenues from community events were £0.9 million ($1.3 million), representing approximately 13.3 per cent. of Facilisgroup revenues (2017: £0.4 million ($0.6 million); 6 per cent.).

Facilisgroup represented 7.5 per cent. of pro forma Pebble revenues in the year ended 31 December 2018. Facilisgroup revenues grew at 17.4 per cent. CAGR between the year ended 31 December 2016 and the year ended 31 December 2018.

5. Key strengths

The Directors believe that the Group has the following attributes which distinguish it and provide a strong base for future success:

Attractive market opportunity – The Group operates in the growing promotional products market, a market that the Directors estimate to be worth over $50 billion globally on an annual basis and to account for approximately 10 per cent. of marketing expenditure worldwide. Promotional products are seen by the Directors as the most effective marketing tools and are an increasingly important part of a company's marketing mix. They are also one of the most highly regarded forms of advertising, with survey evidence suggesting that North American consumers are 83 per cent. more likely to do business with the relevant brand once they have received a promotional product.

Differentiated positioning within the promotional products space – With its two businesses, Brand Addition and Facilisgroup, each focusing on specific areas of the promotional products industry, Pebble has differentiated positions in multiple segments of the market. Brand Addition is one of the relatively few businesses to service and supply global brands across multiple geographies, whereas Facilisgroup supports SME promotional product distributors in North America, with annual revenues predominantly ranging from $1 million to $10 million, in a more fragmented segment of the market.

Brand Addition's strong relationships with a diversified blue-chip client base – Brand Addition has established relationships with a diversified range of global brands, most of which are long-term clients. Through its creative service offering and ability to manage the complex needs of global clients, Brand Addition has continued to increase the number of brands with whom it contracts. Brand Addition's relationships with its clients are built on its consistent ability to deliver high quality, ethically sourced products and related services in a timely manner.

Facilisgroup's long-term, deep-rooted relationships with Partners – Facilisgroup has developed deep-rooted, long term relationships with its Partners through the provision of cost- effective SaaS-based business intelligence, buying power and community events, which enable Partners to grow their businesses and improve operational efficiency. Partners benefit from the @ease software, which rapidly becomes an integral part of their business, whilst the rebates received from suppliers typically more than cover the @ease subscription costs. Since 2015, 45 new Partners have joined, with only seven Partners unsubscribing (in each case, the Directors believe, due to change in business ownership or development, rather than switching to an alternative service).

Combination of loyal client base and recurring revenues drives high quality earnings – The blue-chip client base that underpins the strong repeat revenues of Brand Addition (98.6 per cent. of sales in the year ended 31 December 2018 came from brands who had been clients in earlier years) is augmented by the recurring revenues and strong visibility of earnings generated by the Group's subscription-based offering, Facilisgroup.

Strong track record of historical financial growth – Pebble has delivered a consistent record of growth with a revenue CAGR of 16.0 per cent. from £74.1 million in the year ended 31 December 2016 to £99.8 million in the year ended 31 December 2018 based on the aggregated performance of the Pebble Holdings Group and Facilisgroup on a pro-forma basis in the year in which Facilisgroup was acquired. Pebble has grown Adjusted EBITDA from £7.6 million in the year ended 31 December 2016 to £13.7 million in the year ended 31 December 2018, a CAGR of 34.3 per cent. on the same basis.

The Group model is well positioned through the economic cycle – The Directors believe that the Group is well positioned to deliver a robust financial performance throughout the economic cycle for the following reasons:

- Low overall investment and high returns, in terms of cost per impression, ensure that promotional products are particularly valuable brand engagement tools, even when budgets are constrained;
- The Group has two focused and differentiated propositions delivering diverse income streams through its products, services and technology across multiple regions, sectors and clients;
- Brand Addition has a diversified income, which dilutes the impact of any localised or sector reduction in spend. This, together with a blue-chip backed balance sheet and a management team with a proven track record of being able to navigate through the economic cycle, strongly positions the business in its chosen markets; and
- Facilisgroup's subscription-based model provides income protection through the economic cycle. Facilisgroup's proposition could also become even more attractive, during a downturn, due to the efficiencies gained through its @ease SaaS platform, coupled with the pricing and rebate benefits from the safe harbour of being part of a large organisation.

Proven, experienced, high-calibre management team – the Group has a high-quality senior management team with substantial industry experience, led by Christopher Lee, the Group's Chief Executive Officer, and Claire Thomson, Chief Financial Officer. Together, the management team has helped drive the growth of Pebble since its inception and has a proven track record of delivering results. Further details of the Board and the Group's senior management team are set out in paragraph 8 of this Part I.

The Directors believe that the key strengths described above will enable the Group to continue delivering profitable growth. Further details of the Group's growth strategy are set out in paragraph 7 of this Part I.

6. Business Operations

Pebble is headquartered in Manchester (UK) in a facility that also houses the headquarters of Brand Addition.

The Group has offices in London (UK), Dublin (the Republic of Ireland), Hagen (Germany), Shanghai (China), Guangzhou (China), Hong Kong (China), Ottawa (Canada) and St Louis (US).

Brand Addition conducts its operations from the following locations:

Design and creative – In its offices in Manchester, London, St Louis, Hagen and Shanghai, Brand Addition employs 18 staff who are responsible for the design of bespoke products and product ranges. This includes the development of stock ranges and special orders for its Corporate Programmes and the ideation, design and sampling of desirable products for its Consumer Promotions.

Sales – Brand Addition's sales team operates from its locations in Manchester, London, Dublin, Hagen, Shanghai and St Louis and employs 98 sales staff in total, who are responsible for the development of Brand Addition's relationships with new and existing customers.

Quality control operations – In the Group's Manchester, London, Shanghai and Hong Kong offices, Brand Addition employs 14 staff who are responsible for the critical factory audit and product compliance processes of Brand Addition's global manufacturer contacts.

Warehousing and distribution – Brand Addition has warehouse and distribution facilities in Manchester, Hagen, Shanghai and St Louis. Brand Addition's real-time inventory management systems, in addition to its utilisation of third-party couriers and the services of locally based businesses in countries where Brand Addition does not have offices, helps to facilitate the globally co-ordinated storage, packing and shipping services which Brand Addition offers to its clients. In 2018, Brand Addition delivered promotional products to over 150 countries worldwide.

Facilisgroup conducts its operations from the following locations:

Technology development and intellectual property – Facilisgroup employs 16 staff in St Louis and Ottawa who are responsible for the development of its @ease software, ensuring that Facilisgroup's technology continues to be innovative and efficient for both Partners and suppliers. This proprietary software was created on Facilisgroup's inception and continues to be developed.

Marketing – In its office in St Louis, Facilisgroup employs six staff, some of whom are responsible for promoting the interests of Partners and preferred suppliers.

Supplier relations – Facilisgroup manages supplier relations from its Ottawa office, developing its network of preferred suppliers and negotiating favourable pricing arrangements on behalf of its Partners.

The Group is committed to sourcing, designing and offering products which support social responsibility and environmental sustainability. The Group collaborates with all stakeholders including its clients and suppliers to ensure the integrity and reputation of the brands it works with.

Through its audit processes, continuous supplier review and formal contracting, Brand Addition manages and supports its clients with a socially responsible supply chain including safe working conditions and best practice employment terms.

As at 30 June 2019, the Group employed 449 staff worldwide, of which 413 were employees of Brand Addition and 36 were employees of Facilisgroup.

7. Growth Strategy

The Group's vision is to become the partner of choice for both global brands that use promotional products as a key stakeholder engagement tool and SME distributors that seek to professionalise and grow their promotional products business in North America.

Pebble has a proven track record of delivering strong organic growth, as well as growth through acquisition. The Group's strategy is to continue its profitable growth in the following ways:

Brand Addition

Attract additional clients – Brand Addition has steadily increased the number of clients to whom it provides services, by attracting new clients and through the acquisition of Gateway CDI in 2016. The Directors believe that there is significant scope to continue this, principally organic, growth.

Increase spend from existing clients – Brand Addition has grown the level of spend from its existing client base. By building the trust of clients through the successful fulfilment of expectations, Brand Addition is able to create new business opportunities by extending those relationships into new geographies, as well as by increasing its market share of existing client business in Europe, the US and Asia.

Facilisgroup

Attract additional Partners – Facilisgroup has consistently grown the number of Partners that use its proprietary software, through a combination of technology, supply chain power and community events, and the Directors believe that they can continue to deliver such Partner growth.

Increase the number of services offered to Partners – In addition to the current services offered to Partners, Facilisgroup is considering additional service offerings in the form of other consolidated spend areas and value-added services. Facilisgroup is considering a number of other opportunities with a view to taking advantage of its strong industry position and the highly fragmented global market.

Selective consideration of acquisitions by the Group

In addition to delivering organic growth, the Group's management have a track record of successfully identifying and executing acquisitions which have added significant value to Pebble. The Directors believe that as a result of their depth of knowledge of the promotional products market there may be further opportunities selectively to consider the acquisition of other businesses which complement the Group's offering in the US and in Europe.

8. Directors and senior management

Directors

The Board is comprised of two Executive Directors and three Non-executive Directors.

Richard Anthony Law (aged 59), *Non-executive Chairman*

Richard is currently the Chairman of product intelligence and performance accelerator Vypr and was previously Chairman of car financing platform Zuto. Richard retired as Chief Executive Officer of AIM quoted GB Group plc in 2017 having led the company from a market capitalisation of £5 million to £500 million. Richard first joined GB Group in 1993 as Finance Director and was then made Group Finance Director in 1998 and then Chief Executive Officer in 2002. Richard has a BSc degree in Engineering from Imperial College London and started his career working as an engineer with multi-national companies in the UK and Australia. Richard then spent six years as a Corporate Financier for Ernst & Young, having joined in 1987.

Christopher (Chris) Lee (aged 48), *Chief Executive Officer*

Chris joined 4imprint as Group Financial Controller in 2000 and was appointed Deputy Chief Executive Officer of the End User Division in 2006. He was then made Divisional Chief Executive Officer of the End User Division in 2008, which division he then formed into Brand Addition in 2010. Chris led the private equity backed management buy-outs of Brand Addition in 2012 and 2017 and the acquisitions of Gateway CDI and Facilisgroup in 2016 and 2018 respectively . Chris qualified as a Chartered Certified Accountant (ACCA) and worked in the audit division of Ernst & Young from 1997 to 2000.

Claire Louise Thomson (née Yates) (aged 45), *Chief Financial Officer*

Claire has led the finance, banking, legal and compliance aspects of the businesses which now comprise the Group for over 11 years, having first joined 4imprint as the Brand Addition Divisional Finance Director in 2008. Claire was made Chief Financial Officer of Brand Addition following the management buy-out from 4imprint in 2012. Claire is a qualified Chartered Accountant and before joining 4imprint spent 11 years in audit at PricewaterhouseCoopers LLP, having joined in 1997. Claire has a BA Honours degree in English and American Literature from the University of Manchester.

Yvonne May Monaghan (née Foxley) (aged 61), *Independent Non-executive Director and Senior Independent Director*

Yvonne is a qualified Chartered Accountant and spent five years in audit at Deloitte Haskins & Sells, before joining Johnson Service Group PLC in 1984. She has been the Chief Financial Officer of Johnson Service Group PLC since 2007 and played an important role in returning the company to a growth strategy, managing a number of acquisitions and disposals. Yvonne has been a non-executive director of NWF Group plc since 2013 and has a BSc Honours degree in Pharmacology and Physiology from the University of Manchester.

Stuart Neil Warriner (aged 54), *Independent Non-executive Director*

Stuart has extensive corporate finance experience across a range of sectors, having spent over 30 years at PricewaterhouseCoopers where he was a partner in their corporate finance business. Stuart has been a Managing Director at GCA Altium since 2017. Stuart has an MA in Economics from the University of Cambridge and is a qualified Chartered Accountant.

Senior management

Charles William Fandos, *Chief Strategic Officer*

Chuck is an industry-proven executive leading GatewayCDI (now Brand Addition US) for 30 years until its acquisition by Pebble in 2016. A senior executive and part owner at Facilisgroup from 2005 until its acquisition by Pebble in 2018, Chuck brings great experience of the US promotional products industry across both distributor and supplier networks and performs a key role in supporting the development of the Group's strategic goals.

9. Corporate governance

Board

The Directors acknowledge the importance of high standards of corporate governance and, given the Company's size and the constitution of the Board, have formally adopted and intend to fully comply with the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies.

Upon Admission, and in compliance with the recommendation of the QCA Code, the Board will comprise five Directors, two of whom will be Executive Directors and three of whom will be Non-executive Directors who are considered independent, reflecting a blend of different experiences and backgrounds as described in paragraph 8 of this Part I. The Board believes that the composition of the Board brings a desirable range of skills and experience in light of the Company's challenges and opportunities following Admission, while at the same time ensuring that no individual (or small group of individuals) can dominate the Board's decision making.

The Board intends to meet regularly to review, formulate and approve the Group's strategy, budgets and corporate actions and to oversee the Group's progress towards its goals. The Company has established an Audit Committee, a Remuneration Committee and a Nomination Committee, each with formally delegated duties and responsibilities and with written terms of reference. On an ongoing basis the Company will report its compliance with, or explain against, the QCA Code as required. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit Committee

The Audit Committee will have the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet not less than twice in each financial year and will have unrestricted access to the Group's external auditors. The Audit Committee comprises Yvonne Monaghan (as chairman), Richard Law and Stuart Warriner.

Remuneration Committee

The Remuneration Committee will review the performance of the executive directors, chairman of the Board and senior management of the Group and make recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation for the time being. The Remuneration Committee will meet as and when necessary, but at least twice each year. In exercising this role, the members of the Remuneration Committee will have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The remuneration of non-executive directors (other than the chairman of the Board) will be a matter for the chairman and the executive members of the Board. The Remuneration Committee comprises Stuart Warriner (as chairman), Richard Law and Yvonne Monaghan.

Nomination Committee

The Nomination Committee will lead the process for Board appointments and make recommendations to the Board. The Nomination Committee will evaluate the balance of skills, experience, independence and knowledge on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination Committee will meet as and when necessary, but at least twice year. The Nomination Committee comprises Richard Law (as chairman), Yvonne Monaghan and Stuart Warriner.

10. Dividend Policy

The Directors intend to pay dividends to shareholders in an aggregate annual amount equivalent to approximately 30 per cent. of net profits, retaining the balance of earnings from operations to finance the future expansion of the Group. The Company expects to declare its first dividend (which will be a final dividend) following publication of the financial results for the year to 31 December 2020.

11. Selected historical financial information

The following financial information for the Group has been derived from the financial information contained in Parts III, IV and V of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information set out below.

The Pebble Holdings Group

	Audited Year ended 31 December 2016 £000	*Audited Year ended 31 December 2017 £000*	*Audited Year ended 31 December 2018 £000*	*Unaudited six months ended 30 June 2019 £000*
Turnover	74,078	86,357	92,957	48,143
Cost of Sales	(50,850)	(61,865)	(64,827)	(31,961)
Gross profit	23,228	24,492	28,130	16,182
Administrative expenses	(19,360)	(21,631)	(20,493)	(12,049)
Group operating profit	3,868	2,861	7,637	4,133
Finance expense	(4,741)	(5,267)	(5,843)	(3,462)
Profit/(loss) before taxation	(873)	(2,406)	1,794	671
Adjusted EBITDA	7,620	8,292	10,109	5,276

Financial results for Facilisgroup are included within the results for the year ended 31 December 2018 as from the date of acquisition on 4 December 2018 and within the results for all of the six months ended 30 June 2019.

Facilisgroup

	Audited Year ended 31 December 2016 £000	*Audited Year ended 31 December 2017 £000*	*Audited Year ended 31 December 2018 £000*
Turnover	5,432	6,332	7,482
Administrative expenses	(3,403)	(3,596)	(4,136)
Group operating profit	2,029	2,736	3,346
Finance expense	(8)	(4)	(39)
Profit on ordinary activities before taxation	2,021	2,732	3,307
Adjusted EBITDA	2,106	2,953	3,985

Aggregated information for the Pebble Holdings Group and Facilisgroup

The following table shows selected stand alone and aggregated summary financial information for the Pebble Holdings Group and Facilisgroup for the three years ended 31 December 2018 and has been prepared to illustrate the three year track record of Pebble. The selected summary financial information the year ended 31 December 2018 for the Pebble Holdings Group has been extracted from the pro forma income statement and explanatory notes as set out in Part VI of this document and for the years ended 31 December 2017 and 2016 from the combined historical information on the Pebble Holdings Group as set out in Part III of this document. The selected summary financial information for Facilisgroup has been extracted from the combined historical information on Facilisgroup as set out in Part IV of this document. The selected summary unaudited financial information should be read in conjunction with the full text of this document. Investors should not rely solely on the selected financial information set out below.

	Unaudited Year ended 31 December 2016 £000	*Unaudited Year ended 31 December 2017 £000*	*Unaudited Year ended 31 December 2018 £000*
Turnover			
The Pebble Holdings Group (excluding Facilisgroup)	74,078	86,357	92,279
Facilisgroup	5,432	6,332	7,482
Total	79,510	92,689	99,761
Gross profit			
The Pebble Holdings Group (excluding Facilisgroup)	23,228	24,492	27,452
Facilisgroup	5,432	6,332	7,482
Total	28,660	30,824	34,934
Adjusted EBITDA			
The Pebble Holdings Group (excluding Facilisgroup)	7,620	8,292	9,736
Facilisgroup	2,106	2,953	3,985
Total	9,726	11,245	13,721

12. Current trading

Group trading for the period from 30 June 2019 has been positive and is consistent with the Directors' expectations, while profitability and cash generation remain encouraging.

There has been no significant change in the financial or trading position of the Group since 30 June 2019, being the date to which the unaudited financial Information of the Pebble Holdings Group in Part V of this document has been prepared.

13. Employee share schemes

Following Admission, the Company intends to operate a discretionary executive share plan: The Pebble Group plc Long Term Incentive Plan (the "**LTIP**"). The LTIP was adopted by the Board on 28 November 2019. No awards will be made under this incentive plan prior to Admission. In addition, the Company will establish an all-employee share plan: The Pebble Group plc Sharesave Plan (the "**Sharesave Plan**"). The Sharesave Plan was adopted by the Board on 28 November 2019, conditional upon Admission. No awards will be made under this incentive plan prior to Admission. Details of these plans are set out in paragraph 9 of Part VII of this document.

14. Reasons for Admission and the Placing

The Directors believe that, while the Group has enjoyed a period of solid investment under its current ownership, the Placing, Admission, the partial exit of Elysian and the exit of Beechbrook will allow the Group to retain its strong employee and growth-oriented culture but also to invest more readily in its future expansion, not only following the repayment of all existing debt facilities. Admission will further enhance the

Group's profile and brand recognition amongst potential clients and will assist in the recruitment, retention and incentivisation of senior management and employees at all levels.

On Admission the Company will have 167,450,893 Shares in issue and a market capitalisation of approximately £175.8 million at the Placing Price. Berenberg has agreed, pursuant to the Placing Agreement to use its reasonable endeavours to place 75,433,954 New Shares and 53,549,754 Sale Shares with institutional and other investors. The Placing will raise in total £79.2 million gross for the Company and £56.2 million gross for the Selling Shareholders.

The Placing, which is not being underwritten, is conditional, *inter alia*, upon the Placing Agreement becoming unconditional, and not having been terminated in accordance with its terms prior to Admission, and Admission becoming effective not later than 5 December 2019, or such later date as Berenberg, Grant Thornton and the Company may agree, being not later than 31 December 2019. The New Shares will rank *pari passu* in all respects with the Existing Shares, including as regards the right to receive all dividends and other distributions declared, paid or made after the date of Admission. None of the Placing Shares have been marketed to, or will be made available in whole or in part to, the public in conjunction with the application for Admission. Further details of the Placing Agreement and the Selling Shareholder Agreement are set out in paragraphs 15.3 and 15.4 of Part VII of this document.

15. Use of proceeds

The Company intends to apply the proceeds of the Placing received by the Company, being approximately £79.2 million, to (i) repay in full the Series A, Series B and Series C Loan Notes issued by Project Amber Bidco Limited and the Series B and Series C Loan Notes issued by the Company together with all accrued interest, (ii) to repay amounts due under the mezzanine facility agreement entered into by, *inter alia*, Project Amber Bidco Limited and Beechbrook Capital LLP, together with accrued interest, (iii) to redeem in full the existing preference shares in the capital of the Company as described in paragraph 3.3 of Part VII of this document, (iv) settlement of the payments due under the Facilisgroup acquisition agreement as set out in paragraph 15.7 of Part VII of this document and (v) repay in full amounts due under the facility agreement dated 4 December 2018 and entered into between HSBC plc and The Pebble Group (Holdings) Limited, with the remainder of the proceeds applied for general working capital purposes.

16. Restrictions on future issues of Shares

Pursuant to the Placing Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of Grant Thornton and Berenberg, issue, offer, sell, contract to sell or issue, grant any option, right or warrant to subscribe or purchase over, or otherwise dispose of, any Shares (or any interest therein or in respect thereof), or enter into any transaction with the same economic effect as any of the foregoing or publicly announce any intention to do any of such things.

17. Share dealing policy

The Company has adopted a share dealing policy, regulating share trading and confidentiality of inside information for persons discharging managerial responsibility ("**PDMRs**") and persons closely associated with them, which contains provisions appropriate for a company whose shares are admitted to trading on AIM. The Company will take all reasonable steps to ensure compliance with the terms of that share dealing policy by PDMRs and by any other employees.

18. Lock-in and orderly market arrangements

Pursuant to the Placing Agreement or, as the case may be, the Deeds of Election, each of the Locked-In Shareholders (other than Elysian) has agreed not to dispose of an interest in Shares prior to the date of publication of the audited financial statements of the Company for the period ending on 31 December 2020 while Elysian has agreed not to dispose of an interest in Shares for a period of six months following Admission, save in the event of, *inter alia*, an intervening court order, a takeover offer relating to the Company's entire issued ordinary share capital becoming or being declared unconditional or the death of the relevant Locked-In Shareholder.

The Locked-In Shareholders (including Elysian) have also agreed for a further period of six months following the expiry of their respective restrictions on disposals, only to dispose of an interest in Shares through Berenberg (so long as it remains a broker to the Company) in accordance with the reasonable requirements of Berenberg, with a view to maintenance of an orderly market in the Shares.

19. Admission, settlement and dealings

Application has been made to the London Stock Exchange for the Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Shares will commence on 5 December 2019. The Shares will be in registered form. The Articles permit the Company to issue Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and stock transfer forms. Share certificates, where applicable, will be sent to the registered Shareholder by the Registrar, at such Shareholder's own risk.

20. Taxation

Your attention is drawn to the taxation section contained in paragraph 16 of Part VII of this document. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

21. The Takeover Code

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Shares were to increase the aggregate interest in Shares of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the Shares not owned by the acquirer and its concert parties at a price not less than the highest price paid for Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered if, except with the consent of the Takeover Panel, any person who (together with persons acting in concert with him) is interested in Shares which carry not less than 30 per cent. (but not more than 50 per cent.) of the voting rights in the Company were to acquire (or any person acting in concert with him were to acquire) any further Shares.

Further information on the provisions of the Takeover Code can be found in paragraph 5 of Part VII of this document.

22. Further information

You should read the whole of this document, which provides additional information on the Group and the Placing, and not just rely on the information contained in this Part I. In particular, your attention is drawn to the risk factors in Part II of this document and the additional information contained in Part VII of this document.

PART II

RISK FACTORS

An investment in the Shares may be subject to a number of risks. Accordingly, prospective investors should consider carefully all of the information set out in this document and the risks attaching to such an investment, including, in particular, the risks described below, before making any investment decision in relation to the Shares. The risk factors which are most material, in the assessment of the Company, are set out first.

The information below does not purport to be an exhaustive list, since the Group's performance might be affected by other factors not precisely known to the Directors or which the Directors currently deem immaterial, including, in particular, changes in market and/or economic conditions or in legal, regulatory or tax requirements. Prospective investors should consider carefully whether an investment in the Shares is suitable for them in the light of information in this document and their individual circumstances. An investment in the Shares should only be made by those with the necessary expertise to evaluate fully that investment.

This document contains forward looking statements, which have been made after due and careful enquiry and are based on the Directors' current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward looking statements are subject to, *inter alia*, the risk factors described in this Part II. The Directors believe that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially. Each forward looking statement speaks only as of the date it is made.

Factors that might cause a difference include, but are not limited to, those discussed in this Part II. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. Save to the extent required by applicable law and the AIM Rules for Companies, the Company disclaims any obligation to update any such forward looking statements in this document to reflect future events or developments.

Prospective investors are advised to consult an independent adviser authorised under the FSMA. If any of the following risks relating to the Group were to materialise, the Group's reputation, business, financial condition, results of future operations and/or prospects could be materially and adversely affected. In such cases, the market price of the Shares could decline and an investor may lose part or all of his, her or its investment.

RISKS RELATING TO THE GROUP'S BUSINESS

Economic conditions

Any economic cycle either globally or locally in any area in which the Group operates may have an adverse effect on the demand for the Group's products and services and may lead to an overall decline in the volume of the Group's sales, restricting the ability of the Group to make a profit. If economic conditions remain uncertain, this may have an adverse impact on the Group's operations and business results.

In addition to the impact of the natural cycle of the world's economies, the Group may be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters.

Factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption in the UK and the other countries in which the Group operates will also have an impact on business costs and commodity prices and stock market prices. The Group's operations, business and profitability can be affected by these factors, which are beyond the control of the Group.

Dependence on a concentrated client base

In the year ended 31 December 2018, Brand Addition generated the majority of its revenue from 20 clients who in aggregate accounted for 61.4 per cent. of total revenues. This included revenue from multiple projects with different entities within each client's group. The loss of any of the key clients could have a material impact on the Group's financial results. The Group is reliant on the long term commercial success of its clients. The performance of such clients will have a significant bearing on the success of the Group, however their performance cannot be guaranteed. Underperformance of the Group's clients could have a material adverse effect on the Group's business, operations, revenues or prospects.

Competition

The Group operates in an highly competitive market, and may face an increasing amount of competition, particularly as the development of internet commerce, digital marketing and online marketplaces may allow competitors to reach a broader audience. New entrants and existing competitors may adopt new business models which challenge the existing structure in the promotional products industry. This may have a negative impact on sales volumes or profit margins achieved by the Group in the future. The Directors believe that the Group has a strong reputation. However, even if the Group is able to compete successfully, it may be required to make changes to one or more of its products or services in order to respond to client demands, which may impact negatively on the Group's financial performance.

Dependence on key personnel

Attracting and retaining experienced and appropriately skilled personnel is a critical component of the future success of the Group's business. Competition for experienced people is high, both in respect of managerial positions and in respect of sales, marketing, merchandising and supply chain functions. Accordingly, the Group will seek to put in place arrangements to incentivise key personnel, but the Group may nevertheless encounter difficulties in attracting or retaining such individuals. Continued growth may therefore cause a significant strain on existing managerial, sales, operational, financial and technical resources. The departure of senior members of the Group's management team may have a negative impact on its customer relations and growth. In the event that future departures of key employees occur, the Group's ability to execute its business strategy successfully, or to continue to provide its technology and services to its clients or win new clients and partners, could be adversely affected.

Damage to the Group's reputation

The Directors believe that the reputation of the Group as a trusted supplier that can be relied upon to ethically source safe, high quality products plays an important role in the success of the Group. Although the Group maintains a rigorous supplier audit and product testing regime to maintain its reputation and seeks to ensure that the Group's values are shared by its suppliers, such measures may not be effective to present third party suppliers failing to meet required ethical and product standards. Any incident that negatively affects client loyalty towards the brand could materially adversely affect the Group's business, revenue and financial condition.

The Company's operations are dependent on the Company's IT systems

The Group is highly dependent on the effective operation of its IT platform and infrastructure, due to the nature of the Group's operations. The Group has put in place business continuity and disaster recovery procedures in the event of failure of, or disruption or damage to, the Group's network or IT systems. However, such procedures may not be sufficient to ensure that the Group is able to carry on its business in the ordinary course in the event of such a failure, disruption or damage. Any major systems failure, including failures relating to the Group's network, software, internet or hardware, which causes material delay or interruption in the operation of the Group's systems could have a material adverse effect on the Pebble's ability to fulfil its obligations under its contracts with clients in addition to harming client relationships and diminishing the Group's goodwill. Such an event could therefore have a material adverse effect on the Group's profitability, financial condition and revenue.

Currency and foreign exchange

A proportion of the Group's revenue and costs is denominated in foreign currency, principally US dollars and the Euro which the Group's reporting currently is pound sterling. The Group is, therefore, exposed to the risk that adverse exchange rate movements could cause its revenues to reduce or costs to increase (relative to its reporting currency) and could result in reduced profitability. The Group, where deemed relevant, takes steps to mitigate this risk by putting in place hedging arrangements to reduce exposure to currency risk, however there can be no assurance that these will be effective in reducing the effect of fluctuations in foreign currency exchange rates on its results of operations.

Overseas operations

The Group currently has overseas operations in various jurisdictions, including in Germany, the Republic of Ireland, China (including Hong Kong), USA and Canada. These jurisdictions have different regulatory, fiscal and legal environments that could change in the future and could impact how the Group conducts its business in these countries. If the Group fails to comply with the laws and regulations applicable to its overseas operations, it could be subject to reputational and legal risks, including government enforcement action and/or fines. Such risks, if realised, could have a material adverse effect on the Group's profits and financial condition.

Dependency on third parties for the delivery of products

In all parts of its supply chain, the Group depends on the services of third-party carriers for the delivery of merchandise products to its warehousing centres and for those to be delivered to the Group's clients. During transport, the Group has only limited control over proper handling of products and products purchased or sold by the Group may be lost in transit, damaged or otherwise mishandled. The Group may also experience transport delays or delivery failures for a variety of reasons, including due to inclement weather, strikes or fault of any third-party carrier, which could result in the Group not being able to provide replacements and adequate client support in a timely manner or at all. The Group's supply chain is also susceptible to other risks, including failure by its suppliers to deliver products in a timely manner or at all, which may be caused by a number of factors, including, but not limited to, financial problems, labour issues, product quality issues, production interruptions or lack of raw materials.

Significant interruption in the operations of the Group's warehouse centres

The Group's warehouse centres receive product deliveries from its suppliers, store the products and dispatch them to clients. Any significant interruption in the operation of the Group's warehousing centres, such as disruptions in operations due to fire or other catastrophic events, workforce disputes or shipping problems, could reduce the Group's ability to receive and process orders and provide products to its clients. This could result in lost sales, cancelled sales and a loss of client loyalty. While the Group maintains business interruption and property insurance, in the event that the Group's warehouse centres were to be shut down for any reason, or if there were a disruption at the Group's warehouse centres resulting in a delay in shipment of products to the Group's clients, the Group's insurance may not be sufficient to compensate the Group for all damage suffered. Any of the foregoing factors could have a material adverse effect on the Group's financial condition, business, prospects and results of operations.

Failure of the physical infrastructure or services of the Group

The operation of the Group's business depends on providing clients with services which rely upon the Group's infrastructure and equipment. Consequently, the Group must protect its infrastructure and equipment located at the Group's premises. If the Group fails to meet its clients' requirements or to protect the infrastructure, it may lose clients and/or may become liable to them for damages. The quality of service provided by the Group in the event of service interruptions due to equipment damage in the Group's facilities may result in the termination of a client's relationship with the Group. In addition, the Group's inability to meet levels of service commitments may damage its reputation and could reduce the confidence of the Group's clients in its services, impairing its ability to retain existing clients and attract new clients.

Security breaches, computer malware and other cyber attacks

An unauthorised intrusion, malicious software infiltration, denial of service or some similar act by a malevolent party could disrupt the integrity, continuity, security and trust of the Group's platform. Although the Group has protections and backup systems in place, should these protections fail or be breached in a cyber attack, this could impact the day to day operations of the Group and result in costly litigation, significant financial liability and a loss in confidence in the Group's ability to serve its clients securely, which could have a material adverse impact on the Group's business. In addition, due to the ever-evolving nature of these threats, the Group is required to continue to invest resources to enhance the Group's security systems. The Group has technical and physical controls in place to mitigate unauthorised access to client data, but may not be able to prevent a material event in the future.

Liability under data protection laws

The Group processes personal data as part of its business. There is a risk that this data could become public if there were a security breach at the Group. The Group may then face liability under data protection laws and could also lose the goodwill of its clients and suffer reputational damage, which could have a material adverse effect on its business. Despite controls to protect the confidentiality and integrity of client information, the Group may breach restrictions or may be subject to attack from computer programmes that attempt to penetrate its network security and misappropriate confidential information.

If the Group, or any of the third-party service providers on which it relies, fails to store or transmit information and/or payment details online in a secure manner, or if any unauthorised or unlawful loss, disclosure or destruction of personal data were otherwise to occur, the Group may be subject to, amongst other things, claims from third parties relating to the infringement of privacy rights and/or investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK or similar regulatory bodies in jurisdictions in which the Group operates. Whilst the Group strives to comply with all applicable laws, regulations, policies and legal obligations relating to privacy and data protection, there is a risk that Group policies and measures may not be deemed sufficient in order to comply with the latest data protection regulations or regulatory guidance.

Unfavourable contract terms

The Group has a small number of contractual relationships with clients which include indemnities, provided in some cases on an uncapped basis. Whilst these indemnities are limited in application, they are in certain cases extended to third parties. These provisions create an inherent risk that any liability on the Group's part for breach could be material. A successful claim under such indemnities may have a significant impact on the Group's profitability.

Future litigation

Material litigation, claims or arbitration or other legal proceedings may arise from time to time in the course of the Group's business. The Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has had or would have a material effect on its financial position, and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the Group's position or business. However, there can be no assurance that there will be no proceedings in the future that could adversely affect the position, financial performance, prospects or business of the Group.

Acquisition risk

The Group may seek potential acquisition targets in order to expand the Group. In identifying potential acquisition targets, the Company would naturally expect to conduct appropriate due diligence, but due diligence may not succeed in identifying all material issues in connection with those acquisitions and those acquisitions would necessarily leave the Group exposed, at least to some degree, to any operational failings of the target company and to potentially overpaying for any such target. Any payment for such target company through the issue of Shares could also dilute the interests of Shareholders.

In addition, merger and acquisition activity, including the difficulties involved in integrating companies, businesses or assets, may divert financial and management resources from the Group's core operations.

The Group may also carry out opportunistic acquisitions, which are not in line with its stated acquisition strategy, and there is no assurance that any acquisitions will be made at all. In addition, there can be no assurance that any acquisitions will successfully achieve their aims and any acquisitions that are unsuccessful, or which do not proceed according to plan, may result in impairment charges.

Intellectual property

The Group relies on intellectual property laws to protect its own and its clients' intellectual property rights. Although precautions have been taken by the Group to protect its intellectual property, unauthorised third parties may attempt to copy or use the Group's products or technology incorporated in the Group's products or services. If the Group cannot successfully enforce its intellectual property rights or if a client's intellectual property is damaged, this could have a material adverse effect on the Group's business, financial condition and prospects.

Technological change

There can be no guarantee that the Group's current competitors or new entrants to the market will not bring superior technologies, products or services to the market which, as a result, make the Group's offerings obsolete. The Group will accordingly need continually to enhance its existing products and services and will need promptly to respond to technological change as and when this occurs. If the Group is unable to do this, or encounters material delay in introducing new products or services, it may be at a significant disadvantage to its key competitors.

RISKS RELATING TO THE INDUSTRY AND ASSOCIATED REGULATORY REGIMES IN WHICH THE GROUP OPERATES

International expansion

The continued growth of the Group and expansion into new countries bring associated risks and different jurisdictional and legal frameworks. The Group's head office is based in the UK and senior management are also based in the UK and there is a risk that the Group's continued growth overseas may result in a reduction in the quality of control and oversight provided by senior management. Factors such as different time zones, language barriers, different regulatory and legal regimes in each country, and different working cultures may all reduce the efficacy of the oversight provided by senior management and the effectiveness of the Group's strategy employed in each country. The financial performance of the Group's international operations may be dependent on payments from, and distributions to, the Company. The ability of the Group's international businesses to make and receive these payments to and from the Company may become constrained by the taxation regime, including tax treaties and withholding tax, movement of free trade and labour, exchange rates and the introduction of exchange controls or repatriation restrictions.

Tax risks

The attention of potential investors is drawn to paragraph 16 of Part VII of this document headed "Taxation".

The Group is subject to taxation and the application of such taxes and the tax status of the Company and its subsidiaries may change over time due to changes in tax legislation, which may adversely affect the Company's financial position and its ability to provide returns to Shareholders. The nature and amount of tax that each subsidiary of the Company is expected to pay is dependent on a number of factors and assumptions, any one of which may change unexpectedly. Whilst no material changes are anticipated in such taxes, any unforeseen change in the future may have a material adverse effect on the Company's financial performance and position.

Brexit risk

On 23 June 2016, the UK held a referendum on the UK's continued membership of the EU. This resulted in a vote for the UK to exit the EU, with the current intention that the UK will leave the EU on 31 January 2020. There are significant uncertainties in relation to the terms within which such an exit will be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK's tax system, the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the UK and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. There is also a risk that the vote by the UK to leave could result in other member states re-considering their respective membership of the EU. Although it is not possible to predict fully the effects of the UK's exit from the EU, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Group's business, revenue, financial condition, profitability, results, prospects and/or future operations.

US tariffs

Trade-related actions taken by the US and China have resulted in substantial regulatory uncertainty regarding international trade and trade policy. For example, over the last 18 months, the US government has announced various import tariffs on goods imported from certain trade partners, such as the EU and China, which have resulted and may continue to result in reciprocal tariffs on goods exported from the US to such trade partners. The US, Mexico and Canada have concluded negotiations on a draft replacement agreement to the existing North American Free Trade Agreement ("**NAFTA**"); however, until such agreement is formally implemented, if ever, there remains a risk that the US might withdraw from NAFTA thereby creating uncertainty to trading between the three countries. The announcement of unilateral tariffs on imported products by the US has triggered retaliatory actions from certain foreign governments and may trigger further retaliatory actions, potentially resulting in a "trade war".

Force majeure

The Group's operations may be adversely affected by risks outside the control or anticipation of the Group, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

RISKS RELATING TO THE PLACING, THE SHARES AND THE AIM MARKET

Funding and use of proceeds of the Placing

The Group is currently cash generative and benefits from sufficient working capital for the near term. Accordingly, at present, the Directors do not believe there is any requirement to raise any further external finance for the Group. However, there is a risk that the Group may need to raise funding in the future for a number of reasons, including working capital, to fund an acquisition or expansion, for general corporate purposes or to restructure its balance sheet.

Share price volatility and liquidity

AIM is a trading platform designed principally for growth companies and, as such, tends to experience lower levels of trading liquidity than that which applies to larger companies quoted on the Official List or some other stock exchanges. Following Admission, there can be no assurance that an active or liquid trading market for the Shares will develop or, if developed, will be maintained. The Shares may therefore be subject to large price fluctuations on small volumes of Shares traded. As a result, an investment in shares traded on AIM carries a higher risk than an investment in shares listed on the Official List.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Group. There can be no guarantee that the value of an investment in the Group will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are general or market specific, others of which are sector specific and others of which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the overall stock market, (ii) large purchases or sales of Shares by other investors, (iii) financial and operational results of the Group (iv) changes in research analysts' recommendations and any failure by the Group to meet the expectations of research analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions and (vi) other factors which are outside of the control of the Group.

Shareholders may sell their Shares in the future to realise their investment. Sales of substantial amounts of Shares following Admission and/or termination of the existing lock-in restrictions (the terms of which are summarised in paragraph 18 of Part VII of this document), or the perception that such sales could occur, could materially adversely affect the market price of the Shares. There can be no guarantee that the price of the Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Shares may decline below the Placing Price. Shareholders may be unable to realise their Shares at the quoted market price or at all.

Investment risk

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various investment opportunities are available, potential investors should consider the risks that pertain to the sector in which the Group operates.

Market perception

Market perception of the Group may change, potentially affecting the value of investors' holdings of Shares and the ability of the Company to raise funds by the issue of further Shares or otherwise. Negative perceptions of the Group's competitors may result in negative market perception of the industry as a whole, which would have an adverse effect on price of the Shares as well as the Company's ability to raise further funds either publicly or privately.

Determination of Placing Price

Placees will commit to subscribe for or purchase the Shares at the Placing Price, which is a fixed price, prior to satisfaction of all conditions for the Placing Shares to be transferred. The Placing Price may not accurately reflect the trading value of the Shares at Admission, or the Company's potential earnings or any other recognised criteria of value.

Dilution

If the Company were to offer equity securities for sale in the future, Shareholders not participating in these equity offerings may become diluted. The Company may also in the future issue Shares, warrants and/or options to subscribe for new Shares, including (without limitation) to certain advisers, employees, directors, senior management and consultants. The exercise of such warrants and/or options may also result in dilution of the shareholdings of other investors.

Legislation and tax status

This document has been prepared on the basis of current legislation, regulation, rules and practices and the Directors' interpretation of them. Such interpretation may not be correct and it is always possible that legislation, regulation, rules and practices may change. Any change in legislation or regulation and, in particular, in tax status or tax residence of the Company or in tax legislation or practice may have an adverse effect on the returns available on an investment in the Company.

Dividends

There can be no assurance as to the level of future dividends, if any. The payment and amount of any future dividends of the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws and generally accepted accounting practice.

Costs of compliance with AIM corporate governance and accounting requirements

In becoming a public company with shares admitted to trading on AIM, the Group will be subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. The Group may incur significant costs associated with its public company reporting requirements, including costs associated with applicable AIM corporate governance requirements. The Group expects to incur significant legal and financial compliance costs as a result of these rules and regulations and, if the Group does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

There is no guarantee that the Group will maintain its quotation on AIM

The Group cannot assure investors that the Group will always retain a quotation on AIM. If it fails to retain such a quotation, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Shares. Additionally, if in the future the Group decides to obtain a quotation on another exchange in addition to AIM, the level of liquidity of the Shares traded on AIM could decline.

PART III

HISTORICAL FINANCIAL INFORMATION RELATING TO THE PEBBLE HOLDINGS GROUP

Section A – Accountant's report on the historical financial information of the Pebble Holdings Group

BDO LLP
3 Hardman Street
Manchester
M3 3AT

The Directors
The Pebble Group plc
Broadway House
Trafford Wharf Road
Trafford Park
Manchester M17 1DD

2 December 2019

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Dear Sir or Madam

The Pebble Group plc (the "Company")

The Pebble Holdings Group

Introduction

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 2 December 2019 of the Company (the "Admission Document") on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

As described in note 1 to the financial information, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Pebble Holdings Group as at 31 December 2016, 2017 and 2018 and of its results, cash flows, and changes in equity for the three years ended 31 December 2016, 2017 and 2018 in accordance with the basis of preparation set out in note 2 to the financial information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B – Combined and consolidated historical financial information of the Pebble Holdings Group

Combined Income statement
For the years ended 31 December 2016, 30 December 2017 and 31 December 2018

	Note	*Year ended 31 December 2016 £'000*	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Revenue	4	74,078	86,357	92,957
Cost of goods sold		(50,850)	(61,865)	(64,827)
Gross profit		23,228	24,492	28,130
Operating expenses	5	(17,499)	(17,956)	(19,650)
Operating expenses – exceptional	5	(1,861)	(3,675)	(843)
Total operating expenses	5	(19,360)	(21,631)	(20,493)
Operating profit		3,868	2,861	7,637
Analysed as:				
Adjusted EBITDA[1]		7,620	8,292	10,109
Depreciation	10	(1,152)	(1,134)	(1,013)
Amortisation	11	(433)	(485)	(569)
Exceptional items	7	(1,861)	(3,675)	(843)
Private equity monitoring costs	7	(306)	(137)	(47)
Total operating profit		3,868	2,861	7,637
Finance expense	8	(4,741)	(5,267)	(5,843)
(Loss)/profit before taxation		(873)	(2,406)	1,794
Income tax expense	9	(677)	(1,012)	(1,025)
(Loss)/profit for the year		(1,550)	(3,418)	769

Note 1: Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation, exceptional items and private equity monitoring costs is a non-GAAP metric used by management and is not an IFRS disclosure.

All results derive from continuing operations.

Combined Statement of other comprehensive income
For the years ended 31 December 2016, 30 December 2017 and 31 December 2018

	Note	*Year ended 31 December 2016 £'000*	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Items that may be subsequently reclassified to profit and loss				
Foreign operations – foreign currency translation differences		(573)	(479)	152
Other comprehensive (expense)/income		(573)	(479)	152
(Loss)/profit for the year		(1,550)	(3,418)	769
Total comprehensive (expense)/income		(2,123)	(3,897)	921

Combined Statement of Financial Position
As at 2 January 2016, 31 December 2016, 30 December 2017 and 31 December 2018

	Note	*As at 2 January 2016 £'000*	*As at 31 December 2016 £'000*	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
ASSETS					
Non-current assets					
Property, plant and equipment	10	6,145	6,009	6,040	6,227
Intangible assets	11	13,947	17,692	35,568	57,347
Deferred tax assets	12	133	258	250	269
Total non-current assets		20,225	23,959	41,858	63,843
Current assets					
Inventories	14	5,004	5,964	7,653	7,450
Trade and other receivables	15	13,695	17,627	22,938	26,625
Current tax assets		194	76	–	–
Cash and cash equivalents	16	4,324	5,354	6,288	8,150
Total current assets		23,217	29,021	36,879	42,225
TOTAL ASSETS		43,442	52,980	78,737	106,068
LIABILITIES					
Non-current liabilities					
Borrowings and deferred consideration		27,210	32,419	55,699	73,438
Total non-current liabilities	17	27,210	32,419	55,699	73,438
Current liabilities					
Borrowings	18	2,292	1,644	1,517	2,091
Trade and other payables	18	17,057	23,906	24,960	32,884
Current tax liabilities		–	251	435	608
Total current liabilities		19,349	25,801	26,912	35,583
TOTAL LIABILITIES		46,559	58,220	82,611	109,021
NET LIABILITIES		(3,117)	(5,240)	(3,874)	(2,953)
Equity and Reserves					
Share capital	20	139	139	58	58
Share premium		1,152	1,152	942	942
Retained losses		(4,408)	(6,531)	(4,874)	(3,953)
TOTAL DEFICIT		(3,117)	(5,240)	(3,874)	(2,953)

Combined Statement of Changes in Equity

	Share capital £'000	*Share premium £'000*	*Retained losses £'000*	*Total deficit £'000*
Balance at 3 January 2016	139	1,152	(4,408)	(3,117)
Loss for the year	–	–	(1,550)	(1,550)
Other comprehensive expense for the year	–	–	(573)	(573)
Total comprehensive expense	–	–	(2,123)	(2,123)
Balance at 31 December 2016	139	1,152	(6,531)	(5,240)
Loss for the year	–	–	(3,418)	(3,418)
Other comprehensive expense for the year	–	–	(479)	(479)
Total comprehensive expense	–	–	(3,897)	(3,897)
Changes in ownership interest on acquisition	(139)	(1,152)	5,554	4,263
Shares issued in the year	58	942	–	1,000
Total transactions with owners, recognised directly in equity	(81)	(210)	5,554	5,263
Balance at 30 December 2017	58	942	(4,874)	(3,874)
Profit for the year	–	–	769	769
Other comprehensive income for the year	–	–	152	152
Total comprehensive income	–	–	921	921
Balance at 31 December 2018	58	942	(3,953)	(2,953)

Combined Cash Flow Statement
For the years ended 31 December 2016, 30 December 2017 and 31 December 2018

	Note	*Year ended 31 December 2016 £'000*	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Operating profit		3,868	2,861	7,637
Adjustments for:				
– Amortisation		433	485	569
– Depreciation		1,152	1,134	1,013
– Loss of disposal of fixed assets		–	17	–
Cash flows from operating activities before changes in working capital		5,453	4,497	9,219
– Change in inventories		96	(1,689)	203
– Change in trade receivables		(1,956)	(5,312)	(2,689)
– Change in trade payables		1,652	4,555	664
Cash flows from operating activities		5,245	2,051	7,397
Income taxes paid		(521)	(1,071)	(979)
Net cash flows from operating activities		4,724	980	6,418
Cash flows from investing activities				
– Purchase of property, plant and equipment		(514)	(801)	(633)
– Purchase of intangible assets		(545)	(408)	(602)
– Acquisition of subsidiaries and net cash outflows on change in ownership	23	(1,824)	(16,872)	(10,223)
Net cash flows used in investing activities		(2,883)	(18,081)	(11,458)
Cash flows from financing activities				
– Inflow from borrowings		321	–	–
– Repayment of borrowings	18	–	(20,825)	(784)
– Lease payments		(1,026)	(1,139)	(1,066)
– Interest paid		(566)	(10,004)	(1,680)
– Receipts from new secured loan facilities		–	36,588	11,580
– Debt issue cost		–	(1,398)	(672)
– Ordinary shares issued		–	1,000	–
– Preference shares issued		–	14,311	–
Net cash (outflow)/inflow from financing activities		(1,271)	18,533	7,378
NET CASH FLOWS		570	1,432	2,338
Cash and cash equivalents at beginning of year	16	4,324	5,354	6,288
Effect of exchange rate fluctuations on cash held		460	(498)	(476)
Cash and cash equivalents at end of year	16	5,354	6,288	8,150

Notes to the Combined Historical Financial Information

1. GENERAL INFORMATION

The Pebble Group (Holdings) Limited is a private limited company incorporated and domiciled in England. The registered office of the company is Broadway House Trafford Wharf Road, Trafford Park, Manchester, England, M17 1DD. The company registration number is 10695334.

The Pebble Holdings Group takes a highly differentiated market position through its subsidiary brands, Brand Addition and Facilis.

Brand Addition focusses on the sale of promotional products through services provided under framework contracts, internationally, to many of the best-known global brands.

Facilisgroup focusses on providing technology, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services.

This Combined Historical Financial Information does not constitute statutory accounts within the meaning of section 434 of Companies Act 2006. The Directors of the Company are solely responsible for the preparation of this Combined Historical Financial Information.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The Combined Historical Financial Information has been prepared on a going concern basis under the historical cost convention except for certain financial instruments that are measured at fair value. The Combined Historical Financial Information is presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise indicated. The Combined Historical Financial Information does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006.

This Combined Historical Financial Information presents the financial track record of the Pebble Holdings Group for the three years ended 31 December 2018 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange. This Combined Historical Financial Information has been prepared in accordance with the requirements of the AIM Rules for Companies, in accordance with this basis of preparation summarised below.

This basis of preparation describes how this Combined Historical Financial Information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union and the IFRS Interpretation Committee interpretations (together "IFRS") except for the departures below.

The deemed transition date, for the purposes of this Combined Historical Financial Information on the Company is 3 January 2016, which is the beginning of the first year presented. Details of the transition are set out in Note 22. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exceptions and exemptions in the application of particular standards to prior years in order to assist companies with the transition process. The Company has not applied any of the optional exemptions and has applied the exception with regard to restatement of past business combinations under IFRS 3.

Departures from IFRS

IFRS does not provide for the preparation of Combined Historical Financial Information, and accordingly in preparing the Combined Historical Financial Information certain accounting conventions commonly used for the preparation of Combined Historical Financial Information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on Combined Historical Financial Information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departures from IFRS. In other respects, IFRS has been applied.

- As explained above, the historical information is not prepared for all periods presented on a consolidated basis and therefore does not comply with the requirements of IFRS 10.
- The Combined Historical Financial Information does not constitute a set of general purpose financial statements under paragraph 2 of IAS 1 and consequently the Pebble Holdings Group does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 16 of IAS 1.
- The Combined Historical Financial Information has not been prepared in accordance with IAS 33 'Earnings per Share'. As the capital structure is different in each of the periods presented a meaningful disclosure is not possible. Accordingly, the requirement of IAS 33 to disclose earnings per share has not been complied with.

Financial Information layout

The capital structure of the Pebble Holdings Group has changed during the period following the changes in ownership of the Pebble Holdings Group, as set out below. Details of the acquisitions across the track record period can be found in Note 23.

- As at 2 January 2016, the holding company for the Pebble Holdings Group of companies was H.I.G Milan UK Topco Limited. On 11 January 2016 the Pebble Holdings Group completed the acquisition of Gateway CDI Inc, a leading supplier of promotional products in North America;
- On 8 May 2017, H.I.G Milan UK Topco Limited was acquired by Project Amber Bidco Limited, a wholly owned subsidiary of Project Amber Topco Limited. Project Amber Bidco Limited was controlled by Elysian Capital II LP;
- On 15 June 2018 Project Amber Topco Limited changed its name to The Pebble Group Limited; and
- On 4 December 2018 The Pebble Group Limited, through its wholly owned subsidiaries The Pebble Group Canada Bidco Limited and The Pebble Group US Bidco Inc, acquired Facilisgroup Canada Inc and Facilisgroup LLP (together the Facilis Group) respectively.
- On 13 November 2019 The Pebble Group Limited was renamed The Pebble Group (Holdings) Limited,

As a result of the acquisitions, the structure of the operating group carrying out the Pebble Holdings Group's business has not been the same throughout the entire period covered by the Combined Historical Financial Information as reflected in the table following:

31 December 2016	*30 December 2017*	*31 December 2018*
Parent Company at year end		
H.I.G Milan UK Topco Limited	*Project Amber Topco Limited*	*The Pebble Group Limited (formerly Project Amber Topco Limited and later renamed The Pebble Group (Holdings) Limited*
Operating subsidiaries		
Brand Addition Asia Limited		
Brand Addition Limited		
Brand Addition GmbH		
Brand Addition Reklam Urunleri Dagitim ve Ticaret Limited Sirketi		
Brand Addition Ireland Limited		
Brand Addition (Shanghai) Trading Co. Limited		
Brand Addition Australia Pty. Limited (liquidated in March 2018)		
Gateway CDI Inc.		
n/a	*n/a*	*Facilisgroup LLP*
n/a	*n/a*	*Facilisgroup Canada Inc*

31 December 2016	*30 December 2017*	*31 December 2018*
Holding companies/non-trading subsidiaries		
H.I.G Milan UK Midco Limited		
H.I.G Milan UK Bidco Limited		
H.I.G Milan German Bidco GmbH		
Brand Addition US Bidco Inc. (renamed in 2018 to The Pebble Group US Bidco Inc.)		
Product Plus International Limited		
Gearworks Limited		
n/a	*H.I.G. Milan UK Topco Limited*	
n/a	*Project Amber Bidco Limited*	
n/a	*n/a*	*The Pebble Group Canada Bidco Limited*
n/a	*n/a*	*Weber Facilis Holdings Inc*
n/a	*n/a*	*Rochette Facilis Holding Inc*

Furthermore, due to the change in capital structure, the Combined Historical Financial Information is prepared on a combined basis. The combined basis combines the results, cash flows, assets and liabilities of each of the companies constituting the Pebble Holdings Group through aggregation of the assets, liabilities, revenues, expenses and cash flows of each entity. The Combined Historical Financial Information has therefore been prepared on the basis as described below.

Accounting period ended 31 December 2016

This presents the consolidated results and balance sheet of the H.I.G Milan UK Topco Limited group for the 12 months ended 31 December 2016, which have been prepared in accordance with IFRS.

Accounting period ended 30 December 2017

The Statements of Comprehensive Income and Statements of Cash Flows for the year ended 30 December 2017 have been prepared on a basis of aggregating the consolidated results and cash flows of H.I.G Milan UK Topco Limited and its subsidiaries from 1 January 2017 to 8 May 2017, with the consolidated results and cash flows of the Pebble Holdings Group from 8 May 2017 to 30 December 2017 prepared in accordance with IFRS 10 Consolidated Financial Statements (IFRS 10). The balance sheet as at 30 December 2017 is the consolidated Balance Sheet of the Pebble Holdings Group by applying the principles underlying the consolidation procedures of IFRS 10. Internal transactions within the Pebble Holdings Group have been eliminated on combination.

The Pebble Holdings Group has applied IFRS 3 Business Combinations (IFRS 3) on the acquisition of H.I.G Milan UK Topco Limited on 8 May 2017 as detailed in Note 23. The combined Statement of Changes in Equity includes an adjustment 'Changes in ownership interest on acquisition' in respect of the elimination of the pre-acquisition net assets of H.I.G Milan UK Topco Limited as required under IFRS 3.

Accounting period ended 31 December 2018

This presents the consolidated results and balance sheet of the Pebble Holdings Group for the 12 months ended 31 December 2018, which have been prepared in accordance with IFRS. These include the post-acquisition results of Facilisgroup following the acquisition on 4 December 2018.

The principal accounting policies that have been applied to this Combined Historical Financial Information are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Going concern

The Pebble Holdings Group meets its day-to-day working capital requirements through its available banking facilities. The Directors have prepared cash flow forecasts and projections for the three years ending 31 December 2021. Taking account of reasonably foreseeable changes in trading performance, these forecasts and projections show that the Pebble Holdings Group is expected to have a sufficient level of financial resources available through current and future facilities. Furthermore, the Directors have assessed the future funding requirements of the Pebble Holdings Group and compared them with the level of available borrowing facilities. Based on this, the Directors are satisfied that the Pebble Holdings Group has adequate resources to continue in operational existence for the foreseeable future.

For this reason, they continue to adopt the going concern basis in preparing the Combined Historical Financial Information.

(c) New standards, amendments and interpretations

The Pebble Holdings Group has adopted the following new standards and interpretations in this Combined Historical Financial Information for the years ended 31 December 2016, 30 December 2017, and 31 December 2018, all with a transition date of 3 January 2016:

- IFRS 9 – Financial instruments (effective 1 January 2018 and early adopted);
- IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018 and early adopted); and
- IFRS 16 – Leases (effective 1 January 2019 and early adopted).

IFRS 9 Financial instruments

IFRS 9 *'Financial Instruments'* makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. Given there have been no changes in the classification or measurement of financial assets and liabilities a detailed table has not been provided.

(i) *Recognition, classification, and measurement of financial instruments*

The Pebble Holdings Group has assessed which business models apply to the financial instruments at the date of initial application and has designated the financial assets and financial liabilities into the appropriate IFRS 9 measurement categories based on the facts and circumstances at that date. As at 3 January 2016, there were no significant classification and measurement adjustments. The financial assets and liabilities for the Pebble Holdings Group are classified and measured at amortised cost.

(ii) *Impairment of financial assets*

The impact of the new accounting methodology for determining the impairment provision for trade receivables and contract assets resulted in no material change in the expected credit loss of trade receivables and unbilled revenue. Under the new policy a loss allowance for expected credit losses is recognised based upon the lifetime expected credit losses using the simplified. This assessment is performed on a collective basis considering forward-looking information. Trade receivables longer than one year overdue and specific risk trade receivables with no reasonable expectation of recovery are impaired and hence provided for in full, unless reliable supporting information to determine otherwise is available. The Pebble Holdings Group does not present its impairment losses separately in the statement of profit or loss, but in the notes thereto.

No recognition, measurement, or classification changes have been recorded on adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 became effective on 1 January 2018 and superceded the revenue recognition included in IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations.

Under IFRS 15, revenue is now recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Pebble Holdings Group expects to be entitled in exchange for those goods and services. The underlying principle is a five-step approach to determine performance obligations, the consideration and the allocation thereof, and timing of revenue recognition. IFRS 15 also includes guidance on the presentation of assets and liabilities arising from contracts with customers, which depends on the relationship between the Pebble Holdings Group's performance and the customers' payment.

No recognition, measurement, or classification changes have been recorded on adoption of IFRS 15.

IFRS 16 Leases

IFRS 16 *'Leases'* replaced IAS 17 *'Leases'* and sets out the principles for the recognition, measurement, presentation and disclosure of leases and has been applied from 3 January 2016 using the fully retrospective approach. Under IFRS 16 the main difference for the Pebble Holdings Group is that certain leases that the Pebble Holdings Group holds as a lessee are recognised on the balance sheet, as both a right-of-use asset and a largely offsetting lease liability. Low value and short term leases were excluded from these calculations under the practical expedients allowed in the standard. The right-of-use asset is depreciated in accordance with IAS 16 *'Property, Plant and Equipment'* and the liability is increased for the accumulation of interest and reduced by cash lease payments. There is no impact on cashflow.

On the income statement the Pebble Holdings Group recognises an amortisation charge and an interest charge instead of a straight-line operating cost. This changes the timing of cost recognition on the lease, resulting in extra cost in early years of the lease, and reduced cost towards the end of the lease.

The Pebble Holdings Group elected to exclude all short-term leases and all leases for which the underlying asset is of low value.

The adoption of the above standards had no material impact on the results or financial position in any of the years presented with the exception of IFRS 16 under which a right of use asset with a depreciated cost of £4,991,000 was recognised together with a corresponding financial liability of £6,065,000 as at 3 January 2016. The difference of £1,074,000 was debited to retained losses as at 3 January 2016.

There are other new standards and interpretations in issue, but which are not yet effective and are not expected to have an impact on the Pebble Holdings Group and therefore have not been noted above.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on this Combined Historical Financial Information together with estimates with a significant risk of material adjustment in the next year are discussed in Note 3 to the Combined Historical Financial Information.

(d) Basis of consolidation

Subsidiaries are all entities over which the Pebble Holdings Group has control. The Pebble Holdings Group controls an entity when the Pebble Holdings Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully combined from the date on which control is transferred to the Pebble Holdings Group and are deconsolidated from the date control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

(e) Revenue

Revenue arises from the provision of services through technology and a global infrastructure that enables the efficient sale and distribution of products to support corporate marketing activity and consumer promotions of businesses in Europe, North America and Asia.

To determine whether to recognise revenue, the Pebble Holdings Group follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT, rebates and other sales related taxes.

Revenue is recognised either at a point in time, or over-time as the Pebble Holdings Group satisfies performance obligations by transferring the promised services to its customers as described below. Variable consideration, in the form of rebates, is recognised at a point in time.

Brand Addition sale of promotional product

Contracts with customers take the form of customer orders under a framework agreement. There is one distinct performance obligation, being the design, sourcing and distribution of products to the customer, for which the transaction price is clearly identified. Revenue is recognised at a point in time when the Pebble Holdings Group satisfies performance obligations by transferring the promised goods to its customers, i.e. when control has passed from the Pebble Holdings Group to the customer, which tends to be on receipt by the customer.

Facilisgroup provision of technology, consolidated buying power and community learning through subscription-based services

Services are provided through signed annual partner agreements. There is one distinct performance obligation, being the provision of access to the Facilisgroup network. The transaction price is set on 1 January each year by reference to the previous year sales volumes and is fixed for the financial year. Revenue is recognised over time on a monthly basis as the partners receive the benefits of being part of the network.

(f) EBITDA and Adjusted EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA are non-GAAP measures used by management to assess the operating performance of the Pebble Holdings Group. EBITDA is defined as profit before finance costs, tax, depreciation and amortisation. Exceptional items and private equity monitoring costs are excluded from EBITDA to calculate adjusted EBITDA.

The Directors primarily use the Adjusted EBITDA measure when making decisions about the Pebble Holdings Group's activities. As these are non-GAAP measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

(g) Exceptional items

The Pebble Holdings Group's income statement separately identifies exceptional items. Such items are those that in the Directors' judgement are one-off in nature or non-operating and need to be disclosed separately by virtue of their size or incidence and may include, but are not limited to, restructuring costs, professional fees and other costs directly related to the purchase of businesses, and significant start up costs of entering new markets. In determining whether an item should be disclosed as an exceptional item, the Directors consider quantitative and qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board.

(h) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where events or transactions that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the Pebble Holdings Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(i) Finance expense

Finance expenses of financial liabilities are recognised in the income statement over the term of such instruments at a constant rate on the carrying amount. Issue costs relating to financial instruments, are recognised in the income statement over the term of the debt at a constant rate over the instruments life.

Foreign exchange differences on revaluation of foreign currency borrowings are also presented within finance costs.

(j) Intangible assets

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal or contractual rights regardless of whether those rights are separable, and are initially recognised at fair value.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Other intangible assets that are acquired by the Pebble Holdings Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Development costs

Research costs are charged to the income statement in the year in which they are incurred and are presented within operating expenses. Internal development costs that are incurred during the development of significant and separately identifiable new technology are capitalised when the following criteria are met:

- It is technically feasible to complete the technological development so that it will be available for use;
- Management intends to complete the technological development and use or sell it;
- It can be demonstrated how the technological development will develop probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available; and
- Expenditure attributable to the technological product during its development can be reliably measured.

Capitalised development costs include costs of materials and direct labour costs. Internal costs that are capitalised are limited to incremental costs specific to the project.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred and presented within operating expenses, together with any amortisation which is charged to the income statement on a straight-line basis over the estimated useful lives of development intangible assets of 3 years.

Computer software

Computer software purchased separately, that does not form an integral part of related hardware, is capitalised at cost.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite and is presented within operating expenses. Computer software intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Computer software – 3 years.

(k) Impairment losses

The carrying amounts of the Pebble Holdings Group's assets are tested for impairment. Assets with an indefinite useful life are not depreciated or amortised but are tested for impairment at each reporting date. Assets subject to amortisation/depreciation and impairment losses are tested for impairment every time events or circumstances indicate that they may be impaired.

Impairment losses are recognised in the income statement based on the difference between the carrying amount and the recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Pebble Holdings Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset and reflect current market assessments of the time value of money and asset-specific risk.

The Pebble Holdings Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Pebble Holdings Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Pebble Holdings Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

(l) Financial instruments

Financial assets

Non-derivative financial assets are classified as either financial assets at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The Pebble Holdings Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The basis of classification depends on the Pebble Holdings Group's business model and the contractual cash flow characteristics of the financial asset. All financial assets of the Pebble Holdings Group are held at amortised cost.

Provision for impairment

Financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. The Pebble Holdings Group's borrowings, finance leases, trade and most other payables fall into this category of financial instruments.

The Pebble Holdings Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial derivatives

The Pebble Holdings Group uses derivative financial instruments to hedge its exposure to risks arising from operational activities, principally foreign exchange and interest rate risk. In accordance with treasury policy, the Pebble Holdings Group does not hold or issue derivative financial instruments for trading purposes. The Pebble Holdings Group does not hedge account for these items. Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists. At certain times the Pebble Holdings Group has foreign currency forward contracts and interest rate caps that fall into this category.

The fair value of the mark to market asset/liability and the movement in any individual year is not material and hence has not been recorded.

(m) Foreign currencies

Items included in the Combined Historical Financial Information are measured using the currency of the primary economic environment in which the Pebble Holdings Group operates ("the functional currency"). The functional and presentational currency is Pounds Sterling.

The functional currency of a subsidiary is determined based on specific primary and secondary factors including the principal currency of the cash flows and the primary economic environment in which the subsidiary operates. Once determined, the functional currency is used and translated for consolidation purposes.

Foreign currency items are translated using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Foreign currency differences are taken to the income statement. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the transaction date exchange rate.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at closing rates. The income and expenses of foreign operations are translated at the average exchange rate of the year which approximates to the transaction date exchange rates. Exchange differences arising on consolidation are presented within Other Comprehensive Income.

(n) Tangible assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	3-15 years
Fixtures and fittings	5 years
Computer hardware	5 years

Assets classified as 'work in progress' are not depreciated as such assets are not currently available for (or in) use. Once in use, assets will be re-categorised and depreciated at the rate appropriate to their classification.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(p) Inventories

Inventories are valued at the lower of cost and net realisable value on a FIFO basis. Cost comprises purchase price plus associated freight and duty costs for imported goods. Inventories are regularly assessed for evidence of impairment. Where such evidence is identified, a provision is recognised to reduce the value of stock to its selling price after incurring any future costs to sell.

(q) Leases

The Pebble Holdings Group has applied IFRS 16 throughout the period covered by the Combined Historical Financial Information. At inception of a contract, the Pebble Holdings Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Pebble Holdings Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using the Pebble Holdings Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

The Pebble Holdings Group presents right-of-use assets within property, plant and equipment in Note 10.

Short term leases and low value assets

The Pebble Holdings Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

(r) Segmental reporting

The Pebble Holdings Group reports its business activities in two areas being the:

- sale of promotional product through services provided under framework contracts, internationally, to many of the best-known global brands (Brand Addition); and
- provision of technology, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services (Facilisgroup).

This is reported in a manner consistent with the internal reporting to the Board of directors, which has been identified as the chief operating decision maker. The Board of directors consists of the Executive Directors and the Non-Executive Directors.

(s) Pensions

The Pebble Holdings Group operates several defined contribution pension schemes and the pension charge represents the amounts payable by the company to the funds in respect of the period.

(t) Employee benefits

The Pebble Holdings Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) ***Short term benefits***

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) ***Defined contribution pension plans***

The Pebble Holdings Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Pebble Holdings Group pays fixed contributions into a separate entity. Once the contributions have been paid the Pebble Holdings Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Pebble Holdings Group in independently administered funds.

(u) Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium represents the difference between the nominal value of shares issued and the fair value of consideration received.

Retained losses includes all current and prior period retained profits and losses, including foreign currency translation differences arising from the translation of financial statements of the Pebble Holdings Group's foreign entities.

All transactions with owners of the parent are recorded separately within equity.

Dividends are recognised when approved by the Pebble Holdings Group's shareholders or, in the case of interim dividends, when the dividend has been paid.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the preparation of the Combined Historical Financial Information the Directors, in applying the accounting policies of the Pebble Holdings Group, make some judgements and estimates that effect the reported amounts in the Combined Historical Financial Information. The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

(a) Accounting estimates

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Goodwill impairment

The Pebble Holdings Group tests goodwill for impairment every year in accordance with the relevant accounting policies. The recoverable amounts of cash-generating units are determined by calculating value in use. These calculations require the use of estimates.

Goodwill relates to the various acquisitions made across the track record period and amounts to £53,610,000 as at 31 December 2018. The estimates used in the impairment calculation are set out in Note 11. There are no reasonably possible scenarios in which the goodwill would be impaired.

Useful economic lives of property, plant and equipment

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Pebble Holdings Group.

The useful economic lives applied are set out in the accounting policies and are reviewed annually.

(b) Accounting judgements

Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the areas requiring the use of judgement that may significantly impact the Combined Historical Financial Information.

Capitalisation of internal development costs

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Capitalised development expenditure is analysed further in Note 11.

The valuation of intangible assets arising on business combination (Note 23)

During the Historical Information period the group made a number of acquisitions with further details shown in Note 23. Upon completing each acquisition the Board considered whether the group had acquired any separate intangibles as defined by IAS 38 Intangible Assets. Such an asset arises when it is separable, meaning that it can be sold, transferred, or licensed or when it arises from contractual or other legal rights. After a review of each of these acquisitions, the Board determined that no such assets had been acquired that meet these criteria.

4. SEGMENTAL ANALYSIS

The Chief Operating Decision Maker ("CODM") has been identified as the Board of Directors. The Board reviews the Pebble Holdings Group's internal reporting in order to assess performance and allocate resources. The Board has determined that the operating segments, based on these reports, are:

- sale of promotional product through complex services provided under framework contracts, internationally, to many of the best-known global brands; and
- provision of technology, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services.

No segment information is presented as the acquisition of the second segment occurred in December 2018, and consequently this segment is immaterial to the financial information for the years ended 31 December 2016, 2017 and 2018.

Major customers

In 2018 there was one major customer that individually accounted for at least 10 per cent. of total revenues (2017: one customer; 2016 one customer). The revenues relating to this customer in 2018 were £15,069,000 (2017: £11,977,000; 2016: £10,602,000).

Analysis of revenue by geographical destination

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
United Kingdom	23,141	28,026	28,089
Continental Europe	24,412	30,539	28,840
America	15,598	16,961	20,366
Rest of World	10,927	10,831	15,662
Total revenue	74,078	86,357	92,957

All the above revenues are generated from contracts with customers and are recognised at a point in time or over time as follows:

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
At a point in time	74,078	86,357	92,279
Over time	–	–	678
Total revenue	74,078	86,357	92,957

All assets of the Pebble Holdings Group reside in the UK, with the exception of non-current assets with a net book value of £22,936,000 which were located in North America and £554,000 in other foreign countries.

5. EXPENSES BY NATURE

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Inventory recognised as an expense	50,850	61,865	64,827
Staff costs (Note 6)	12,621	13,492	14,519
Exceptional items (Note 7)	1,861	3,675	843
Depreciation of property, plant and equipment (Note 10)	1,152	1,134	1,013
Amortisation of intangible assets (Note 11)	433	485	569
Foreign exchange loss/(gain)	352	117	(158)
Increase/(decrease) in provision for expected credit losses	14	(8)	4
Other external charges	2,927	2,736	3,703
Total cost of sales and operating expenses	70,210	83,496	85,320

Depreciation and amortisation are charged to operating expenses in the income statement.

6. EMPLOYEES AND DIRECTORS

Personnel costs are analysed below:

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Staff costs (including directors) consist of:			
Wages and salaries	11,100	11,767	12,651
Social security costs	1,160	1,367	1,447
Other pension costs	361	358	421
Total personnel expenses	12,621	13,492	14,519

Defined contribution scheme

The amount recognised in the profit and loss account as an expense in relation to the Pebble Holdings Group's defined contribution schemes is £421,000 (2017: £358,000; 2016: £361,000). Included within accruals and other creditors is £70,000 (2017: £55,000; 2016: £46,000) for outstanding contributions to the defined contribution plan.

During the year, the average number of the Pebble Holdings Group's employees (including executive directors and temporary employees) was as follows:

	Year ended 31 December 2016 No	*Year ended 30 December 2017 No*	*Year ended 31 December 2018 No*
By function:			
Management	12	11	7
Sale and distribution	126	128	116
Administration	203	221	243
Total employees	341	360	366

Key management compensation

Key management of the Pebble Holdings Group is considered to be the Board of Directors. Remuneration paid to these individuals on an aggregated basis is as follows:

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Salaries including bonuses and social security costs	304	562	353
Pension contributions	42	29	45
Total remuneration	346	591	398

7. OPERATING EXPENSES – EXCEPTIONAL

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Geographical expansion	247	–	–
Reorganisation and restructuring	386	513	175
Transaction costs	1,228	3,162	668
	1,861	3,675	843
Private equity monitoring costs	306	137	47

Exceptional items relate to the following:

- Geographical expansion – costs in respect of the identification and establishment of overseas operations until such time as the overseas offices became operational;
- Reorganisation and restructuring – In addition to the costs above, the international expansion gave rise to recruitment and internal restructuring costs to align the business resources and capabilities with the increasing complexity of an international operation. These were incurred during 2016. There were also costs in relation to relocation of some of the Pebble Holdings Group's operations in Germany to the UK during 2017 and 2018; and
- Transaction costs – incremental external costs related to the change in ownership in 2017 and the acquisitions in 2016 and 2018 and which primarily relate to professional fees – see note 23.

Private equity monitoring costs include monitoring and other fees that will not be incurred post-Admission.

8. FINANCE EXPENSE

An analysis is set out below:

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Bank loans	435	680	1,020
Other loans	2,326	2,041	2,083
Preference shares	–	933	1,524
Other interest	125	200	86
Amortisation of debt issue costs	395	273	343
Net foreign exchange loss on revaluation of debt	1,061	777	455
IFRS 16 interest	399	363	332
Total finance expense	4,741	5,267	5,843

9. INCOME TAX EXPENSE

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Current income tax			
– UK Corporation tax charge for the year	–	270	399
– Adjustments in respect of prior years	(193)	–	–
– Foreign tax	995	734	645
Total current income tax	802	1,004	1,044
Deferred tax			
– Deferred tax	(125)	8	(19)
Total deferred tax	(125)	8	(19)
Total income tax expense	677	1,012	1,025

Current taxes comprise the income taxes of the Pebble Holdings Group companies which posted a taxable profit for the year, while deferred taxes show changes in deferred tax assets and liabilities which were recognised by the Pebble Holdings Group on the temporary differences between the carrying amount of assets and liabilities and their amount calculated for tax purposes calculated using the rates that are expected to apply in the year these differences will reverse.

Analysis of charge in year

	Year ended 31 December 2016 £'000	*Year ended 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Reconciliation of total tax charge:			
(Loss)/profit before taxes	(873)	(2,406)	1,794
(Loss)/profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2017: 19.25%, 2016: 20%)	(175)	(463)	341
Effects of:			
Expenses not deductible for tax purposes	134	443	40
Adjustments in respect to prior years	193	–	–
Non-deductible interest expense	–	487	396
Lower rates of tax on overseas profits	(94)	(5)	(18)
Higher rates of tax on overseas profits	282	409	196
Losses carried forward to future periods (not recognised for deferred tax)	490	167	78
Utilisation of losses carried forward	(153)	(26)	(8)
Total income tax expense	677	1,012	1,025

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19 per cent. from 1 April 2017 and to 17 per cent. from 1 April 2020, and this has been reflected in this Combined Historical Financial Information.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property	*Fixtures and fitting*	*Computer hardware*	*Right of Use Asset*	*Work in progress*	*Total*
Cost						
Balance at 3 January 2016	968	2,016	1,396	7,415	327	12,122
Acquisitions	31	90	117	–	–	238
Additions	8	38	81	197	387	711
Disposals	–	(15)	(1)	–	–	(16)
Reclassifications	–	–	–	–	77	77
Balance at 31 December 2016	1,007	2,129	1,593	7,612	791	13,132
Additions	10	77	85	381	629	1,182
Disposals	(17)	–	–	–	–	(17)
Balance at 30 December 2017	1,000	2,206	1,678	7,993	1,420	14,297
Acquisitions	190	118	272	638	–	1,218
Additions	13	50	100	70	487	720
Disposals	(17)	–	–	–	–	(17)
Reclassifications	–	(7)	7	–	(474)	(474)
Balance at 31 December 2018	1,186	2,367	2,057	8,701	1,433	15,744
Accumulated depreciation						
Balance at 3 January 2016	517	1,811	1,225	2,424	–	5,977
Charge for the year	151	93	130	778	–	1,152
Eliminated on disposals	–	(6)	–	–	–	(6)
Balance at 31 December 2016	668	1,898	1,355	3,202	–	7,123
Charge for the year	113	100	150	771	–	1,134
Balance at 30 December 2017	781	1,998	1,505	3,973	–	8,257
Acquisitions	15	12	106	114	–	247
Charge for the year	115	69	112	717	–	1,013
Balance at 31 December 2018	911	2,079	1,723	4,804	–	9,517
Net Book Value						
Balance at 3 January 2016	451	205	171	4,991	327	6,145
Balance at 31 December 2016	339	231	238	4,410	791	6,009
Balance at 30 December 2017	219	208	173	4,020	1,420	6,040
Balance at 31 December 2018	275	288	334	3,897	1,433	6,227

11. INTANGIBLE ASSETS

	Goodwill £'000	Intangible Assets £'000	Software & Development costs £'000	Total £'000
Cost				
Balance at 3 January 2016	15,599	–	5,986	21,585
Acquisitions	2,347	1,331	32	3,710
Additions	–	–	545	545
Reclassifications	–	–	(77)	(77)
Balance at 31 December 2016	17,946	1,331	6,486	25,763
Acquisitions	32,981	–	–	32,981
Changes in ownership interest on acquisition	(17,946)	–	–	(17,946)
Additions	–	–	408	408
Balance at 30 December 2017	32,981	1,331	6,894	41,206
Acquisitions	20,629	–	643	21,272
Additions	–	–	602	602
Reclassifications	–	–	474	474
Balance at 31 December 2018	53,610	1,331	8,613	63,554
Accumulated amortisation				
Balance at 3 January 2016	2,918	–	4,720	7,638
Charge for the year	–	–	433	433
Balance at 31 December 2016	2,918	–	5,153	8,071
Changes in ownership interest on acquisition	(2,918)	–	–	(2,918)
Charge for period	–	44	441	485
Balance at 30 December 2017	–	44	5,594	5,638
Charge for period	–	66	503	569
Balance at 31 December 2018	–	110	6,097	6,207
Net Book Value				
At 3 January 2016	12,681	–	1,266	13,947
At 31 December 2016	15,028	1,331	1,333	17,692
At 30 December 2017	32,981	1,287	1,300	35,568
At 31 December 2018	53,610	1,221	2,516	57,347

The acquisitions in the year relate to the acquisition of the Facilisgroup (2017: the change in ownership; 2016: the acquisition of Gateway CDI). As described in Notes 2 and 23 the ownership of the Pebble Holdings Group changed in 2017, which resulted in the derecognition of the previous goodwill and recognition of new goodwill.

The goodwill of £20,629,000 represents the following:

- Presence of intangibles such as the existing workforce, which do not qualify for separable recognition.
- Value attached to be able to access the US and Canadian markets through the acquisition; and.
- Anticipated profitable growth from both new customers.

The remaining amortisation periods for Other intangible assets is 18 years (2017: 19 years; 2016: 20 years) and for software and development costs between 1 and 3 years.

Goodwill and other intangible assets have been tested for impairment. The method, key assumptions and results of the impairment review are detailed below:

Goodwill is attributed to the respective CGUs within the Pebble Holdings Group (Brand Addition and Facilisgroup). Goodwill has been tested for impairment by assessing the value in use of each cash generating unit. The value in use calculations were based on projected cash flows in perpetuity. Budgeted cash flows for 2017 to 2021 were used. These were based on the Board approved budget for the following 4 years. Subsequent cash flows are extrapolated using an estimated growth rate of 2 per cent.

These growth rates are based on past experience and market conditions and discount rates are consistent with external information. The growth rates shown are the average applied to the cash flows of the individual cash generating units and do not form a basis for estimating the consolidated profits of the Pebble Holdings Group in the future.

The discount rate used to test the cash generating units was the Pebble Holdings Group's pre-tax WACC of 10.5 per cent.

The value in use calculations described above, together with sensitivity analysis using reasonable assumptions, indicate ample headroom and therefore do not give rise to impairment concerns. Having completed the impairment reviews at the date of transition and at each subsequent balance sheet date, no impairments were identified. Management does not consider that there is any reasonable downside scenario which would result in an impairment.

Goodwill is attributable to the following segments:

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Brand Addition	15,028	32,981	32,981
Facilisgroup	–	–	20,629
	15,028	32,981	53,610

12. DEFERRED TAX

Deferred tax assets are analysed as follows.

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Deferred tax asset	258	250	269

The above amounts reflect the differences between the carrying and tax amounts of the following balance sheet headings as at each year end.

Changes during each year are as follows:

	Accelerated capital allowances £'000
Balance at 3 January 2016	133
Tax credit in respect of current year	125
Balance at 31 December 2016	258
Tax credit in respect of current year	(8)
Balance at 30 December 2017	250
Tax credit in respect of current year	11
Prior period adjustment	8
Balance at 31 December 2018	269

13. INVESTMENTS

As shown in Note 2, the Pebble Holdings Group has not been the same throughout the entire period covered by the Combined Historical Financial Information. The table in Note 2 outlines the investments that were held in each of the years covered by this Combined Historical Financial Information.

The directors believe that the carrying value of the investments is supported by their underlying net assets and future trading forecast.

The subsidiary undertakings are registered to the following addresses:

Name	*Registered address*
Project Amber Bidco Limited H.I.G Milan UK Topco Limited H.I.G Milan UK Midco Limited H.I.G Milan UK Bidco Limited Brand Addition Limited Product Plus International Limited Gearworks Limited	Broadway Trafford Wharf Road Manchester M17 1DD
Brand Addition Asia Limited	Unit 1605, 16/F Tower 3, Enterprise Square No. 9 Sheung Yuet Road Kowloon, Hong Kong
Brand Addition Ireland Limited	Unit G2 Calmount Business Park Ballymount, Dublin 12
Brand Addition Reklam Urunleri Dagitim ve Ticaret Limited Sirketi	Buyukdere Caddesi Meydan Sokak Spring Giz Plaza Kat:13 Sisli-Istanbul, Turkey
Brand Addition Shanghai Limited	Room 302, Qian Li Center (building T6) Baolong Plaza, No 6, 311 Xinlong Road Qibao Town, Minhang District Shanghai, China

Name	*Registered address*
H.I.G. Milan German Bidco GmbH Brand Addition GmbH	Heydastrasse 13-15 58093 Hagen, Germany
Brand Addition US Bidco Inc. Gateway CDI Inc.	707 North 2nd Street Saint Louis, MO 63103
Facilisgroup LLC	1000 Clarke Ave Saint Louis, MO 63102
The Pebble Group Canada Bidco Limited Facilisgroup Canada Inc.	5320 Canotek Road Gloucester ON K1J 9C1
Weber Facilis Holdings Inc.	3029 Barlow Crescent Dunrobin, ON K0A 1T0
Rochette Facilis Holding Inc.	394 Roosevelt Ave Ottawa, ON K2A 1Z3

14. INVENTORIES

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Finished goods for resale	5,964	7,653	7,450
Total closing inventories	5,964	7,653	7,450

Stocks are stated after provisions for impairment of £132,000 (2017: £88,000; 2016: £73,000).

There is no difference between the replacement cost of stocks and carrying value.

15. TRADE AND OTHER RECEIVABLES

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Amounts falling due within one year:			
Trade receivables not past due	15,525	20,828	23,863
Trade receivables past due	49	41	45
Credit loss provision	(49)	(41)	(45)
Trade receivables net	15,525	20,828	23,863
Other debtors	1,377	1,104	1,877
Prepayments	725	1,006	885
	17,627	22,938	26,625

Currency analysis

	As at 31 December 2016 £'000	As at 30 December 2017 £'000	As at 31 December 2018 £'000
Sterling	6,214	9,077	9,812
Euro	6,578	7,470	8,146
US Dollar	3,590	4,769	5,972
Chinese Renminbi	1,145	1,374	2,307
Other	100	248	388
Total trade and other receivables	17,627	22,938	26,625

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date. Trade and other receivables are assessed for impairment based upon the expected credit losses model.

The Pebble Holdings Group's customer base is predominantly made up of high quality organisations with a high credit rating. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The credit losses historically incurred by the Pebble Holdings Group have been negligible and as such the risk profile of the trade receivables has not been presented.

16. CASH AND CASH EQUIVALENTS

	As at 31 December 2016 £'000	As at 30 December 2017 £'000	As at 31 December 2018 £'000
Cash and cash equivalents	5,354	6,288	8,150

Currency analysis

	As at 31 December 2016 £'000	As at 30 December 2017 £'000	As at 31 December 2018 £'000
Sterling	1,025	1,472	529
Euro	2,566	2,996	3,218
US Dollar	1,617	1,538	3,643
Other	146	282	760
Total cash and cash equivalents	5,354	6,288	8,150

17. NON-CURRENT LIABILITIES

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Bank loans and overdrafts	9,336	16,288	19,941
Other loans	18,196	19,661	27,297
Preference shares	–	15,244	16,769
Deferred Consideration	–	–	5,183
IFRS 16 lease liability (Note 19)	4,887	4,506	4,248
Total non-current liabilities	32,419	55,699	73,438

Borrowings and deferred consideration are repayable as follows:

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Bank loans			
Between two and five years	9,406	17,237	21,092
Debt issue costs	(70)	(949)	(1,151)
Other loans			
Between two and five years	18,210	19,943	27,706
Debt issue costs	(14)	(282)	(409)
Preference shares			
Between two and five years	–	15,244	16,769
Deferred consideration			
Between two and five years	–	–	5,183
IFRS 16 lease liability			
Between two and five years	2,253	2,315	2,503
In more than five years	2,634	2,191	1,745
Total borrowings	32,419	55,699	73,438

The above carrying values of the borrowings equate to the fair values. Bank loans are secured against all the assets of the Pebble Holdings Group.

	As at 31 December 2016 %	*As at 30 December 2017 %*	*As at 31 December 2018 %*
Average interest rates at the balance sheet date			
Bank loans	3.98	4.00	3.88
Other loans	10.00	10.00	10.00
Preference shares	n/a	10.00	10.00

Currency analysis

	As at 31 December 2016 £'000	As at 30 December 2017 £'000	As at 31 December 2018 £'000
Sterling	4,049	40,023	42,031
Euro	27,722	15,100	20,521
US Dollar	384	211	10,382
Chinese Renminbi	–	160	79
Other	264	205	425
	32,419	55,699	73,438

Bank loans

Bank loans are secured by way of fixed and floating charge over all assets of the Pebble Holdings Group. Interest is charged at a EURIBOR or LIBOR linked variable rate. No security is given for other loans.

Additional loan facilities of £11,580,000 were received in the year ended 31 December 2018 to fund the Facilisgroup acquisition. Debt issue costs associated with these loans were £672,000.

Debt issue costs of £2,091,000 (2017: £1,419,000; 2016: £1,619,000) capitalised against the bank and other loans raised are being amortised over the term of the loans. Amortisation of £342,000 (2017: £189,000; 2016: £395,000) has been charged during the year.

Other loans

Other loans relate to mezzanine finance and investor loans issued to the Pebble Holdings Group. Mezzanine finance is unsecured and bears interest at market rates. Interest is charged at a variable rate linked to EURIBOR. Investor loans are unsecured and accrue interest at a fixed rate of 10 per cent.

Preference shares

The 10 per cent. cumulative preference shares are mandatorily redeemable at a fixed future date. Dividends accrue at 10 per cent. compounding and are non-discretionary. The amount of £16,769,000 (2017: £15,244,000; 2016: £nil) includes accumulated interest of £2,458,000 (2017: £933,000; 2016: £nil).

Deferred consideration

The deferred consideration is to be paid in the years ending 31 December 2019 and 31 December 2020.

IFRS 16 lease liability

See Note 19 for further detail on the IFRS 16 lease liability.

18. CURRENT LIABILITIES

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Bank loans and overdrafts	896	784	1,192
IFRS 16 lease liability (Note 19)	748	733	899
Corporation tax	251	435	608
Trade payables	15,462	19,659	19,430
Other taxation and social security	343	400	451
Other payables	222	897	1,087
Accruals	4,433	4,004	5,596
Deferred consideration	3,446	–	6,320
Total current liabilities	25,801	26,912	35,583

Currency analysis

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Sterling	12,147	15,605	16,669
Euro	6,498	5,565	5,575
US Dollar	6,659	4,250	11,356
Chinese Renminbi	373	774	1,634
Other	124	718	349
Total current liabilities	25,801	26,912	35,583

The fair value of financial liabilities approximates to their carrying value due to short maturities.

19. LEASES

Amounts recognised in the Combined Statement of Financial Position

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	*£'000*
Balance at 3 January 2016	4,991
New leases recognised in the year	197
Depreciation charge for the year	(778)
Balance at 31 December 2016	4,410
New leases recognised in the year	381
Depreciation charge for the year	(771)
Balance at 30 December 2017	4,020
New leases recognised in the year	70
Recognised on acquisition	524
Depreciation charge for the year	(717)
Balance at 31 December 2018	3,897

These are included within "Property, plant and equipment" in the Combined Statement of Financial Position.

Lease liabilities	*As at 31 December 2016 £'000*	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Maturity analysis – contractual discounted cash flows			
Less than one year	748	733	899
More than one year, less than two years	614	777	741
More than two years, less than three years	648	609	630
More than three years, less than four years	504	487	594
More than four years, less than five years	487	442	538
More than five years	2,634	2,191	1,745
Total discounted lease liabilities at year end	5,635	5,239	5,147
Lease liabilities included in the statement of financial position			
Current	748	733	899
Non-current	4,887	4,506	4,248
	5,635	5,239	5,147

Amounts recognised in the Combined Income Statement

The Combined Income Statement shows the following amounts relating to leases:

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Depreciation charge of right of use assets (within operating expenses)	778	771	717
Interest expense (within finance expense)	399	363	332

The above leases relate to office space, computer equipment, and motor vehicles.

Any expense for short term leases is not material and has not been presented.

20. SHARE CAPITAL

	Allotted, called up and fully paid		
	Year ended 31 December 2016 £'000	*As at 30 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Group and company			
7,882,522 "A" ordinary shares of £0.005 each	–	40	40
211,091 "B" ordinary shares at £0.01 each	–	2	2
726,475 "C1" ordinary shares at £0.01 each	–	7	7
931,253 "C2" ordinary shares at £0.01 each	–	9	9
791,566 "A1" ordinary shares at £0.01 each	8	–	–
108,434 "A2" ordinary shares at £0.01 each	1	–	–
77,500 "B1" ordinary shares at £1 each	78	–	–
22,500 "B2" ordinary shares at £1 each	22	–	–
10,357 "C" ordinary shares at £1 each	10	–	–
5,077 "D" ordinary shares at £1 each	5	–	–
1,500,000 deferred shares of £0.01 each	15	–	–
	139	58	58

All shares attract full voting rights.

21. ANALYSIS AND RECONCILIATION OF NET DEBT

	3 January 2016 £'000	*Acquisitions £'000*	*Other non-cash changes £'000*	*Cashflow £'000*	*31 December 2016 £'000*
Cash at bank and in hand	4,324	–	460	570	5,354
Current borrowings	(2,292)	–	(57)	705	(1,644)
Non-current borrowings	(27,210)	–	(5,209)	–	(32,419)
Net debt	(25,178)	–	(4,806)	1,275	(28,709)

	1 January 2017 £'000	*Acquisitions £'000*	*Other non-cash changes £'000*	*Cashflow £'000*	*31 December 2017 £'000*
Cash at bank and in hand	5,354	–	(498)	1,432	6,288
Current borrowings	(1,644)	–	(1,124)	1,251	(1,517)
Non-current borrowings	(32,419)	–	5,396	(28,676)	(55,699)
Net debt	(28,709)	–	3,774	(25,993)	(50,928)

	31 December 2017 £'000	*Acquisitions £'000*	*Other non-cash changes £'000*	*Cashflow £'000*	*31 December 2018 £'000*
Cash at bank and in hand	6,288	–	(476)	2,338	8,150
Current borrowings	(1,517)	(106)	(2,318)	1,850	(2,091)
Non-current borrowings	(55,699)	(468)	(6,363)	(10,908)	(73,438)
Net debt	(50,928)	(574)	(9,157)	(6,720)	(67,379)

Other non-cash changes include foreign exchange movements, accrued interest, and transfers between current and non-current borrowings.

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS BY CATEGORY

The Pebble Holdings Group uses various financial instruments. These include preference shares, loan notes and other loans, cash, issued equity instruments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Pebble Holdings Group's operations.

The existence of these financial instruments exposes the Pebble Holdings Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Pebble Holdings Group's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses three types of risk, being currency risk, interest rate risk and price risk. In this instance price risk has been ignored as it is not considered a material risk to the business. The Pebble Holdings Group's policies for managing interest rate risk are set out in the subsection entitled "interest rate risk" below.

Currency risk

The Pebble Holdings Group contracts with certain customers and suppliers in Euros and Dollars and manages this foreign currency risk using forward foreign exchange contracts. Hedge accounting is not applied.

As the Pebble Holdings Group derives an amount of its earnings from overseas operations, the Pebble Holdings Group is affected by movements in exchange rates. This would affect both the balance sheet and the income statement. For a 10 per cent. strengthening in the Sterling exchange rate, the trading operating profit would reduce by £227,000 (2017: £127,000; 2016: £22,000) and the net liabilities would increase by £662,000 (2017: £11,000; 2016: £812,000). A 10 per cent. weakening of the Sterling against the individual functional currencies would have the equal and opposite effect on operating profit and net assets as shown above on the basis that all other variables remain constant.

Liquidity risk

The Pebble Holdings Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing the cash balance and by investing cash assets safely and profitably.

The Pebble Holdings Group policy throughout the period has been to ensure continuity of funding. Short-term flexibility is achieved by revolving working capital facilities. The maturity of borrowings is set out in Note 17 to the Historical Financial Information.

Interest rate risk

The Pebble Holdings Group finances its operations through a mixture of retained profits, bank borrowings and loan notes. The Directors' policy to manage interest rate fluctuations is to regularly review the costs of capital and the risks associated with each class of capital, and to maintain an appropriate mix between fixed and floating rate borrowings, making use of hedging instruments where appropriate.

Sensitivity to interest rate fluctuations

Borrowings are held at a mixture of fixed and floating rates. The Pebble Holdings Group manages its exposure to interest rate risk using an interest rate cap. Hedge accounting is not applied.

A 1 per cent. increase in the interest rate applied to interest bearing borrowings would reduce profit before tax by £703,000 (2017: £572,000; 2016: £341,000). A 1 per cent. reduction would have the equal and opposite effect on profit before tax.

Credit risk

The Pebble Holdings Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Pebble Holdings Group's trade receivables. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The credit losses historically incurred by the Pebble Holdings Group have been negligible and are detailed in note 15.

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised may also be categorised as follows:

	As at 31 December 2016 £'000	*As at 30 December 2017 £'000*	*As at 31 December 2018 £'000*
Financial assets			
Financial assets measured at amortised cost			
Trade and other receivables	16,902	21,932	25,740
Cash and cash equivalents	5,354	6,288	8,150
	22,256	28,220	33,890
Financial liabilities			
Financial liabilities measured at amortised cost			
Non-current:			
Borrowings	(32,419)	(55,699)	(68,255)
Deferred consideration	–	–	(5,183)
Current:			
Borrowings	(1,644)	(1,517)	(2,091)
Trade and other payables	(19,130)	(20,556)	(26,837)
Accruals	(4,433)	(4,004)	(5,145)
Deferred income	–	–	(451)
	(57,626)	(81,776)	(107,962)
Net financial assets and liabilities	(35,370)	(53,556)	(74,072)
Non-financial assets and liabilities			
Plant, property and equipment	6,009	6,040	6,227
Goodwill	15,028	32,981	53,610
Other intangible assets	2,664	2,587	3,737
Inventory	5,964	7,653	7,450
Prepayments	725	1,006	885
Deferred tax	258	250	269
Other taxation and social security	(343)	(400)	(451)
Current tax asset	76	–	–
Current tax liabilities	(251)	(435)	(608)
	30,130	49,682	71,119
Total deficit	(5,240)	(3,874)	(2,953)

Capital management policies and procedures

The Pebble Holdings Group's capital management objectives are:

- To ensure the Pebble Holdings Group's ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the board based on the requirements of the business.

23. BUSINESS COMBINATIONS

On 11 January 2016, the Pebble Holdings Group acquired 100 per cent. of the share capital of Gateway CDI Inc. (subsequently renamed Brand Addition US), a company incorporated in the United States of America. Consideration on acquisition was £5,833,000. Gateway CDI Inc. is engaged in the provision of promotional products to a range of customers across North America. Prior to the acquisition the Pebble Holdings Group had no presence in the US market.

Recognised amounts of identifiable assets and assumed liabilities are as follows:

	Book value *£'000*	*Adjustments* *£'000*	*Fair value* *£'000*
Tangible assets	238	–	238
Intangible assets	1,331	–	1,331
Inventory	1,055	–	1,055
Trade and other debtors	1,976	–	1,976
Cash	563	–	563
Trade and other creditors	(1,677)	–	(1,677)
Total identifiable net assets	3,486	–	3,486
Goodwill			2,347
Total consideration			5,833
Satisfied by:			
Cash consideration			2,387
Deferred consideration			3,446
			5,833
Cash consideration for the purposes of the cash flow:			
Cash consideration			2,387
Cash acquired			(563)
Net cash outflow on acquisition			1,824

On 8 May 2017, Project Amber Bidco Limited acquired 100 per cent. of the share capital of H.I.G. Milan UK Topco Limited. The fair value of the total consideration, excluding acquisition costs of £3,111,000 was £16,872,000.

Recognised amounts of identifiable assets and assumed liabilities are as follows:

	Book value *£'000*	*Adjustments* *£'000*	*Fair value* *£'000*
Tangible assets	1,676	–	1,676
Intangible assets	16,984	(14,264)	2,720
Inventory	7,730	–	7,730
Trade and other debtors	18,190	–	18,190
Cash	(2,574)	–	(2,574)
Trade and other creditors	(43,851)	–	43,851
Total identifiable net assets	(1,845)	(14,264)	(16,109)
Goodwill			32,981
Total			16,872
Cash consideration			16,872
Net cash outflow on change in ownership			16,872

The fair value adjustment made above is to de-recognise the original goodwill balance that was included in the book value of assets in the consolidated financial statements of H.I.G Milan UK Topco Ltd.

On 4 December 2018, the Pebble Holdings Group acquired 100 per cent. of the share capital of Facilisgroup Canada Inc, incorporated in Canada and Facilisgroup LLP, incorporated in the US. The Facilisgroup companies are subscription based businesses, providing technology, consolidated buying power and community learning and networking events to SME distributors in the promotional products space. The fair value of the total consideration, excluding acquisition costs of £611,000 was £23,250,000 of which £11,503,000 is contingent (based upon future EBITDA levels), to be paid in FY19 and FY20.

Recognised amounts of identifiable assets and assumed liabilities are as follows:

	Book value £'000	*Adjustments £'000*	*Fair value £'000*
Tangible assets	971	–	971
Intangible assets	702	(59)	643
Trade and other debtors	998	–	998
Cash	1,524	–	1,524
Trade and other creditors	(1,515)	–	(1,515)
Total identifiable net assets	2,680	(59)	2,621
Goodwill			20,629
Total			23,250
Satisfied by:			
Cash consideration			11,747
Deferred consideration			11,503
			23,250
Cash consideration for the purposes of the cash flow:			
Cash consideration			11,747
Cash acquired			(1,524)
Net cash outflow on acquisition			10,223

Facilisgroup contributed profit after tax of £268,000 and revenue of £678,000 in the post-acquisition period and would have generated an additional £2,380,000 of profit after tax and £6,804,000 of revenue had the acquisition occurred on 31 December 2017.

24. RELATED PARTY TRANSACTIONS

Details of related party transactions and balances are given below. Key management compensation is given in Note 6.

From 8 May 2017 the Pebble Holdings Group and Elysian are related parties due to the existence of common members/directorships and because the private equity funds, which are managed by Elysian, own a controlling interest in The Pebble Group (Holdings) Limited. The Pebble Holdings Group has issued loan notes with a nominal value of £7,151,380 to Elysian Capital II LP and £493,064 to Elysian Capital Executive Management. The loan notes bear interest compounded at 10 per cent. per annum. Total interest payable in the year is £761,700 (2017: £498,460) and the total outstanding balance at the year end is £761,700 (2017: £498,460). The Pebble Holdings Group has issued preference shares with a nominal value of £12,257,240 (2017: £12,257,240) to Elysian Capital II LP and £845,098 (2017: £845,098) to Elysian Capital Executive Management. Dividends accrue on the preference shares at a compounding rate of 10 per cent. The total amount accrued in the year is £1,395,688 (2017: £854,344) and the total outstanding balance accrued at the year end is £1,395,688 (2017: £854,344).

A number of the Pebble Holdings Group's Senior Managers are shareholders in The Pebble Group (Holdings) Limited. The Pebble Holdings Group has issued loan notes with a nominal value of £555,316 to Management. The loan notes bear interest compounded at rates between 4 per cent. and 10 per cent. per annum. Total interest payable in the year is £45,171 (2017: £28,166) and the total outstanding balance at the year end is £45,171 (2017: £28,166).

The Pebble Holdings Group has issued preference shares with a nominal value of £599,417 to Management. Dividends accrue on the preference shares at a compounding rate of 10 per cent.. The total amount accrued in the year is £63,850 (2017: £39,085) and the total outstanding balance accrued at the year ended 31 December 2018 is £63,850 (2017: £39,085).

The Pebble Holdings Group and Beechbrook Private Debt III SARL are related parties as Beechbrook Private Debt SARL III is a minority shareholder in The Pebble Group (Holdings) Limited.

The Pebble Holdings Group has issued loan notes with a nominal value of £481,388 to Beechbrook Private Debt III SARL. The loan notes bear interest compounded at rates between 4 per cent. and 10 per cent. per annum. Total interest payable at the year ended 31 December 2018 is £42,978 (2017: £26,466) and the total outstanding balance at the year end is £42,978 (2017: £26,466).

The Pebble Holdings Group has issued preference shares with a nominal value of £609,411 to Beechbrook Private Debt III SARL. Dividends accrue on the preference shares at a compounding rate of 10 per cent. The total amount accrued in the year is £64,915 (2017: £39,736) and the total outstanding balance accrued at the year ended 31 December 2018 is £64,915 (2017: £39,736).

During the year, management charges of £52,050 (2017: £32,603) were invoiced to the Pebble Holdings Group by Elysian Capital LLP.

Up until the change in ownership in May 2017 the Pebble Holdings Group and H.I.G. Luxembourg Holdings Sixteen S.a.r.l were related parties due to the existence of common members/directorships and because the private equity funds managed by H.I.G owned a controlling interest in the Pebble Holdings Group.

Included within creditors due in greater than one year as at 31 December 2016 was a balance of £10,124,000 which was repaid during 2017.

In the year ended 31 December 2016, interest of £1,003,000 was charged to the combined income statement on the loans issued by H.I.G. Luxembourg Holdings Sixteen S.a.r.l; the interest remained unpaid at the balance sheet date, formed part of the liability as at 31 December 2016 and was paid in 2017.

In addition to the above management charges of £224,000 were invoiced to the Pebble Holdings Group in the year ended 31 December 2016 by H.I.G. Luxembourg Holdings Sixteen S.a.r.l. These were fully paid at the year ended 31 December 2016.

25. POST BALANCE SHEET EVENTS

Pre-Admission Reorganisation

In connection with the Admission and the Placing, the Pebble Holdings Group undertook a reorganisation, the material steps of which are summarised in paragraph 15.8 of Part VII of this document and in relation to which The Pebble Group (Holdings) Limited issued shares to existing shareholders, which were subsequently exchanged for shares in The Pebble Group plc to enable that company to become parent company of the Pebble Holdings Group.

26. EXPLANATION OF TRANSITION TO IFRS

As stated in Note 2 this Combined Historical Financial Information has been prepared in accordance with the recommended and measurement principles of IFRS. The date of the transition to IFRS is 3 January 2016 (the “Transition date”).

The accounting policies described in Note 2 were applied when preparing the Combined Historical Financial Information for the years ended 31 December 2016, 30 December 2017 and 31 December 2018 and the Balance Sheet as at the Transition Date.

In preparing its opening IFRS Balance Sheet and adjusting amounts reported previously in the financial statements prepared in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (previous GAAP), the Pebble Holdings Group has applied IFRS 1 First-Time Adoption of International Financial Reporting Standards, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

Exceptions and Exemptions used during transition to IFRS

The Pebble Holdings Group has applied the following exceptions as set out in IFRS 1 in the conversion from UK GAAP to IFRS:

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Pebble Holdings Group under UK GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Business combinations

IFRS 3 "Business combinations" has not been applied to business combinations that occurred before the date of transition to IFRS. As a result, the carrying value of goodwill in the opening balance sheet under IFRS is the same as the carrying value under UK GAAP.

Exemptions

The Pebble Holdings Group has not applied any other optional exemptions in the conversion from UK GAAP to IFRS.

Adjustments made in connection with transition to IFRS

The following adjustments were made to the UK GAAP financial statements in connection with the transition to IFRS:

1. ***IFRS 16 – Leases***

   Under IFRS 16 leases are capitalised as a right-of-use asset with a corresponding right of use liability. See Note 19 for a breakdown of IFRS 16 right-of-use asset and liabilities recognised.

2. ***Goodwill amortisation***

   Goodwill is not amortised under IFRS, but subject to an annual impairment test. As such, the goodwill amortisation of £920,000, £1,116,000, and £2,746,000 which was charged in the years ended 31 December 2016, 30 December 2017 and 31 December 2018, has been reversed.

3. ***Expensing of acquisition costs***

   Acquisition costs are not capitalised but expensed as incurred under IFRS. As such, £464,000, £486,000, and £154,000 has been charged to the income statement in the years ended 31 December 2016, 30 December 2017 and 31 December 2018.

4. ***Software reclassification***

   Software has been reclassified from "Property, plant and equipment" to "Intangible assets".

   The above adjustments made in connection with transition to IFRS have had no impact on the cash flows of the entity.

UK GAAP to IFRS reconciliation of the Combined Statement of Financial Position as at 3 January 2016

The only impact on the transition date was for IFRS 16. This resulted in an asset of £4,991,000 and liability of £6,065,000 being recognised, with the difference (£1,074,000) being debited to reserves.

UK GAAP to IFRS reconciliation of the Combined Statement of Financial Position as at 31 December 2016

	UK GAAP *£'000*	*IFRS Adjustments* *£'000*	*IFRS* *£'000*
ASSETS			
Non–current assets			
Property, plant and equipment [1 and 4]	2,932	3,077	6,009
Intangible assets [2, 3, and 4]	15,903	1,789	17,692
Deferred tax assets	258	–	258
Total non-current assets	19,093	4,866	23,959
Current assets			
Inventories	5,964	–	5,964
Trade and other receivables	17,703	–	17,703
Cash and cash equivalents	5,354	–	5,354
Total current assets	29,021	–	29,021
TOTAL ASSETS	48,114	4,866	52,980
LIABILITIES			
Non-current liabilities			
Borrowings [1]	27,532	4,887	32,419
Total non-current liabilities	27,532	4,887	32,419
Current liabilities			
Loans and borrowings [1]	896	748	1,644
Trade and other payables	23,906	–	23,906
Current tax liabilities and other tax liabilities	251	–	251
Total current liabilities	25,053	748	25,801
TOTAL LIABILITIES	52,585	5,635	58,220
NET LIABILITIES	(4,471)	(769)	(5,240)
Equity and Reserves			
Share capital	139	–	139
Share premium	1,152	–	1,152
Retained losses [1, 2, 3, and 4]	(5,762)	(769)	(6,531)
TOTAL DEFICIT	(4,471)	(769)	(5,240)

UK GAAP to IFRS reconciliation of the Combined Statement of Financial Position as at 30 December 2017

	UK GAAP £'000	IFRS Adjustments £'000	IFRS £'000
ASSETS			
Non-current assets			
Property, plant and equipment [1 and 4]	3,320	2,720	6,040
Intangible assets [2, 3, and 4]	33,638	1,930	35,568
Deferred tax assets	250	–	250
Total non-current assets	37,208	4,650	41,858
Current assets			
Inventories	7,653	–	7,653
Trade and other receivables	22,938	–	22,938
Cash and cash equivalents	6,288	–	6,288
Total current assets	36,879	–	36,879
TOTAL ASSETS	74,087	4,650	78,737
LIABILITIES			
Non-current liabilities			
Borrowings [1]	51,193	4,506	55,699
Total non-current liabilities	51,193	4,506	55,699
Current liabilities			
Loans and borrowings [1]	784	733	1,517
Trade and other payables	24,960	–	24,960
Current tax liabilities and other tax liabilities	435	–	435
Total current liabilities	26,179	733	26,912
TOTAL LIABILITIES	77,372	5,239	82,611
NET LIABILITIES	(3,285)	(589)	(3,874)
Equity and Reserves			
Share capital	58	–	58
Share premium	942	–	942
Retained losses [1, 2, 3, and 4]	(4,285)	(589)	(4,874)
TOTAL DEFICIT	(3,285)	(589)	(3,874)

UK GAAP to IFRS reconciliation of the Combined Statement of Financial Position as at 31 December 2018

	UK GAAP *£'000*	*IFRS Adjustments* *£'000*	*IFRS* *£'000*
ASSETS			
Non-current assets			
Property, plant and equipment [1 and 4]	4,203	2,024	6,227
Intangible assets [2, 3, and 4]	52,259	5,088	57,347
Deferred tax assets	269	–	269
Total non-current assets	56,731	7,112	63,843
Current assets			
Inventories	7,450	–	7,450
Trade and other receivables	26,625	–	26,625
Cash and cash equivalents	8,150	–	8,150
Total current assets	42,225	–	42,225
TOTAL ASSETS	98,956	7,112	106,068
LIABILITIES			
Non-current liabilities			
Borrowings [1]	69,190	4,248	73,438
Total non-current liabilities	69,190	4,248	73,438
Current liabilities			
Loans and borrowings [1]	1,192	899	2,091
Trade and other payables	32,884	–	32,884
Current tax liabilities and other tax liabilities	608	–	608
Total current liabilities	34,684	–	35,583
TOTAL LIABILITIES	103,874	5,147	109,021
NET (LIABILITIES)/ASSETS	(4,918)	1,965	(2,953)
Equity and Reserves			
Share capital	58	–	58
Share premium	942	–	942
Retained losses [1, 2, 3, and 4]	(5,918)	1,965	(3,953)
TOTAL (DEFICIT)/EQUITY	(4,918)	1,965	(2,953)

UK GAAP to IFRS reconciliation of the Income Statement for the year ended 31 December 2016

	UK GAAP *£'000*	*IFRS Adjustments* *£'000*	*IFRS* *£'000*
Revenue	74,078	–	74,078
Cost of goods sold	(50,850)	–	(50,850)
Gross profit	23,228	–	23,228
Operating expenses [1, 2 and 4]	(18,667)	1,168	(17,499)
Operating expenses – exceptional [3]	(1,397)	(464)	(1,861)
Total operating expenses	(20,064)	704	(19,360)
Operating profit	3,164	704	3,868
Analysed as:			
Adjusted EBITDA	6,594	1,026	7,620
Depreciation [1 and 4]	(374)	(778)	(1,152)
Amortisation [2 and 4]	(1,353)	920	(433)
Exceptional items	(1,397)	(464)	(1,861)
Private equity monitoring costs	(306)	–	(306)
Total operating profit	3,164	704	3,868
Finance expense	(4,342)	(399)	(4,741)
(Loss)/profit before taxation	(1,178)	305	(873)
Income tax expense	(677)	–	(677)
(Loss)/profit for the year	(1,855)	305	(1,550)

There are no changes to OCI for the year ended 31 December 2016.

UK GAAP to IFRS reconciliation of the Income Statement for the year ended 30 December 2017

	UK GAAP *£'000*	*IFRS Adjustments* *£'000*	*IFRS* *£'000*
Revenue	86,357	–	86,357
Cost of goods sold	(61,865)	–	(61,865)
Gross profit	24,492	–	24,492
Operating expenses [1, 2 and 4]	(19,441)	1,485	(17,956)
Operating expenses – exceptional [3]	(3,189)	(486)	(3,675)
Total operating expenses	(22,630)	999	(21,631)
Operating profit	1,862	999	2,861
Analysed as:			
Adjusted EBITDA	7,152	1,140	8,292
Depreciation [1 and 4]	(363)	(771)	(1,134)
Amortisation [2 and 4]	(1,601)	1,116	(485)
Exceptional items [3]	(3,189)	(486)	(3,675)
Private equity monitoring costs	(137)	–	(137)
Total operating profit	1,862	999	2,861
Finance expense	(4,904)	(363)	(5,267)
(Loss)/profit before taxation	(3,042)	636	(2,406)
Income tax expense	(1,012)	–	(1,012)
(Loss)/profit for the year	(4,054)	636	(3,418)

There are no changes to OCI for the year ended 31 December 2017.

UK GAAP to IFRS reconciliation of the Income Statement for the year ended 31 December 2018

	UK GAAP £'000	*IFRS Adjustments £'000*	*IFRS £'000*
Revenue	92,957	–	92,957
Cost of goods sold	(64,827)	–	(64,827)
Gross profit	28,130	–	28,130
Operating expenses [1, 2 and 4]	(22,747)	3,097	(19,650)
Operating expenses – exceptional [3]	(632)	(211)	(843)
Total operating expenses	(23,379)	2,886	(20,493)
Operating profit	4,751	2,886	7,637
Analysed as:			
Adjusted EBITDA	9,041	1,068	10,109
Depreciation [1 and 4]	(296)	(717)	(1,013)
Amortisation [2 and 4]	(3,315)	2,746	(569)
Exceptional items [3]	(632)	(211)	(843)
Private equity monitoring costs	(47)	–	(47)
Total operating profit	4,751	2,886	7,637
Finance expense	(5,511)	(332)	(5,843)
(Loss)/profit before taxation	(760)	2,554	1,794
Income tax expense	(1,025)	–	(1,025)
(Loss)/profit for the year	(1,785)	2,554	769

There are no changes to OCI for the year ended 31 December 2018.

PART IV

HISTORICAL FINANCIAL INFORMATION RELATING TO FACILISGROUP

Section A – Accountant's report on the historical financial information of Facilisgroup

BDO LLP
3 Hardman Street
Manchester
M3 3AT

The Directors
The Pebble Group plc
Broadway House
Trafford Wharf Road
Trafford Park
Manchester M17 1DD

2 December 2019

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Dear Sir or Madam

The Pebble Group plc (the "Company")

Facilisgroup LLC and Facilisgroup Canada Inc (together "Facilisgroup")

Introduction

We report on the financial information set out in Section B of Part IV. This financial information has been prepared for inclusion in the admission document dated 2 December 2019 of the Company (the "Admission Document") on the basis of the accounting policies set out in note 2 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

As described in note 1 to the financial information, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Facilisgroup as at 31 December 2016, 2017 and 2018 and of its results, cash flows, and changes in equity for the three years ended 31 December 2016, 2017 and 2018 in accordance with the basis of preparation set out in note 2 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B: Combined Historical Financial Information on Facilisgroup

Combined Income statement
For the three years ended 31 December 2016, 2017 and 2018

	Note	*Year ended 31 December 2016 £'000*	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Revenue		5,432	6,332	7,482
Operating expenses	5	(3,403)	(3,596)	(3,972)
Operating expenses – exceptional	5	–	–	(164)
Total operating expenses	5	(3,403)	(3,596)	(4,136)
Operating profit		2,029	2,736	3,346
Analysed as:				
Adjusted EBITDA[1]		2,106	2,953	3,985
Depreciation	10	(18)	(35)	(164)
Amortisation	11	(59)	(182)	(311)
Exceptional items	7	–	–	(164)
Total operating profit		2,029	2,736	3,346
Finance expense	8	(8)	(4)	(39)
Profit before taxation		2,021	2,732	3,307
Income tax expense	9	(366)	(587)	(659)
Profit for the year		1,655	2,145	2,648

Note 1: Adjusted EBITDA, which is defined as profit before finance expense, tax, depreciation, amortisation, and exceptional items is a non-GAAP metric used by management and is not an IFRS disclosure.

All results derive from continuing operations.

Combined Statement of other comprehensive income
For the three years ended 31 December 2016, 2017 and 2018

	Note	*Year ended 31 December 2016 £'000*	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Items that may be subsequently reclassified to profit and loss				
Foreign operations – foreign currency translation differences		427	(91)	27
Other comprehensive income/(expense)		427	(91)	27
Profit for the year		1,655	2,145	2,648
Total comprehensive income		2,082	2,054	2,675

Combined Statement of Financial Position
As at 31 December 2015, 2016, 2017 and 2018

	Note	As at 31 December 2015 £'000	As at 31 December 2016 £'000	As at 31 December 2017 £'000	As at 31 December 2018 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	40	74	481	963
Intangible assets	11	3	317	465	904
Investments	12	24	30	–	–
Total non-current assets		67	421	946	1,867
Current assets					
Trade and other receivables	13	511	338	940	1,273
Current tax assets		–	19	–	–
Cash and cash equivalents	14	1,755	1,995	1,243	1,438
Total current assets		2,266	2,352	2,183	2,711
TOTAL ASSETS		2,333	2,773	3,129	4,578
LIABILITIES					
Non-current liabilities					
Borrowings	15	–	2	235	468
Total non-current liabilities		–	2	235	468
Current liabilities					
Borrowings	15	–	1	40	106
Trade and other payables	16	443	589	722	716
Current tax liabilities		151	–	195	151
Total current liabilities		594	590	957	973
TOTAL LIABILITIES		594	592	1,192	1,441
NET ASSETS & TOTAL INVESTED CAPITAL		1,739	2,181	1,937	3,137

Combined Statement of Changes in Equity

	Total invested capital £'000
Balance at 1 January 2016	1,739
Profit for the year	1,655
Other comprehensive income for the year	427
Total comprehensive income	2,082
Dividends (note 20)	(1,640)
Total transactions with owners, recognised directly in equity	(1,640)
Balance at 31 December 2016	2,181
Profit for the year	2,145
Other comprehensive expense for the year	(91)
Total comprehensive expense	2,054
Dividends (note 20)	(2,298)
Total transactions with owners, recognised directly in equity	(2,298)
Balance at 31 December 2017	1,937
Profit for the year	2,648
Other comprehensive income for the year	27
Total comprehensive income	2,675
Dividends (note 20)	(1,475)
Total transactions with owners, recognised directly in equity	(1,475)
Balance at 31 December 2018	3,137

Combined Cash Flow Statement

For the years ended 31 December 2016, 31 December 2017 and 31 December 2018

	Note	*Year ended 31 December 2016 £'000*	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Operating profit		2,029	2,736	3,346
Adjustments for:				
– Amortisation		59	182	311
– Depreciation		18	35	164
– Loss of disposal of fixed assets		–	9	1
– Loss on warrants		–	30	–
Cash flows from operating activities before changes in working capital		2,106	2,992	3,822
– Change in trade and other receivables		173	(602)	(333)
– Change in trade and other payables		146	133	(6)
Cash flows from operating activities		2,425	2,523	3,483
Income taxes paid		(556)	(372)	(699)
Net cash flows from operating activities		1,869	2,151	2,784
Cash flows from investing activities				
– Purchase of property, plant and equipment		(38)	(128)	(272)
– Purchase of intangible assets		(335)	(367)	(716)
Net cash flows used in investing activities		(373)	(495)	(988)
Cash flows from financing activities				
– Dividends paid	20	(1,640)	(2,298)	(1,475)
– Lease payments		–	(1)	(102)
– Interest paid		(8)	(2)	(2)
Net cash outflow from financing activities		(1,648)	(2,301)	(1,579)
NET CASH FLOWS		(152)	(645)	217
Cash and cash equivalents at beginning of year	14	1,755	1,995	1,243
Effect of exchange rate fluctuations on cash held		392	(107)	(22)
Cash and cash equivalents at end of year	14	1,995	1,243	1,438

Notes to the Combined Historical Financial Information

1. GENERAL INFORMATION

Facilisgroup LLC ("the **LLC**") is a limited company partnership incorporated and domiciled in the United States of America. The registered office of the LLC is 1000 Clark Ave Saint Louis, MO 63102. Facilisgroup Canada Inc. is a private limited company incorporated and domiciled in Canada, with a registered office of 5320 Canotek Road, Gloucester, ON K1J 9C1. Together these entities are defined as "Facilisgroup".

Facilisgroup does not constitute a separate legal group, however both the entities comprising Facilisgroup were under common management and common control throughout the period up to the acquisition by The Pebble Group Canada Bidco Limited on 4 December 2018.

Facilisgroup focusses on providing technology, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services.

This Combined Historical Financial Information presents the financial track record of the entities comprising Facilisgroup as at and for the years ended 31 December 2016, 2017 and 2018.

This Combined Historical Financial Information does not constitute statutory accounts within the meaning of section 434 of Companies Act 2006. The Directors of the Company are solely responsible for the preparation of this Combined Historical Financial Information.

2. ACCOUNTING POLICIES

(a) Basis of preparation

This Combined Historical Financial Information has been prepared in accordance with the requirements of the AIM Rules for Companies, and in accordance with this basis of preparation summarised below. The Combined Historical Financial Information, which has been prepared specifically for this Admission Document, is therefore prepared on a basis that combines the results, assets and liabilities of the two entities constituting Facilisgroup by applying the principles underlying the consolidation procedures of IFRS 10 "Consolidated Financial Statements" (IFRS10) as of and for each of the three years to 31 December 2016, 2017 and 2018. On such basis, the Combined Historical Financial Information sets out Facilisgroup's balance sheets as of 31 December 2016, 2017, 2018 and combined results of Facilisgroup's operations and cash flows for the three years then ended.

This basis of preparation describes how this Combined Historical Financial Information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union and the IFRS Interpretation Committee interpretations (together "IFRS") except for the departures below.

The deemed transition date, for the purposes of this Combined Historical Financial Information on the Company is 1 January 2016, which is the beginning of the first year presented. Details of the transition are set out in Note 22. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exceptions and exemptions in the application of particular standards to prior years in order to assist companies with the transition process. The Company has not applied any of the optional exemptions or exceptions.

The Combined Historical Financial Information has been prepared on a going concern basis under the historical cost convention except for certain financial instruments that are measured at fair value. The Combined Historical Financial Information is presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise indicated.

Departures from IFRS

IFRS does not provide for the preparation of Combined Historical Financial Information, and accordingly in preparing the Combined Historical Financial Information certain accounting conventions commonly used for the preparation of Combined Historical Financial Information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on Combined Historical Financial Information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departures from IFRS. In other respects, IFRS has been applied.

- The Combined Historical Financial Information is prepared on a combined basis which does not comply with the requirements of IFRS 10.
- The Combined Historical Financial Information does not constitute a set of general purpose financial statements under paragraph 2 of IAS 1 and consequently Facilisgroup does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 16 of IAS 1.
- Facilisgroup has not in the past constituted a separate legal group and therefore it is not meaningful to show share capital or an analysis of reserves for this combined group. As such, the net assets of Facilisgroup are represented by the cumulative investment of Facilisgroup (shown as "Invested Capital").
- As the Combined Historical Financial Information has been prepared on a combined basis, it is not possible to measure earnings per share. Accordingly, the requirement of IAS 33 "Earnings per share" to disclose earnings per share has not been complied with.
- The information contained within this Combined Historical Financial Information contains the financial results of the Facilisgroup LLC and Facilisgroup Canada Inc. for the years ended 31 December 2016, 2017 and 2018 because neither entity controlled the other. The preparation of such combined financial information is not provided for in IFRS and so the Combined Historical Financial Information does not comply with IFRS in this regard.

The principal accounting policies that have been applied to this Combined Historical Financial Information are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) **Going concern**

Facilisgroup meets its day-to-day working capital requirements through its available banking facilities. The Directors have prepared cash flow forecasts and projections for the three years ending 31 December 2021. Taking account of reasonably foreseeable changes in trading performance, these forecasts and projections show that Facilisgroup is expected to have a sufficient level of financial resources available through current and future facilities. Furthermore, the Directors have assessed the future funding requirements of Facilisgroup and compared them with the level of available borrowing facilities. Based on this, the Directors are satisfied that Facilisgroup has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Combined Historical Financial Information.

(c) **New standards, amendments and interpretations**

Facilisgroup has adopted the following new standards and interpretations in this Combined Historical Financial Information for the years ended 31 December 2016, 31 December 2017, and 31 December 2018, all with a transition date of 1 January 2016:

- IFRS 9 – Financial instruments (effective 1 January 2018 and early adopted);
- IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018 and early adopted); and
- IFRS 16 – Leases (effective 1 January 2019 and early adopted).

IFRS 9 Financial instruments

IFRS 9 *'Financial Instruments'* makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. Given there have been no changes in the classification or measurement of financial assets and liabilities a detailed table has not been provided.

(i) Recognition, classification, and measurement of financial instruments

Facilisgroup has assessed which business models apply to the financial instruments at the date of initial application and has designated the financial assets and financial liabilities into the appropriate IFRS 9 measurement categories based on the facts and circumstances at that date. As at 1 January 2016, there were no significant classification and measurement adjustments. The financial assets and liabilities for Facilisgroup are classified and measured at amortised cost.

(ii) Impairment of financial assets

The impact of the new accounting methodology for determining the impairment provision for trade receivables and contract assets resulted in no material change in the expected credit loss of trade receivables and unbilled revenue. Under the new policy a loss allowance for expected credit losses is recognised based upon the lifetime expected credit losses using the simplified method. This assessment is performed on a collective basis considering forward-looking information. Trade receivables longer than one year overdue and specific risk trade receivables with no reasonable expectation of recovery are impaired and hence provided for in full, unless reliable supporting information to determine otherwise is available. Facilisgroup does not present its impairment losses separately in the statement of profit or loss, but in the notes thereto.

No recognition, measurement, or classification changes have been recorded on adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 became effective on 1 January 2018 and superceded the revenue recognition included in IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations.

Under IFRS 15, revenue is now recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which Facilisgroup expects to be entitled in exchange for those goods and services. The underlying principle is a five-step approach to determine performance obligations, the consideration and the allocation thereof, and timing of revenue recognition. IFRS 15 also includes guidance on the presentation of assets and liabilities arising from contracts with customers, which depends on the relationship between Facilisgroup's performance and the customers' payment.

No recognition, measurement, or classification changes have been recorded on adoption of IFRS 15.

IFRS 16 Leases

IFRS 16 *'Leases'* replaced IAS 17 *'Leases'* and sets out the principles for the recognition, measurement, presentation and disclosure of leases and has been applied from 1 January 2016 using the fully retrospective approach. Under IFRS 16 the main difference for Facilisgroup is that certain leases that Facilisgroup holds as a lessee are recognised on the balance sheet, as both a right-of-use asset and a largely offsetting lease liability. Low value and short term leases were excluded from these calculations under the practical expedients allowed in the standard. The right-of-use asset is depreciated in accordance with IAS 16 *'Property, Plant and Equipment'* and the liability is increased for the accumulation of interest and reduced by cash lease payments. There is no impact on cashflow.

On the income statement Facilisgroup recognises an amortisation charge and an interest charge instead of a straight-line operating cost. This changes the timing of cost recognition on the lease, resulting in extra cost in early years of the lease, and reduced cost towards the end of the lease.

Facilisgroup elected to exclude all short-term leases and all leases for which the underlying asset is of low value.

The adoption of the above standards had no material impact on the results or financial position in any of the years presented with the exception of IFRS 16. IFRS 16 had no material impact at the date of transition under which a right of use asset with a depreciated cost of £nil was recognised together with a corresponding financial liability of £nil as at 31 December 2015. Subsequent to this date leases have been entered into and the impact on subsequent years is set out in note 22.

There are other new standards and interpretations in issue, but which are not yet effective and are not expected to have an impact on Facilisgroup and therefore have not been noted above.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on this Combined Historical Financial Information together with estimates with a significant risk of material adjustment in the next year are discussed in Note 3 to the Combined Historical Financial Information.

(d) **Basis of combination**

Inter-company transactions, balances and unrealised gains and losses on transactions between Facilisgroup companies are eliminated.

(e) **Revenue**

Revenue arises from the provision of technology, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services.

To determine whether to recognise revenue, Facilisgroup follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured at transaction price, stated net of VAT and other sales related taxes.

Revenue is recognised straight-line over-time as Facilisgroup satisfies performance obligations by transferring the promised services to its customers as described below.

Services are provided through signed annual partner agreements. There is one distinct performance obligation, being the provision of access to the Facilisgroup network. The transaction price is set on 1 January each year by reference to the previous year sales volumes and is fixed for the financial year. Revenue is recognised over time on a monthly basis as the partners receive the benefits of being part of the network.

(f) **EBITDA and Adjusted EBITDA**

Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") and Adjusted EBITDA are non-GAAP measures used by management to assess the operating performance of Facilisgroup. EBITDA is defined as profit before finance costs, tax, depreciation and amortisation. Exceptional items are excluded from EBITDA to calculate adjusted EBITDA.

The Directors primarily use the Adjusted EBITDA measure when making decisions about Facilisgroup's activities. As these are non-GAAP measures, EBITDA and Adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

(g) **Exceptional items**

Facilisgroup's income statement separately identifies exceptional items. Such items are those that in the Directors' judgement are one-off in nature or non-operating and need to be disclosed separately by virtue of their size or incidence and may include, but are not limited to professional fees and other costs directly related to the purchase of businesses. In determining whether an item should be disclosed as an exceptional item, the Directors consider quantitative and qualitative factors such as the frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board.

(h) **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where events or transactions that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between Facilisgroup's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

(i) **Finance expense**

Finance costs of financial liabilities are recognised in the income statement over the term of such instruments at a constant rate on the carrying amount. Issue costs relating to financial instruments are recognised in the income statement over the term of the debt at a constant rate over the instruments' life.

Foreign exchange differences on revaluation of foreign currency borrowings are also presented within finance costs.

(j) **Intangible assets**

Other intangible assets that are acquired by Facilisgroup are stated at cost less accumulated amortisation and accumulated impairment losses. To date, other intangible assets are represented by development costs.

Development costs

Research costs are charged to the income statement in the year in which they are incurred and are presented within operating expenses. Internal development costs that are incurred during the development of significant and separately identifiable new technology are capitalised when the following criteria are met:

- It is technically feasible to complete the technological development so that it will be available for use;
- Management intends to complete the technological development and use or sell it;
- It can be demonstrated how the technological development will develop probable future economic benefits;
- Adequate technical, financial, and other resources to complete the development and to use or sell the product are available; and
- Expenditure attributable to the technological product during its development can be reliably measured.

Capitalised development costs include costs of materials and direct labour costs. Internal costs that are capitalised are limited to incremental costs specific to the project.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred and presented within operating expenses, together with any amortisation which is charged to the income statement on a straight-line basis over the estimated useful lives of development intangible assets of 3 years.

Computer software

Computer software purchased separately, that does not form an integral part of related hardware, is capitalised at cost. Cost includes the purchase price of the software and all associated licences.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite and is presented within operating expenses. Computer software intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Computer software – 3 years.

(k) **Impairment losses**

The carrying amounts of Facilisgroup's assets are tested for impairment. Assets subject to amortisation/depreciation and impairment losses are tested for impairment every time events or circumstances indicate that they may be impaired.

Impairment losses are recognised in the income statement based on the difference between the carrying amount and the recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to Facilisgroup's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset and reflect current market assessments of the time value of money and asset-specific risk.

Facilisgroup makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, Facilisgroup uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Facilisgroup assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

(l) **Financial instruments**

Financial assets

Non-derivative financial assets are classified as either financial assets at amortised cost, fair value through profit or loss and fair value through other comprehensive income. Facilisgroup derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The basis of classification depends on Facilisgroup's business model and the contractual cash flow characteristics of the financial asset. All financial assets of Facilisgroup are held at amortised cost less provision for impairment.

Financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Facilisgroup's borrowings, finance leases, trade and most other payables fall into this category of financial instruments.

Facilisgroup derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

(m) **Foreign currencies**

Items included in the Combined Historical Financial Information are measured using the currency of the primary economic environment in which Facilisgroup operates ("the functional currency"). The functional currency of Facilisgroup LLC is US Dollar and the functional currency of Facilisgroup Canada Inc. is Canadian Dollar. The presentational currency of Facilisgroup is Pounds Sterling.

The functional currency of a subsidiary is determined based on specific primary and secondary factors including the principal currency of the cash flows and the primary economic environment in which the subsidiary operates. Once determined, the functional currency is used and translated for consolidation purposes.

Foreign currency items are translated using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Foreign currency differences are taken to the income statement. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the transaction date exchange rate.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at closing rates. The income and expenses of foreign operations are translated at the average exchange rate of the year which approximates to the transaction date exchange rates. Exchange differences arising on consolidation are presented within Other Comprehensive Income.

(n) **Tangible assets and depreciation**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements	3-15 years
Fixtures and fittings	5 years
Computer equipment	5 years

(o) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

(p) **Leases**

Facilisgroup has applied IFRS 16 throughout the period covered by the combined Historical Financial Information. At inception of a contract, Facilisgroup assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Facilisgroup recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of lease payments that were not paid at the commencement date, discounted using Facilisgroup's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. If there is a remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded directly in profit or loss if the carrying amount of the right of use asset is zero.

Facilisgroup presents right-of-use assets within property, plant and equipment in Note 10.

Short term leases and low value assets

Facilisgroup has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less or leases of low value assets. These lease payments are expensed on a straight-line basis over the lease term.

(q) **Segmental reporting**

Facilisgroup reports its business activities in one segment, being the provision of technology, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services.

This is reported in a manner consistent with the internal reporting to the Board, which has been identified as the chief operating decision maker. The Board of directors consists of the Executive Directors and the Non-Executive Directors of the company.

(r) **Pensions**

Facilisgroup operates several defined contribution pension schemes and the pension charge represents the amounts payable by Facilisgroup to the funds in respect of the period.

(s) **Employee benefits**

Facilisgroup provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) *Defined contribution pension plans*

Facilisgroup operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which Facilisgroup pays fixed contributions into a separate entity. Once the contributions have been paid Facilisgroup has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from Facilisgroup in independently administered funds.

(t) **Total invested capital**

Invested capital represents the initial investment in, and cumulative earnings retained within Facilisgroup.

(u) **Dividend distribution**

The distribution of a dividend to the Facilisgroup shareholders is recognised as a liability in the financial statements in the period in which it is approved by the Facilisgroup shareholders.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the preparation of the Combined Historical Financial Information the Directors, in applying the accounting policies of Facilisgroup, make some judgements and estimates that effect the reported amounts in the Combined Historical Financial Information. The following are the areas requiring the use of judgement and estimates that may significantly impact the financial statements.

(a) **Accounting estimates**

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful economic lives of property, plant and equipment

Property, plant and equipment is depreciated over the useful lives of the assets. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. Future events could cause the assumptions to change, therefore this could have an adverse effect on the future results of Facilisgroup.

The useful economic lives applied are set out in the accounting policies and are reviewed annually.

(b) **Accounting judgements**

Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the areas requiring the use of judgement that may significantly impact the Combined Historical Financial Information.

Capitalisation of internal development costs

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Capitalised development expenditure is analysed further in Note 11.

4. SEGMENTAL ANALYSIS

The Chief Operating Decision Maker ("CODM") has been identified as the Board of directors. The Board reviews Facilisgroup's internal reporting in order to assess performance and allocate resources. The Board has determined that there is one operating segments based on these reports, being the provision of technology, consolidated buying power and community learning and networking events to SME promotional product distributors in North America, its Partners, through subscription-based services.

Major customers

There were no major customers that individually accounted for at least 10 per cent. of total revenues in any year.

Analysis of revenue by geographical destination

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
North America	5,432	6,332	7,482
Total revenue	5,432	6,332	7,482

All the above revenues are generated from contracts with customers and are recognised over time.

All assets of Facilisgroup are held within North America.

5. EXPENSES BY NATURE

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Staff costs (Note 6)	1,931	1,884	1,789
Exceptional Items (Note 7)	–	–	164
Depreciation of property, plant and equipment (Note 10)	18	35	164
Amortisation of intangible assets (Note 11)	59	182	311
Other external charges	1,395	1,495	1,708
Total operating expenses	3,403	3,596	4,136

Depreciation and amortisation are charged to operating expenses in the income statement.

6. EMPLOYEES AND DIRECTORS

Personnel costs are analysed below:

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Staff costs (including directors) consist of:			
Wages and salaries	1,829	1,753	1,638
Social security costs	80	101	122
Other pension costs	22	30	29
Total personnel expenses	1,931	1,884	1,789

Defined contribution scheme

The amount recognised in the profit and loss account as an expense in relation to Facilisgroup's defined contribution schemes is £29,000 (2017: £30,000; 2016: £22,000). Included within accruals and other creditors is £1,000 (2017: £1,000; 2016: £1,000) for outstanding contributions to the defined contribution plan.

During the year, the average number of Facilisgroup's employees (including executive directors and temporary employees) was as follows:

	Year ended 31 December 2016 No	*Year ended 31 December 2017 No*	*Year ended 31 December 2018 No*
By function:			
Management	3	3	3
Design	7	6	6
IT	9	11	13
Partner Relations	5	5	6
Administration	9	8	10
Total employees	33	33	38

Key management compensation

Key management of Facilisgroup is considered to be the directors of Facilisgroup Canada Inc. and Facilisgroup LLC. Remuneration paid to these individuals on an aggregated basis is as follows:

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Salaries including bonuses and social security costs	690	402	358
Pension contributions	–	–	–
Total remuneration	690	402	358

7. OPERATING EXPENSES – EXCEPTIONAL

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Professional fees	–	–	164
	–	–	164

Exceptional items relate to the incremental external costs related to the change in ownership in 2018 which primarily relate to professional fees.

8. FINANCE EXPENSE

An analysis is set out below:

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Interest payable and similar expenses			
Bank loans	(8)	(2)	(2)
IFRS 16 interest	–	(2)	(37)
Total finance expense	(8)	(4)	(39)

9. INCOME TAX EXPENSE

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Current income tax			
– UK Corporation tax charge for the year	–	–	–
– Foreign tax	366	587	659
Total current income tax and income tax expense	366	587	659

Current taxes comprise the income taxes of Facilisgroup companies which posted a taxable profit for the year, while deferred taxes show changes in deferred tax assets and liabilities which were recognised by Facilisgroup on the temporary differences between the carrying amount of assets and liabilities and their amount calculated for tax purposes, and on consolidation adjustments, calculated using the rates that are expected to apply in the year these differences will reverse.

Analysis of charge in year

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Reconciliation of total tax charge:			
Profit before taxation	2,021	2,732	3,307
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2017: 19.25%, 2016: 20%)	404	526	628
Effects of:			
Different rates of tax on overseas profits	(38)	61	31
Total income tax expense	366	587	659

10. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment £'000	*Fixtures and fittings £'000*	*Leasehold improvements £'000*	*Right of use asset £'000*	*Total £'000*
Cost					
Balance at 1 January 2016	90	15	–	–	105
Additions	38	–	–	3	41
Foreign currency retranslation	26	3	–	–	29
Balance at 31 December 2016	154	18	–	3	175
Additions	26	42	103	271	442
Disposals	(12)	–	–	–	(12)
Foreign currency retranslation	(7)	–	4	–	(3)
Balance at 31 December 2017	161	60	107	274	602
Additions	146	49	77	364	636
Disposals	(28)	–	–	–	(28)
Foreign currency retranslation	1	3	6	–	10
Balance at 31 December 2018	280	112	190	638	1,220
Accumulated depreciation					
Balance at 1 January 2016	63	2	–	–	65
Charge for the year	18	–	–	–	18
Foreign currency retranslation	17	1	–	–	18
Balance at 31 December 2016	98	3	–	–	101
Charge for the year	26	–	–	9	35
Eliminated on disposal	(12)	–	–	–	(12)
Foreign currency retranslation	(3)	–	–	–	(3)
Balance at 31 December 2017	109	3	–	9	121
Charge for the year	53	–	6	105	164
Eliminated on disposal	(28)	–	–	–	(28)
Balance at 31 December 2018	134	3	6	114	257
Net Book Value					
Balance at 31 December 2015	27	13	–	–	40
Balance at 31 December 2016	56	15	–	3	74
Balance at 31 December 2017	52	57	107	265	481
Balance at 31 December 2018	146	109	184	524	963

11. INTANGIBLE ASSETS

	Software & Development costs £'000	Total £'000
Cost		
Balance at 1 January 2016	10	10
Additions	335	335
Foreign currency retranslation	48	48
Balance at 31 December 2016	393	393
Additions	367	367
Foreign currency retranslation	(51)	(51)
Balance at 31 December 2017	709	709
Additions	716	716
Disposals	(12)	(12)
Foreign currency retranslation	62	62
Balance at 31 December 2018	1,475	1,475
Accumulated amortisation		
Balance at 1 January 2016	7	7
Charge for the year	59	59
Foreign currency retranslation	10	10
Balance at 31 December 2016	76	76
Charge for period	182	182
Foreign currency retranslation	(14)	(14)
Balance at 31 December 2017	244	244
Charge for period	311	311
Eliminated on disposal	(12)	(12)
Foreign currency retranslation	28	28
Balance at 31 December 2018	571	571
Net Book Value		
Balance at 31 December 2015	3	3
Balance at 31 December 2016	317	317
Balance at 31 December 2017	465	465
Balance at 31 December 2018	904	904

The remaining amortisation periods for software and development costs are between 1 and 3 years.

12. INVESTMENTS

On 2 July 2015, Facilisgroup Canada Inc. purchased a warrant for $50,000. The warrant entitled the Company to purchase up to 16,666 Common shares of a software company. This warrant was written off in full in the year ended 31 December 2017.

13. TRADE AND OTHER RECEIVABLES

	As at 31 December 2016 £'000	*As at 31 December 2017 £'000*	*As at 31 December 2018 £'000*
Amounts falling due within one year:			
Trade receivables	219	792	461
Prepayments	119	148	166
Other receivables	–	–	646
	338	940	1,273

Currency analysis

	As at 31 December 2016 £'000	*As at 31 December 2017 £'000*	*As at 31 December 2018 £'000*
Canadian Dollar	38	110	193
US Dollar	300	830	1,080
Total trade and other receivables	338	940	1,273

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date. There are no trade and other receivables past due, and as a result they are assessed for impairment based upon the expected credit loss model and are stated after provisions of £nil (2017: £nil; 2016: £nil).

14. CASH AND CASH EQUIVALENTS

	As at 31 December 2016 £'000	*As at 31 December 2017 £'000*	*As at 31 December 2018 £'000*
Cash and cash equivalents	1,995	1,243	1,438

Currency analysis	*As at 31 December 2016 £'000*	*As at 31 December 2017 £'000*	*As at 31 December 2018 £'000*
Canadian Dollar	775	1,167	1,085
US Dollar	1,220	76	353
Total cash and cash equivalents	1,995	1,243	1,438

15. LEASES

Amounts recognised in the Combined Statement of Financial Position

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	£'000
Balance at 1 January 2016	–
New leases recognised in the year	3
Depreciation charge for the year	–
Balance at 31 December 2016	3
New leases recognised in the year	271
Depreciation charge for the year	(9)
Balance at 31 December 2017	265
New leases recognised in the year	364
Depreciation charge for the year	(105)
Balance at 31 December 2018	524

These are included within "Property, plant and equipment" in the Combined Statement of Financial Position.

Lease liabilities

	As at 31 December 2016 £'000	*As at 31 December 2017 £'000*	*As at 31 December 2018 £'000*
Maturity analysis – contractual discounted cash flows			
Less than one year	1	40	106
More than one year, less than two years	1	50	115
More than two years, less than three years	1	54	124
More than three years, less than four years	–	60	135
More than four years, less than five years	–	65	65
More than five years	–	6	29
Total discounted lease liabilities at year end	3	275	574
Lease liabilities included in the statement of financial position			
Current	1	40	106
Non-current	2	235	468
	3	275	574

Amounts recognised in the Combined Income Statement

The Combined Income Statement shows the following amounts relating to leases:

	As at 31 December 2016 £'000	*As at 31 December 2017 £'000*	*As at 31 December 2018 £'000*
Depreciation charge of right of use assets (within operating expenses)	–	9	105
Interest expense (within finance expense)	–	2	37

The above leases relate to office space and computer equipment.

Any expense for short term leases is not material and has not been presented.

16. TRADE AND OTHER PAYABLES

	As at 31 December 2016 £'000	As at 31 December 2017 £'000	As at 31 December 2018 £'000
Trade payables	189	238	51
Accruals	400	484	665
Total trade and other payables	589	722	716

Currency analysis

	As at 31 December 2016 £'000	As at 31 December 2017 £'000	As at 31 December 2018 £'000
Canadian Dollar	58	103	21
US Dollar	531	619	695
Total trade and other payables	589	722	716

The fair value of financial liabilities approximates to their carrying value due to short maturities.

17. ANALYSIS AND RECONCILIATION OF NET DEBT

	1 January 2016 £'000	Other non-cash changes £'000	Cashflow £'000	31 December 2016 £'000
Cash at bank and in hand	1,755	357	(117)	1,995
Lease liabilities due within 1 year	–	(1)	–	(1)
Lease liabilities due after more than one year	–	(2)	–	(2)
Net debt	1,755	354	(117)	1,992

	1 January 2017 £'000	Other non-cash changes £'000	Cashflow £'000	31 December 2017 £'000
Cash at bank and in hand	1,995	(113)	(639)	1,243
Lease liabilities due within 1 year	(1)	(235)	1	(235)
Lease liabilities due after more than one year	(2)	(38)	–	(40)
Net debt	1,992	(386)	(638)	968

	1 January 2018 £'000	Other non-cash changes £'000	Cashflow £'000	31 December 2018 £'000
Cash at bank and in hand	1,243	56	139	1,438
Lease liabilities due within 1 year	(235)	(335)	102	(468)
Lease liabilities due after more than one year	(40)	(66)	–	(106)
Net debt	968	(345)	241	864

Other non-cash changes include foreign exchange movements, accrued interest, and transfers between current and non-current lease liabilities.

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS BY CATEGORY

Facilisgroup uses various financial instruments. These include cash, issued equity instruments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for Facilisgroup's operations.

The existence of these financial instruments exposes Facilisgroup to a number of financial risks, which are described in more detail below.

The main risks arising from Facilisgroup's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses three types of risk, being currency risk, interest rate risk and price risk. In this instance price risk has been ignored as it is not considered a material risk to the business. Facilisgroup's policies for managing interest rate risk are set out in the subsection entitled "interest rate risk" below.

Currency risk

Facilisgroup contracts with customers and suppliers in Canadian and United States Dollars and this foreign currency risk is managed through the natural receipt and payment of Canadian and United States Dollars in each entity.

A strengthening of the presentation currency would increase the translated profit after tax by £23,000 (2017: £23,000; 2016: £17,000) and net assets by £29,000 (2017: £20,000; 2016: £20,000).

Liquidity risk

Facilisgroup seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing the cash balance and by investing cash assets safely and profitably.

Interest rate risk & sensitivity to interest rate fluctuations

Facilisgroup does not utilise bank loans or borrowings and therefore is not exposed to interest rate risk.

Credit risk

Facilisgroup's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited, as the counterparty banks have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from Facilisgroup's trade receivables. In order to manage credit risk the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The credit losses historically incurred by Facilisgroup have been negligible and are detailed in note 13.

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities recognised may also be categorised as follows:

	As at 31 December 2016 £'000	*As at 31 December 2017 £'000*	*As at 31 December 2018 £'000*
Financial assets			
Financial assets measured at amortised cost			
Trade and other receivables	219	792	1,107
Cash and cash equivalents	1,995	1,243	1,438
	2,214	2,035	2,545
Financial liabilities			
Financial liabilities measured at amortised cost			
Non-current:			
Borrowings	(2)	(235)	(468)
Current:			
Borrowings	(1)	(40)	(106)
Trade payables	(189)	(238)	(51)
Accruals	(400)	(484)	(665)
	(592)	(997)	(1,290)
Net financial assets and liabilities	1,622	1,038	1,255
Non-financial assets and liabilities			
Plant, property and equipment	74	481	963
Investments	30	–	–
Other intangible assets	317	465	904
Prepayments	119	148	166
Current tax assets	19	–	–
Current tax liabilities	–	(195)	(151)
	559	899	1,882
Total equity	2,181	1,937	3,137

Capital management policies and procedures

Facilisgroup's capital management objectives are:

- To ensure Facilisgroup's ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

This is achieved through close management of working capital and regular reviews of pricing. Decisions on whether to raise funding using debt or equity are made by the board based on the requirements of the business.

Capital for the reporting period under review is shown in the table above.

19. RELATED PARTY TRANSACTIONS

There are no other related party transactions which require disclosure. Key management compensation is given in Note 6.

20. DIVIDENDS

	Year ended 31 December 2016 £'000	*Year ended 31 December 2017 £'000*	*Year ended 31 December 2018 £'000*
Amounts recognised as distributions to equity shareholders in the year	1,640	2,298	1,475

21. POST BALANCE SHEET EVENTS

Pre-Admission Reorganisation

In connection with Admission and the Placing, the Pebble Holdings Group undertook a reorganisation, the material steps of which are summarised in paragraph 15.8 of Part VII of this document and in relation to which The Pebble Group Limited issued shares to existing shareholders, which were subsequently exchanged for shares in The Pebble Group plc to enable that company to become parent company of the Pebble Holdings Group.

22. EXPLANATION OF TRANSITION TO IFRS

As stated in Note 2, this Combined Historical Financial Information has been prepared in accordance with IFRS. The date of the transition to IFRS is 1 January 2016 (the "Transition date").

The accounting policies described in Note 2 were applied when preparing the Combined Historical Financial Information for the years ended 31 December 2016, 2017 and 2018 and the Balance Sheet as at the Transition Date.

In preparing its opening IFRS Balance Sheet and adjusting amounts reported previously in the financial statements prepared in accordance with US & Canadian GAAP, Facilisgroup has applied IFRS 1 First-Time Adoption of International Financial Reporting Standards, which contains a number of voluntary exemptions and mandatory exceptions from the requirement to apply IFRS retrospectively.

Exceptions and Exemptions used during transition to IFRS

Facilisgroup has applied the following exceptions as set out in IFRS 1 in the conversion from US & Canadian GAAP to IFRS:

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by Facilisgroup under US & Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Exemptions

Facilisgroup has not applied any optional exemptions in the conversion from US & Canadian GAAP to IFRS.

Adjustments made in connection with transition to IFRS

The following adjustments were made to the US & Canadian GAAP financial statements in connection with the transition to IFRS:

1. ***IFRS 16 – Leases***

Under IFRS 16 leases are capitalised as a right-of-use asset with a corresponding right of use liability. See Note 15 for a breakdown of IFRS 16 right-of-use asset and liabilities recognised.

2. ***Capitalisation of development costs***

Under IAS 38, development costs are capitalised when they meet certain criteria for recognition as an intangible asset. Costs that had previously been expensed under US & Canadian GAAP and which now meet the criteria for capitalisation under IFRS amounted to £455,000 in the year ended 31 December 2018 (2017: £367,000; 2016 :£335,000) – see note 11.

Amortisation of £311,000 (2017: £182,000; 2016: £56,000) has been charged on these assets.

The above adjustments made in connection with transition to IFRS have had no impact on the cash flows of the entity.

US & Canadian GAAP to IFRS reconciliation of the Combined Statement of Financial Position as at 1 January 2016

There was no impact on equity at 1 January 2016.

US & Canadian GAAP to IFRS reconciliation of the Combined Statement of Financial Position as at 31 December 2016

	US & Canadian GAAP £'000	*IFRS Adjustments £'000*	*IFRS £'000*
ASSETS			
Non-current assets			
Property, plant and equipment [1]	71	3	74
Intangible assets [2]	–	317	317
Investment	30	–	30
Total non-current assets	101	320	421
Current assets			
Trade and other receivables	338	–	338
Current tax assets	19	–	19
Cash and cash equivalents	1,995	–	1,995
Total current assets	2,352	–	2,352
TOTAL ASSETS	2,453	320	2,773
LIABILITIES			
Non-current liabilities			
Borrowings [1]	–	2	2
Total non-current liabilities	–	2	2
Current liabilities			
Borrowings [1]	–	1	1
Trade and other payables	589	–	589
Current tax liabilities	–	–	–
Total current liabilities	589	1	590
TOTAL LIABILITIES	589	3	592
NET ASSETS & TOTAL INVESTED CAPITAL	1,864	317	2,181

US & Canadian GAAP to IFRS reconciliation of the Combined Statement of Financial Position as at 31 December 2017

	US & Canadian GAAP £'000	*IFRS Adjustments £'000*	*IFRS £'000*
ASSETS			
Non-current assets			
Property, plant and equipment [1]	216	265	481
Intangible assets [2]	–	465	465
Investment	–	–	–
Total non-current assets	216	730	946
Current assets			
Trade and other receivables	940	–	940
Current tax assets	–	–	–
Cash and cash equivalents	1,243	–	1,243
Total current assets	2,183	–	2,183
TOTAL ASSETS	2,399	730	3,129
LIABILITIES			
Non-current liabilities			
Borrowings [1]	–	235	235
Total non-current liabilities	–	235	235
Current liabilities			
Borrowings [1]	–	40	40
Trade and other payables	722	–	722
Current tax liabilities	195	–	195
Total current liabilities	917	40	957
TOTAL LIABILITIES	917	275	1,192
NET ASSETS & TOTAL INVESTED CAPITAL	1,482	455	1,937

US & Canadian GAAP to IFRS reconciliation of the Combined Statement of Financial Position as at 31 December 2018

	US & Canadian GAAP £'000	*IFRS Adjustments £'000*	*IFRS £'000*
ASSETS			
Non-current assets			
Property, plant and equipment [1]	439	524	963
Intangible assets [2]	–	904	904
Investment	–	–	–
Total non-current assets	439	1,428	1,867
Current assets			
Trade and other receivables	1,273	–	1,273
Current tax assets	–	–	–
Cash and cash equivalents	1,438	–	1,438
Total current assets	2,711	–	2,711
TOTAL ASSETS	3,150	1,428	4,578
LIABILITIES			
Non-current liabilities			
Borrowings [1]	–	468	468
Total non-current liabilities	–	468	468
Current liabilities			
Borrowings [1]	–	106	106
Trade and other payables	716	–	716
Current tax liabilities	151	–	151
Total current liabilities	867	106	973
TOTAL LIABILITIES	867	574	1,441
NET ASSETS & TOTAL INVESTED CAPITAL	2,283	854	3,137

US & Canadian GAAP to IFRS reconciliation of the Income Statement for the year ended 31 December 2016

	US & Canadian GAAP £'000	*IFRS Adjustments £'000*	*IFRS £'000*
Revenue	5,432	–	5,432
Operating expenses [1 and 2]	(3,682)	279	(3,403)
Operating expenses – exceptional	–	–	–
Total operating expenses	(3,403)	279	(3,403)
Operating profit	1,750	279	2,029
Analysed as:			
Adjusted EBITDA	1,771	335	2,106
Depreciation [1]	(18)	–	(18)
Amortisation [2]	(3)	(56)	(59)
Exceptional items	–	–	–
Total operating profit	1,750	279	(2,029)
Finance expense	(8)	–	(8)
Profit before taxation	1,742	279	2,021
Income tax expense	(366)	–	(366)
Profit for the year	1,376	279	1,655

There are no changes to OCI for the year ended 31 December 2016.

US & Canadian GAAP to IFRS reconciliation of the Income Statement for the year ended 31 December 2017

	US & Canadian GAAP £'000	*IFRS Adjustments £'000*	*IFRS £'000*
Revenue	6,332	–	6,332
Operating expenses [1 and 2]	(3,773)	177	(3,596)
Operating expenses – exceptional	–	–	–
Total operating expenses	(3,773)	177	(3,596)
Operating profit	2,559	177	2,736
Analysed as:			
Adjusted EBITDA	2,585	368	2,953
Depreciation [1]	(26)	(9)	(35)
Amortisation [2]	–	(182)	(182)
Exceptional items	–	–	–
Total operating profit	2,559	177	2,736
Finance expense	(2)	(2)	(4)
Profit before taxation	2,557	175	2,732
Income tax expense	(587)	–	(587)
Profit for the year	1,970	175	2,145

There are no changes to OCI for the year ended 31 December 2017.

US & Canadian GAAP to IFRS reconciliation of the Income Statement for the year ended 31 December 2018

	US & Canadian GAAP £'000	*IFRS Adjustments £'000*	*IFRS £'000*
Revenue	7,482	–	7,482
Operating expenses [1 and 2]	(4,374)	402	(3,972)
Operating expenses – exceptional	(164)	–	(164)
Total operating expenses	(4,538)	402	(4,136)
Operating profit	2,944	402	3,346
Analysed as:			
Adjusted EBITDA	3,167	818	3,985
Depreciation [1]	(59)	(105)	(164)
Amortisation [2]	–	(311)	(311)
Exceptional items	(164)	–	(164)
Total operating profit	2,944	402	3,346
Finance expense	(2)	(37)	(39)
Profit before taxation	2,942	365	3,307
Income tax expense	(659)	–	(659)
Profit for the year	2,283	365	2,648

There are no changes to OCI for the year ended 31 December 2018.

PART V

UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE PEBBLE HOLDINGS GROUP

Section A – Review report on the interim financial information of the Pebble Holdings Group

BDO

BDO LLP
3 Hardman Street
Manchester
M3 3AT

The Directors
The Pebble Group plc
Broadway House
Trafford Wharf Road
Trafford Park
Manchester M17 1DD

2 December 2019

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Dear Sir or Madam

The Pebble Group plc (the "Company")

The Pebble Group (Holdings) Limited and subsidiary companies (together the Pebble Holdings Group)

Introduction

We report on the interim financial information set out in Section B of Part V. This financial information has been prepared for inclusion in the admission document dated 2 December 2019 of the Company (the "Admission Document") on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the six months ended 30 June 2018 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The directors of the Company are responsible for preparing the interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

It is our responsibility to express a conclusion based on our review of the interim financial information.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410).

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Pebble Holdings Group for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with the requirements of International Accounting Standard 34, as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Section B – Unaudited consolidated interim financial information of the Pebble Holdings Group

UNAUDITED CONSOLIDATED INCOME STATEMENT
For the half years ended 30 June 2019 and 2018

	Notes	*6 months ended 30 June 2019 £'000*	*6 months ended 30 June 2018 £'000*
Revenue		48,143	37,029
Cost of sales		(31,961)	(26,806)
Gross profit		16,182	10,223
Operating expenses		(12,049)	(8,719)
Operating profit		4,133	1,504
Analysed as:			
Adjusted EBITDA[1]		5,276	2,535
Depreciation		(631)	(512)
Amortisation		(485)	(255)
Exceptional items		–	(238)
Private equity monitoring costs		(27)	(26)
Operating profit		4,133	1,504
Finance expense		(3,462)	(2,653)
Profit/(loss) before taxation		671	(1,149)
Income tax expense	3	(789)	(138)
Loss for the period		(118)	(1,287)

Note 1: Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation, exceptional items and private equity monitoring costs, is a non-GAAP metric used by management and is not an IFRS disclosure

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half years ended 30 June 2019 and 2018

	6 months ended 30 June 2019 £'000	*6 months ended 30 June 2018 £'000*
Loss for the period	(118)	(1,287)
Other comprehensive (expense)/income:		
Exchange differences on retranslation of foreign operations	(361)	229
Total other comprehensive (expense)/income	(361)	229
Total comprehensive expense attributable to equity shareholders	(479)	(1,058)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019 and 2018

	Notes	*As at 30 June 2019 £'000*	*As at 30 June 2018 £'000*	*As at 31 December 2018 £'000*
ASSETS				
Non-current assets				
Property, plant and equipment	4	7,448	5,362	6,227
Intangible assets		60,365	36,100	57,347
Deferred tax assets		269	251	269
Total non-current assets		68,082	41,713	63,843
Current assets				
Inventories	5	10,624	9,001	7,450
Trade and other receivables		21,446	19,922	26,625
Cash and cash equivalents		5,325	1,039	8,150
Total current assets		37,395	29,962	42,225
TOTAL ASSETS		105,477	71,675	106,068
LIABILITIES				
Non-current liabilities				
Borrowings		80,633	57,161	73,438
Total non-current liabilities		80,633	57,161	73,438
Current liabilities				
Borrowings		7,885	2,588	2,091
Trade and other payables		20,168	16,752	32,884
Current tax liabilities		223	106	608
Total current liabilities		28,276	19,446	35,583
TOTAL LIABILITIES		108,909	76,607	109,021
NET LIABILITIES		(3,432)	(4,932)	(2,953)
Share capital		58	58	58
Share premium		942	942	942
Retained losses		(4,432)	(5,932)	(3,953)
TOTAL DEFICIT		(3,432)	(4,932)	(2,953)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half years ended 30 June 2019 and 2018

	Share capital £'000	*Share premium £'000*	*Retained losses £'000*	*Total deficit £'000*
Balance at 1 January 2018	58	942	(4,874)	(3,874)
Loss for the period	–	–	(1,287)	(1,287)
Other comprehensive income	–	–	229	229
Total comprehensive expense	–	–	(1,058)	(1,058)
Balance at 30 June 2018	58	942	(5,932)	(4,932)
Balance at 1 January 2019	58	942	(3,953)	(2,953)
Loss for the period	–	–	(118)	(118)
Other comprehensive expense	–	–	(361)	(361)
Total comprehensive expense	–	–	(479)	(479)
Balance at 30 June 2019	58	942	(4,432)	(3,432)

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
For the half years ended 30 June 2019 and 2018

	6 months ended 30 June 2019 £'000	*6 months ended 30 June 2018 £'000*
Cash flows from operating activities		
Operating profit	4,133	1,504
Adjustments for:		
Depreciation	631	512
Amortisation	485	255
	5,249	2,271
Changes in working capital:		
Increase in inventory	(3,174)	(1,348)
Decrease in trade and other receivables	5,179	3,016
Decrease in trade and other payables	(6,668)	(8,013)
Cash generated from/(used in) operations	586	(4,074)
Tax paid	(1,027)	(336)
Net cash outflow from operating activities	(441)	(4,410)
Cash flows from investing activities		
Purchase of property, plant and equipment	(396)	(308)
Purchase of intangible assets	(581)	(313)
Acquisition of subsidiary net of cash acquired	(1,494)	–
Net cash outflow from investing activities	(2,471)	(621)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,300	1,700
Repayment of borrowings	(517)	(392)
Interest paid	(1,149)	(970)
Lease payments	(616)	(533)
Net cash outflow from financing activities	18	(125)
Net decrease in cash and cash equivalents	(2,894)	(5,156)
Cash and cash equivalents at beginning of period	8,150	6,288
Foreign exchange	69	(93)
Cash and cash equivalents at end of period	5,325	1,039

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The consolidated interim financial information of the Pebble Holdings Group for the six months ended 30 June 2019, which is unaudited, has been prepared in accordance with the accounting policies adopted by the Pebble Holdings Group and set out in this Section B of Part III of this document. The Pebble Holdings Group does not anticipate any change in these accounting policies for the year ending 31 December 2019.

The unaudited consolidated interim financial information has been prepared on a going concern basis under the historical cost convention. The unaudited consolidated interim financial information is presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000), except where otherwise indicated. The consolidated financial information, including for the year ended 31 December 2018, does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006.

This unaudited consolidated interim financial information presents the financial track record of the Pebble Holdings Group for the interim periods ended 30 June 2018 and 2019 and is prepared for the purposes of admission to AIM, a market operated by the London Stock Exchange. This unaudited consolidated interim financial information has been prepared in accordance with the requirements of the AIM Rules for Companies, in accordance with this basis of preparation summarised above.

2. SEGMENTAL ANALYSIS

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Pebble Holdings Group's internal reporting in order to assess performance and allocate resources. The Board of Directors has determined that the operating segments are those of Brand Addition and Facilisgroup.

Segment information about the above segments are presented below:

Income statement for the 6 months ended 30 June 2019

	Brand Addition £'000	*Facilisgroup £'000*	*Central operations £'000*	*6 months ended 30 June 2019 £'000*
Revenue	43,584	4,559	–	48,143
Cost of sales	(31,961)	–	–	(31,961)
Gross profit	11,623	4,559	–	16,182
Operating expenses	(9,156)	(2,469)	(424)	(12,049)
Operating profit	2,467	2,090	(424)	4,133
Analysed as:				
Adjusted EBITDA[1]	3,238	2,435	(397)	5,276
Depreciation	(515)	(116)	–	(631)
Amortisation	(256)	(229)	–	(485)
Exceptional items	–	–	–	–
Private equity monitoring costs	–	–	(27)	(27)
Operating profit	2,467	2,090	(424)	4,133
Finance expense	(264)	(19)	(3,179)	(3,462)
Profit/(loss) before taxation	2,203	2,071	(3,603)	671
Income tax expense	(264)	(525)	–	(789)
Profit/(loss) for the period	1,939	1,546	(3,603)	(118)

Note 1: Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation, exceptional items and private equity monitoring costs, is a non-GAAP metric used by management and is not an IFRS disclosure

Income statement for the 6 months ended 30 June 2018

	Brand Addition £'000	Facilisgroup £'000	Central operations £'000	6 months ended 30 June 2018 £'000
Revenue	37,029	–	–	37,029
Cost of sales	(26,806)	–	–	(26,806)
Gross profit	10,223	–	–	10,223
Operating expenses	(8,730)	–	11	(8,719)
Operating profit	1,493	–	11	1,504
Analysed as:				
Adjusted EBITDA[1]	2,498	–	37	2,535
Depreciation	(512)	–	–	(512)
Amortisation	(255)	–	–	(255)
Exceptional items	(238)	–	–	(238)
Private equity monitoring costs	–	–	(26)	(26)
Operating profit	1,493	–	11	1,504
Finance expense	(283)	–	(2,370)	(2,653)
Profit/(loss) before taxation	1,210	–	(2,359)	(1,149)
Income tax expense	(138)	–	–	(138)
Profit/(loss) for the period	1,072	–	(2,359)	(1,287)

Note 1: Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation, exceptional items and private equity monitoring costs, is a non-GAAP metric used by management and is not an IFRS disclosure

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

All the above revenues are generated from contracts with customers.

Statement of Financial Position as at 30 June 2019

	Brand Addition £'000	*Facilisgroup £'000*	*Central operations £'000*	*As at 30 June 2019 £'000*
ASSETS				
Non-current assets				
Property, plant and equipment	6,519	929	–	7,448
Intangible assets	3,087	753	56,525	60,365
Deferred tax assets	269	–	–	269
Total non-current assets	9,875	1,682	56,525	68,082
Current assets				
Inventories	10,624	–	–	10,624
Trade and other receivables	19,882	1,547	17	21,446
Cash and cash equivalents	3,567	1,288	470	5,325
Total current assets	34,073	2,835	487	37,395
TOTAL ASSETS	43,948	4,517	57,012	105,477
LIABILITIES				
Non-current liabilities				
Borrowings	4,628	411	75,594	80,633
Total non-current liabilities	4,628	411	75,594	80,633
Current liabilities				
Borrowings	3,083	111	4,691	7,885
Trade and other payables	18,393	1,009	766	20,168
Current tax liabilities	149	74	–	223
Total current liabilities	21,625	1,194	5,457	28,276
TOTAL LIABILITIES	26,253	1,605	81,051	108,909
NET ASSETS/(LIABILITIES)	17,695	2,912	(24,039)	(3,432)

Statement of Financial Position as at 30 June 2018

	Brand Addition £'000	*Facilisgroup £'000*	*Central operations £'000*	*As at 30 June 2018 £'000*
ASSETS				
Non-current assets				
Property, plant and equipment	5,362	–	–	5,362
Intangible assets	3,119	–	32,981	36,100
Deferred tax assets	251	–	–	251
Total non-current assets	8,732	–	32,981	41,713
Current assets				
Inventories	9,001	–	–	9,001
Trade and other receivables	19,922	–	–	19,922
Cash and cash equivalents	599	–	440	1,039
Total current assets	29,522	–	440	29,962
TOTAL ASSETS	38,254	–	33,421	71,675
LIABILITIES				
Non-current liabilities				
Borrowings	4,121	–	53,040	57,161
Total non-current liabilities	4,121	–	53,040	57,161
Current liabilities				
Borrowings	2,588	–	–	2,588
Trade and other payables	16,488	–	264	16,752
Current tax liabilities	106	–	–	106
Total current liabilities	19,182	–	264	19,446
TOTAL LIABILITIES	23,303	–	53,304	76,607
NET ASSETS/(LIABILITIES)	14,951	–	(19,883)	(4,932)

3. INCOME TAX EXPENSE

The income tax expense for the half year ended 30 June 2019 is based upon management's best estimate of the weighted average annual tax rate expected for the full year ending 31 December 2019. The income tax expense is higher than the standard rate of 19% due to disallowable interest expenses, goodwill amortisation charges and higher standard income tax rates in overseas territories.

4. PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment has increased in the half year ended 30 June 2019 predominately due to the move to the new Brand Addition offices in St Louis, USA.

5. INVENTORIES

Inventory levels are higher at the June period end compared to December predominantly due to higher levels of stock in transit to satisfy higher sales activity in the second half of the financial year to December.

6. LEASES

Amounts recognised in the Unaudited Interim Consolidated Statement of Financial Position

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Six months ended 30 June 2019 £'000	*Six months ended 30 June 2018 £'000*
Balance at 1 January	3,897	4,020
New leases recognised in the year	1,207	–
Depreciation charge for the year	(467)	(358)
Balance at 30 June	4,637	3,662

These are included within "Property, plant and equipment" in the Unaudited Consolidated Statement of Financial Position.

Lease liabilities

	Six months ended 30 June 2019 £'000	*Six months ended 30 June 2018 £'000*
Maturity analysis – contractual discounted cash flows		
Less than one year	894	757
More than one year, less than two years	756	706
More than two years, less than three years	703	532
More than three years, less than four years	681	465
More than four years, less than five years	662	458
More than five years	2,237	1,960
Total discounted lease liabilities at year end	5,933	4,878
Lease liabilities included in the statement of financial position		
Current	894	757
Non-current	5,039	4,121
	5,933	4,878

Amounts recognised in the Unaudited Consolidated Income Statement

The Unaudited Consolidated Income Statement shows the following amounts relating to leases:

	Six months ended 30 June 2019 £'000	*Six months ended 30 June 2018 £'000*
Depreciation charge of right of use assets (within operating expenses)	467	358
Interest expense (within finance expense)	195	172

7. DEFERRED CONSIDERATION

Included within liabilities is £13,542,000 for deferred consideration (2018: £nil).

8. FINANCIAL INSTRUMENTS

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

9. POST BALANCE SHEET EVENTS

Pre-Admission Reorganisation

In connection with Admission and the Placing, the Pebble Holdings Group undertook a reorganisation, the material steps of which are summarised in paragraph 15.8 of Part VII of this document and in relation to which The Pebble Group Limited issued shares to existing shareholders, which were subsequently exchanged for shares in The Pebble Group plc to enable that company to become parent company of the Pebble Holdings Group.

PART VI

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following unaudited pro forma income statement and statement of net assets and the related notes set out in this Part VI (the "**Unaudited Pro Forma Information**") has been prepared on the basis of the notes set out below.

The unaudited pro forma income statement has been prepared to illustrate the effect of the acquisition of Facilisgroup (the "**Acquisition**"), and the use of the receipt of the net proceeds of the Placing (the "**Proceeds**") to settle the payments due under the Facilisgroup acquisition agreement, to repay amounts due to HSBC plc, to redeem in full the existing preference shares in the capital of the Company and to fund the partial divestment by Elysian and full divestment by Beechbrook (together the "**PE Exit**") as further described in paragraph 15 of Part 1 of this document on the income statement of the Group as if these had taken place on 1 January 2018.

The unaudited pro forma statement of net assets has been prepared to illustrate the effect of the receipt of the Proceeds and their use to fund the PE Exit on net assets of the Group as if these had taken place on 30 June 2019.

The Unaudited Pro Forma Information has been prepared for illustrative purposes only and because of its nature, addresses a hypothetical situation. It does not purport to represent what the Group's financial position or results of operations actually would have been if the Acquisition, the PE Exit and Placing and Admission had been completed on the dates indicated, nor does it purport to represent the results of operations for any future period or financial position at any future date. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part VI.

Unaudited Pro Forma Income Statement

The unaudited pro forma income statement has been prepared to illustrate the effect of the Acquisition, the receipt of the Proceeds and the PE Exit on the income statement of the Group as if they had taken place on 1 January 2018.

The unaudited pro forma income statement is based on the results of the Pebble Holdings Group for the year ended 31 December 2018, and has been prepared in a manner consistent with the accounting policies adopted by the Pebble Holdings Group in preparing its Historical Financial Information as set out in Section B of Part III of this document.

		Adjustments			
	The Pebble Holdings Group year ended 31 December 2018 (Note 1 and 2) £'000	*Facilisgroup 1 January 2018 to 3 December 2018 (Note 3) £'000*	*Acquisition funding (Note 4) £'000*	*PE Exit (Note 5) £'000*	*Pro forma income statement of Group for the year ended 31 December 2018 (Note 6) £'000*
Revenue	92,957	6,804	–	–	99,761
Cost of goods sold	(64,827)	–	–	–	(64,827)
Gross profit	28,130	6,804	–	–	34,934
Operating expenses	(19,650)	(3,659)	–	–	(23,309)
Operating expenses – exceptional	(843)	(164)	–	–	(1,007)
Total operating expenses	(20,493)	(3,823)	–	–	(24,316)
Operating profit	7,637	2,981	–	–	10,618
Analysed as:					
Adjusted EBITDA	10,109	3,612	–	–	13,721
Depreciation	(1,013)	(156)	–	–	(1,169)
Amortisation	(569)	(311)	–	–	(880)
Exceptional items	(843)	(164)	–	–	(1,007)
Private equity monitoring costs	(47)	–	–	–	(47)
Total operating profit	7,637	2,981	–	–	10,618
Finance expense	(5,843)	(39)	(1,139)	4,566	(2,455)
Profit before taxation	1,794	2,942	(1,139)	4,566	8,163
Income tax expense	(1,025)	(562)	216	(585)	(1,956)
Profit for the year	769	2,380	(923)	3,981	6,207

Explanatory notes to the Unaudited Pro Forma Income Statement

1. The Company was incorporated on 27 September 2019 and has not traded since incorporation. It became the parent and ultimate holding company of the Pebble Holdings Group on 5 November 2019 by means to a share for share exchange for all the shares in the Pebble Holdings Group held by existing shareholders. This insertion of the Company will constitute a group reorganisation and will be accounted for using merger accounting principles.

2. The results of the Pebble Holdings Group for the year ended 31 December 2018 have been extracted without material adjustment from the Historical Financial Information of the Pebble Holdings Group for the period then ended, which can be further analysed as set out below:

	The Pebble Holdings Group (exc. Facilisgroup) year ended 31 December 2018 (Note a) £'000	*Plus: Facilisgroup 4 December 2018 to 31 December 2018 (Note b) £'000*	*The Pebble Holdings Group year ended 31 December 2018 (Note c) £'000*
Revenue	92,279	678	92,957
Cost of goods sold	(64,827)	–	(64,827)
Gross profit	27,452	678	28,130
Operating expenses	(19,337)	(313)	(19,650)
Operating expenses – exceptional	(843)	–	(843)
Total operating expenses	(20,180)	(313)	(20,493)
Operating profit	7,272	365	7,637
Analysed as:			
Adjusted EBITDA	9,736	373	10,109
Depreciation	(1,005)	(8)	(1,013)
Amortisation	(569)	–	(569)
Exceptional items	(843)	–	(843)
Private equity monitoring costs	(47)	–	(47)
Total operating profit	7,272	365	7,637
Finance expense	(5,843)	–	(5,843)
Profit before taxation	1,429	365	1,794
Income tax expense	(928)	(97)	(1,025)
Profit for the year	501	268	769

Notes

(a) This represents the results of the Pebble Holdings Group for the year ended 31 December 2018, prior to the consolidation of Facilisgroup, and has been sourced from the consolidation schedules underpinning the Pebble Holdings Group's Historical Financial Information.

(b) This represents the results of Facilisgroup which have been consolidated into the Historical Financial Information of the Pebble Holdings Group for the year ended 31 December 2018, i.e. from the date of acquisition of Facilisgroup (4 December 2018), and has been sourced from the consolidation schedules underpinning the Pebble Holdings Group's Historical Financial Information.

(c) This represents the results of the Pebble Holdings Group for the year ended 31 December 2018, extracted without material adjustment from the Historical Financial Information of the Pebble Holdings Group as set out in Section B of Part III of this document. It is equal to the sum of columns a and b.

3. This adjustment reflects the pre-acquisition results of Facilisgroup prior to its acquisition by the Pebble Holdings Group on 4 December 2018, calculated as set out below:

	Facilisgroup year ended 31 December 2018 (Note a) £'000	*Less: Facilisgroup 4 December 2018 to 31 December 2018 (Note b) £'000*	*Facilisgroup 1 January 2018 to 3 December 2018 (Note c) £'000*
Revenue	7,482	(678)	6,804
Cost of goods sold	–	–	–
Gross profit	7,482	(678)	6,804
Operating expenses	(3,972)	313	(3,659)
Operating expenses – exceptional	(164)	–	(164)
Total operating expenses	(4,136)	313	(3,823)
Operating profit	3,346	(365)	2,981
Analysed as:			
Adjusted EBITDA	3,985	(373)	3,612
Depreciation	(164)	8	(156)
Amortisation	(311)	–	(311)
Exceptional items	(164)	–	(164)
Private equity monitoring costs	–	–	–
Total operating profit	3,346	(365)	2,981
Finance expense	(39)	–	(39)
Profit before taxation	3,307	(365)	2,942
Income tax expense	(659)	97	(562)
Profit for the year	2,648	(268)	2,380

Notes

(a) The results of Facilisgroup for the year ended 31 December 2018 have been extracted without material adjustment from the Historical Financial Information of Facilisgroup as set out in Section B of Part IV of this document.

(b) This represents the results of Facilisgroup which have been consolidated into the Historical Financial Information of the Pebble Holdings Group for the year ended 31 December 2018, i.e. from the date of acquisition of Facilisgroup (4 December 2018), and has been sourced from the consolidation schedules underpinning the Pebble Holdings Group's Historical Financial Information, as shown in note 2.

(c) This represents the results of Facilisgroup for the period in 2018 prior to its consolidation into the Pebble Holdings Group Historical Financial Information, and has been calculated as the results in column a less the results in column b.

4. This adjustment reflects the incremental interest cost of additional borrowings used to fund the acquisition of Facilisgroup and related tax benefit as if the borrowings had been incurred on 1 January 2018.

   The adjustment to the finance costs is made up as follows:

   (a) Amortisation of debt arrangement fees of £64,000 on the additional bank loan to fund the Acquisition;

   (b) Interest of £329,000 on the additional bank loan to fund the Acquisition;

   (c) Amortisation of debt arrangement fees of £31,000 on the increased other loan to fund the Acquisition; and

   (d) Interest of £715,000 on the increased other loan to fund the Acquisition.

   The tax benefit has been calculated at the rate of 19%, (being the rate of corporation tax in the UK) on the adjustment to finance costs which has been assumed to be fully deductible for corporation tax purposes.

5. This adjustment reflects the interest saving associated with the early repayment of the existing debt as part of the PE Exit, following the receipt of the Proceeds, net of the accelerated amortisation of unamortised debt arrangement fees on the debt and related tax cost. The interest saving is made up as follows:

   (a) Bank loan interest of £1,349,000 (including the interest on the additional bank loan to fund the Acquisition adjusted in note 4 above);

   (b) Other loan interest of £2,798,000 (including the interest on the additional other loan to fund the Acquisition adjusted in note 4 above);

   (c) Preference share interest of £1,524,000;

   (d) Foreign exchange loss on revaluation of debt of £455,000;

   (e) Write off of debt arrangement fees of £1,560,000.

   The tax benefit has been calculated as at the rate of 12.8 per cent. being an estimate of the effective tax rate on the interest saving allowing for the non deductible interest expense in 2018.

   No estimate of the split of the costs between the costs attributable to the issue of new ordinary shares (which will be deducted from share premium) and the other costs attributable to the Admission (which will be expensed) has been prepared for the purposes of the Pro Forma Financial Information.

6. This column comprises the sum of the preceding columns and represents the pro forma income statement of the Group for the year ended 31 December 2018 assuming the Acquisition, the PE Exit, and the receipt of the Proceeds on the income statement of the Group as if they had taken place on 1 January 2018.

7. No adjustment has been made to take account of the financial or trading performance of the Pebble Holdings Group or Facilisgroup subsequent to 31 December 2018 or of any other event, save as disclosed above.

8. All the pro forma income statement adjustments are expected to have a continuing effect on the Group other than exceptional items which are one off by their size or nature and the write off of the debt arrangement fees which is a one off cost.

Pro Forma Statement of Net Assets

The unaudited pro forma statement of net assets has been prepared to illustrate the effect of, the receipt of the Proceeds and the PE Exit on the net assets of the Group as if they had taken place on 30 June 2019.

The unaudited pro forma statement of net assets is based on the net assets of the Pebble Holdings Group at 30 June 2019, and has been prepared in a manner consistent with the accounting policies adopted by the Pebble Holdings Group in preparing its Historical Financial Information as set out in Section B of Part III of this document.

		Adjustments		
	The Pebble Holdings Group as at 30 June 2019 Notes 1 and 2 £'000	*Proceeds Note 3 £'000*	*PE Exit Note 4 £'000*	*Pro forma net assets of the Group as at 30 June 2019 Note 5 £'000*
Assets				
Non-current assets				
Property, plant and equipment	7,448	–	–	7,448
Intangible assets	60,365	–	–	60,365
Deferred tax assets	269	–	–	269
Total non-current assets	68,082	–	–	68,082
Current assets				
Inventories	10,624	–	–	10,624
Trade and other receivables	21,446	–	–	21,446
Cash and cash equivalents	5,325	79,170	(81,137)	3,358
Total current assets	37,395	79,170	(81,137)	35,428
TOTAL ASSETS	105,477	79,170	(81,137)	103,510
LIABILITIES				
Non-current liabilities				
Borrowings	80,633	–	(75,594)	5,039
Total non-current liabilities	80,633	–	(75,594)	5,039
Current liabilities				
Borrowings	7,885	–	(3,524)	4,361
Trade and other payables	20,168	–	(573)	19,595
Corporation tax payable	223	–	–	223
Total current liabilities	28,276	–	(4,097)	24,179
TOTAL LIABILITIES	108,909	–	(79,691)	29,218
NET LIABILITIES/ASSETS	(3,432)	79,170	(1,446)	74,292

Explanatory notes to the Pro Forma Statement of Net Assets

1. The Company was incorporated on 27 September 2019 and has not traded since incorporation. It became the parent and ultimate holding company of the Pebble Holdings Group on 5 November 2019 by means of a share for share exchange for all the shares in the Pebble Holdings Group held by existing shareholders. This insertion of the Company will constitute a group reorganisation and will be accounted for using merger accounting principles.

2. The net assets of the Pebble Holdings Group as at 30 June 2019 have been extracted without adjustment from the unaudited consolidated interim information contained in section B of Part V of this document.

3. The adjustment represents the receipt by the Company of the Proceeds from the Placing of £79.2 million, which comprises gross proceeds from the Placing of £79.2 million through the issue of New Shares less the fees and expenses of the Placing and Admission payable by the Group expected to be approximately £4.7 million (net of recoverable VAT) which have been reimbursed by the selling shareholders and Chuck Fandos.

   The costs attributable to the issue of New Shares will be deducted from share premium and the other costs attributable to the Admission will be expensed.

4. This adjustment reflects the settlement of the payments due under the Facilisgroup acquisition agreement, the repayment of bank and other loans, preference shares and management loan notes of £81,137,000 (based on the balances at 30 June 2019 including accrued but unpaid interest) as part of the PE Exit and the accelerated amortisation charge to the income statement for debt transaction costs of £1,466,000. The actual amounts paid will be based on the balances on the dates of payment expected to be on or shortly after Admission.

5. This column comprises the sum of the preceding columns and represents the pro forma net assets of the Group as at 30 June 2019 assuming Admission, the Placing and repayment of the borrowings as part of the PE Exit had taken place on that date.

6. No adjustment has been made to take account of the financial or trading performance of the Pebble Holdings Group subsequent to 30 June 2019 or of any other event, save as disclosed above.

PART VII

ADDITIONAL INFORMATION

1 RESPONSIBILITY

The Company and the Directors, whose names and functions appear on page 10 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 THE COMPANY

2.1 The Company is domiciled in the United Kingdom and was incorporated and registered in England and Wales as a private company limited by shares on 27 September 2019 under the Companies Act with the name Aghoco 1895 Limited and with registered number 12231361. On 13 November 2019, the Company changed its name to The Pebble Group Limited.

2.2 On 22 November 2019 the Company was re-registered as a public limited company under the Companies Act as The Pebble Group plc.

2.3 The Company has no administrative, management or supervisory bodies other than the Board, the Remuneration Committee, the Nomination Committee and the Audit Committee. The Company is governed by the Articles and the principal legislation under which the Company operates, and pursuant to which the New Shares will be issued, is the Companies Act and subordinate legislation made under the Companies Act.

2.4 The Company's registered office and principal place of business is Broadway House, Trafford Wharf Road, Trafford Park, Manchester, M17 1DD. The telephone number at that address is 0161 872 9527.

2.5 The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is thepebblegroup.com.

2.6 The liability of the members of the Company is limited.

2.8 The Company is the ultimate holding company of the Group. The Company has 21 subsidiaries details of which are set out below:

Name	*Date of incorporation*	*Country of incorporation*	*Issued share capital*	*Principal activity*	*Percentage of issued share capital held by the Company (as at Admission)*
The Pebble Group (Holdings) Limited	28 March 2017	England and Wales	£58,243.91	Holding company	100% (direct)
Project Amber Bidco Limited	29 March 2017	England and Wales	£1.00	Holding company	100% (indirect)
H.I.G. Milan UK Topco Limited	17 January 2012	England and Wales	£1.00	Holding company	100% (indirect)
H.I.G. Milan UK Midco Limited	6 February 2012	England and Wales	£1.00	Holding company	100% (indirect)
H.I.G. Milan UK Bidco Limited	17 January 2012	England and Wales	£1,000	Holding company	100% (indirect)
The Pebble Group Canada Bidco Limited	5 November 2018	Canada	C$1	Holding company	100% (indirect)
Weber Facilis Holdings Inc	30 September 2015	Canada	C$2,413,805	Holding company	100% (indirect)
Rochette Facilis Holdings Inc	30 September 2015	Canada	C$2,883,705	Holding company	100%. (indirect)
Facilisgroup Canada Inc	8 January 2004	Canada	C$100	Promotional merchandise service provider	100% (indirect)
Brand Addition Limited	11 December 1986	England and Wales	£73,728.80	Promotional merchandise	100% (indirect)
The Pebble Group US Bidco Inc	13 December 2015	USA	$1	Non-trading	100% (indirect)
HIG Milan German Bidco GmbH	20 March 2012	Germany	€25,000	Holding company	100% (indirect)
Brand Addition Ireland Limited	1 December 2016	The Republic of Ireland	€60	Promotional merchandise	100% (indirect)
Brand Addition Shanghai Limited	12 November 2013	China	£155,000	Promotional merchandise	100% (indirect)
Brand Addition Reklam Urunleri Dagitim ve Ticüret Limited Sirketi	15 March 2013	Turkey	TRY510,000	Promotional merchandise	100% (indirect)
Brand Addition Asia Limited	12 November 1992	Hong Kong	HK$2.00	Promotional merchandise	100% (indirect)
Product Plus International Limited	9 August 1983	England and Wales	£50,000	Non-trading	100%. (indirect)
Gearworks Limited	29 January 1992	England and Wales	£1	Non-trading	100% (indirect)
Facilisgroup LLC	17 April 2014 as a limited liability partnership, and converted to a limited liability company on 4 December 2018	USA	–	Promotional merchandise service provider	100% (indirect)
Gateway CDI Inc	5 April 1985	USA	$5,068	Promotional merchandise	100% (indirect)
Brand Addition GmbH	28 August 1978	Germany	€93,000	Promotional merchandise	100% (indirect)

3 SHARE CAPITAL

3.1 At the date of its incorporation, the issued share capital of the Company was £1, comprising one ordinary share of £1.

3.2 The Company has entered into a series of agreements and arrangements to effect the Reorganisation. The principal changes to the share capital arising as a result of the Reorganisation are as follows:

3.2.1 on 5 November 2019 by ordinary resolutions of the Company:

(i) the one ordinary share of £1.00 in issue was subdivided and re-designated as 100 B ordinary shares of £0.01 each; and

(ii) the Directors were authorised, pursuant to section 551 of the Companies Act, to exercise all of the powers of the Company to allot A preference shares of £0.00001 each, B preference shares of £0.00001 each, A ordinary shares of £0.005 each, B ordinary shares of £0.01 each, C1 ordinary shares of £0.01 each and C2 ordinary shares of £0.001 each, up to an aggregate nominal value of £58,244;

3.2.2 on 5 November 2019, the Company allotted, credited as fully paid, 13,711,749 A preference shares of £0.00001 each, 599,417 B preference shares of £0.00001 each, 7,882,522 A ordinary shares of £0.005 each, 210,991 B ordinary shares of £0.01 each, 726,475 C1 ordinary shares of £0.01 each and 931,253 C2 ordinary shares of £0.01 each (together the "**Consideration Shares**") in exchange for the entire issued share capital of The Pebble Group (Holdings) Limited pursuant to the exchange agreement entered into between the Company and the then Shareholders of The Pebble Group (Holdings) Limited, details of which are set out in paragraph 15.8.1 of this Part VII (the "**Exchange Allotment**").

3.2.3 on 21 November 2019, the Company allotted, by way of bonus issue, an aggregate of:

(i) 14,180,657,078 A ordinary shares of £0.005 each;

(ii) 379,752,709 B ordinary shares of £0.01 each;

(iii) 1,306,928,525 C1 ordinary shares of £0.01 each; and

(iv) 1,675,324,147 C2 ordinary shares of £0.01 each,

to the existing shareholders of the Company, at a rate of 1,799 new ordinary shares of the relevant class in the capital of the Company for each ordinary share of that class held following the Exchange Allotment;

3.2.4 by ordinary resolution passed on 21 November 2019:

(i) the 14,188,539,600 A ordinary shares of £0.005 each in issue were consolidated into 70,942,698 A ordinary shares of £1.00 each;

(ii) the 379,963,800 B ordinary shares of £0.01 each in issue were consolidated into 1,899,819 B ordinary shares of £2.00 each;

(iii) the 1,307,655,000 C1 ordinary shares of £0.01 each in issue were consolidated into 6,538,275 C1 ordinary shares of £2.00 each; and

(iv) the 1,676,255,400 C2 ordinary shares of £0.01 each in issue were consolidated into 8,381,277 C2 ordinary shares of £2.00 each;

3.2.5 on 21 November 2019 the Company, as a private company limited by shares, undertook a reduction of share capital by way of the solvency statement procedure, in accordance with sections 641 to 644 of the Companies Act (the "**Reduction of Capital**"). The reduction of capital reduced the amount standing to the credit of the Company's share capital by:

(i) cancelling 99p of the paid up capital on each A ordinary share of £1.00 and £1.98 of the paid up capital on each B ordinary share of £2.00, C1 ordinary share of £2.00 and C2 ordinary share of £2.00; and

(ii) reducing the nominal value of each A ordinary share to £0.01 and each B ordinary share, C1 ordinary share and C2 ordinary share to £0.02;

3.2.6 by special resolution passed on 29 November 2019, conditional in each case upon Admission:

(i) the 70,942,698 A ordinary shares of £0.01 each in issue following the Reduction of Capital were converted, with effect from immediately prior to Admission, into 70,942,698 ordinary shares of £0.01 each;

(ii) the 1,899,819 B ordinary shares of £0.02 each in issue following the Reduction of Capital were subdivided and converted into 1,937,655 ordinary shares of £0.01 each and 1,861,983 deferred shares of £0.01 each;

(iii) the 6,538,275 C1 ordinary shares of £0.02 each in issue following the Reduction of Capital were subdivided and converted, with effect from immediately prior to Admission, into 8,386,329 ordinary shares of £0.01 each and 4,690,221 deferred shares of £0.01 each;

(iv) the 8,381,277 C2 ordinary shares of £0.02 each in issue following the Reduction of Capital were subdivided and converted, with effect from immediately prior to Admision, into 10,750,257 ordinary shares of £0.01 each and 6,012,297 deferred shares of £0.01 each.

3.3 The issued share capital of the Company at the date of this document is as follows:

	Issued (fully paid)	
	Number	*Aggregate nominal value £*
A ordinary shares	70,942,698	709,426.98
B ordinary shares	1,899,819	37,996.38
C1 ordinary shares	6,538,275	130,765.50
C2 ordinary shares	8,381,277	167,625.54
A preference shares	13,711,749	137.11749
B preference shares	599,417	5.99417

3.4 Immediately following the Placing and Admission, the issued share capital of the Company will be as follows:

	Issued (fully paid)	
	Number	*Aggregate nominal value £*
Ordinary shares	92,016,939	920,169.39
A Preference shares	13,711,749	137.11749
B Preference shares	599,417	5.99417
Deferred shares	12,564,501	125,645.01

3.5 The limited rights attaching to the deferred shares are described in paragraph 4.16 of this Part VII. The Company intends to purchase all of the deferred shares on the date of the Company's annual general meeting in 2020, on the basis of each of the eight holders of deferred shares receiving no more than £1 each in respect of such purchase.

3.6 The Company intends to redeem all of the A preference shares and B preference shares shortly following Admission.

3.7 No share capital of the Company, or of any other company within the Group, is under option or has been agreed, conditionally or unconditionally, to be put under option.

3.8 The Company does not have an authorised share capital and there is therefore no authorised but unissued share capital.

3.9 Save as disclosed in this Part VII:

3.9.1 no share or loan capital of the Company has been issued, or is now proposed to be issued (other than pursuant to the Placing), fully or partly paid, either for cash or other consideration to any person;

3.9.2 no person has any preferential subscription rights for any share capital of the Company;

3.9.3 the Company does not hold any treasury shares (i.e. shares held by the Company);

3.9.4 none of the Company’s subsidiaries, holds any of the Company’s shares;

3.9.5 the Company has no convertible securities, exchangeable securities or securities with warrants in issue; and

3.9.6 there are no acquisition rights or obligations over the share capital of the Company and there is no undertaking to increase the share capital of the Company.

3.10 The Shares have been created under the Companies Act.

3.11 By ordinary resolution passed on 29 November 2019, the Directors were authorised pursuant to section 551 of the Companies Act to exercise all powers of the Company to allot shares and grant rights to subscribe for, or convert any securities into, shares in the capital of the Company ("**Relevant Securities**"), up to an aggregate nominal amount of £1,312,509.18, such authority being limited to:

3.11.1 the allotment of 75,433,954 Shares pursuant to the Placing; and

3.11.2 other than pursuant to paragraph 3.11.1 above, Relevant Securities having an aggregate nominal value of £558,169.64 (representing approximately one-third of the Enlarged Share Capital),

such authority to expire on the earlier of the date of the annual general meeting of the Company in 2020 and 31 December 2020, save that the Company may before such expiry make an offer or agreement which would or might require Shares to be allotted after such expiry.

3.12 Pursuant to a special resolution of the Company passed on 29 November 2019, the Directors are empowered pursuant to sections 570, 571 and 573 of the Companies Act to allot equity securities (as defined in section 560(1) of the Companies Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Companies Act conferred by paragraph 3.11 above as if section 561(1) of the Companies Act did not apply to such allotment, such power being limited to:

3.12.1 the allotment of equity securities which fall within paragraph 3.11.1 above;

3.12.2 the allotment of equity securities and/or sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities in favour of holders of Shares in proportion (as nearly as may be practicable) to their existing holdings, but subject to such restrictions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as the result of legal, regulatory or practical problems arising under the laws or requirements of any overseas territory, or the requirements of any regulatory body or stock exchange;

3.12.3 the allotment (other than pursuant to the powers referred to in sub-paragraphs 3.12.1 and 3.12.2 above) of equity securities up to an aggregate nominal amount of £83,725.45 (representing approximately five per cent. of the Enlarged Share Capital).

3.13 The New Shares will on Admission rank *pari passu* in all respects with the Existing Shares, including as regards the right to receive all dividends and other distributions declared, made or paid after the date of this document. The Shares are freely transferable in accordance with the Articles.

3.14 The Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.

3.15 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises or a time limit after which entitlement to dividend lapses and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3.16 Save for the loan notes issued as described in paragraph 15.8.3 of this Part VII, the Company does not have in issue any securities not representing share capital.

3.17 There are no issued but not fully paid Shares.

3.18 Other than pursuant to the Placing, the Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.

3.19 The Existing Shares have not been admitted to listing or dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Shares on any such exchange other than the application to be made in connection with Admission.

3.20 The currency of the issue is Sterling.

3.21 The expected issue date of the New Shares is 5 December 2019.

3.22 The net asset value of an ordinary share following the Reorganisation but prior to the issue of New Shares, based on the net assets of the Company as at 12 November 2019 is 1 pence ("**Net Asset Value Per Share**"). The Placing Price of 105 pence represents a premium of 104 pence over the Net Asset Value per Share.

3.23 The provisions of section 561 of the Companies Act (to the extent not dis-applied pursuant to section 570 of the Companies Act) confer on Shareholders rights of pre-emption in respect of the allotment of equity securities and sales of equity securities held in treasury which are or are to be paid in cash, and apply to the unissued share capital of the Company to the extent not dis-applied as described in this paragraph 3. Subject to certain limited exceptions, and save pursuant to any disapplication which is for the time being in effect, unless the approval of Shareholders in a general meeting is obtained, the Company must normally offer Shares to be issued for cash to the holders of existing Shares on a pro rata basis.

4 ARTICLES OF ASSOCIATION

The Articles, which were adopted by the Company on 29 November 2019, conditional upon Admission, contain provisions to the following effect.

For the purposes of this paragraph 4:

(a) "**Director**" means a director of the Company;

(b) "**Member**" means a member of the Company; and

(c) "**Share**" means a share in the capital of the Company.

4.1 *Objects*

The Articles do not provide for: (i) any objects of the Company and accordingly the Company's objects are unrestricted; or (ii) any purposes for which the Company was established.

4.2 *Share class rights*

The rights attached to any class of Shares may be varied with the consent in writing of the holders of not less than three-quarters in nominal value of the issued Shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of Shares of the class.

4.3 *Transfer of shares*

4.3.1 Subject to the Articles, a Member may transfer all or any of his Shares:

(i) in the case of certificated Shares, by an instrument of transfer in writing in any usual form or in another form approved by the Board signed by or on behalf of the transferor and (in the case of a transfer of a Share which is not fully paid) by or on behalf of the transferee; or

(ii) in the case of uncertificated Shares, without a written instrument in accordance with the CREST Regulations.

4.3.2 The Company may refuse to register a transfer of certificated Shares unless:

(i) the instrument of transfer is properly stamped or is certified or otherwise shown to the Board's satisfaction to be exempt from stamp duty and is presented for registration to the Company at its registered office or such other place as the Board may decide, accompanied by the certificate for the Shares to which it relates (except in the case of a transfer by a person to whom the Company was not required to issue a share certificate and has not issued one in respect of the Share concerned) and any other evidence as the Board may require to show the right of the person signing the instrument to make the transfer or, if the instrument is signed by some other person on his behalf, the authority of such person to do so;

(ii) all the Shares to which it relates are fully paid and of the same class; and

(iii) it is in favour of a single transferee or not more than four joint transferees, in each case being a natural or legal person.

4.4 ***Dividends and other distributions***

All dividends on Shares are to be declared and paid according to the amounts paid up (otherwise than in advance of calls) on their nominal value. A dividend may not be declared unless the Board has made a recommendation as to its amount. All unclaimed dividends may be made use of by the Board for the Company's benefit until claimed. Any dividend unclaimed for twelve years from the date the dividend was declared or became due for payment will be forfeited and shall revert to the Company.

4.5 ***General meetings***

4.5.1 Every Member who is present at a general meeting in person or by proxy is entitled to one vote on a resolution put to the meeting on a show of hands (except that a proxy has one vote for and one vote against the resolution if he has been duly appointed by more than one Member entitled to vote on the resolution and has been instructed (or exercises a discretion given) by one or more of those Members to vote for it and by one or more other of those Members to vote against it) and to one vote for every Share of which he is the holder on a resolution put to the meeting on a poll. The vote of the senior of joint holders who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the holders appear in the Company's register of Members in respect of the joint holding.

4.5.2 The Articles require the Board to convene annual general meetings in accordance with company legislation. The Board may convene a general meeting which is not an annual general meeting whenever and wherever it considers appropriate. The Company is required to give notice of a general meeting to each Member (other than one who, under the Articles or any restrictions imposed on any Shares, is not entitled to receive it or to whom the Company has not sent and is not required to send its latest annual accounts and reports) at a time and date selected by the Board in accordance with the Articles and company legislation, to the Directors on the date of the notice and to the Auditors on that date.

4.5.3 A Member who is entitled to attend and vote at a general meeting is entitled to appoint another person, or two or more persons in respect of different Shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and to vote at the meeting.

4.5.4 A corporation which is a Member may, by resolution of its directors or other governing body, authorise one or more persons as it thinks fit to act as a representative for it at any general meeting of the Company. The Company may require such a representative to produce a certified copy of the authorising resolution or such other reasonable evidence of his authority before permitting him to exercise any powers on the corporation's behalf at the meeting.

4.6 ***Interests in Shares not disclosed to the Company***

If the Company gives notice under section 793 of the Companies Act in relation to any Shares to a Member or another person appearing to be interested in such Shares and the recipient fails to give the Company the information required within fourteen days afterwards, the holder of such Shares is not entitled to attend or vote at a general meeting or exercise any other rights in respect of them in relation to a general meeting or a poll. Where such Shares represent at least 0.25 per cent. of the issued Shares of their class (i) the Company may withhold payment of any dividend or other distribution or amount payable in respect of them, (ii) the Member is not entitled to elect to receive Shares instead of a dividend, and (iii) the Board may refuse to register the transfer of any such Shares unless (1) the Member is not himself in default in supplying the information required and proves to the satisfaction of the Board that no person in default of supplying the information required is interested in any Shares which are the subject of the transfer or (2) the transfer is shown to the Board's satisfaction to be made by a Member to a third party unconnected with that Member or with any other person appearing to be interested in the Shares and made pursuant to (A) an acceptance of a takeover offer, (B) a sale through a recognised investment exchange or any other securities investment exchange outside the United Kingdom on which (in either case) such Shares have been admitted to trading on the Company's application or (C) a sale of the whole of the beneficial interest in the Shares.

4.7 ***Return of capital***

On a winding up of the Company and subject to company legislation, the Company's assets available for distribution shall be divided among the Members in proportion to the nominal amounts of capital paid up on their Shares, subject to the terms of issue of or rights attached to any Shares.

4.8 ***Lien and forfeiture***

4.8.1 The Company has a first and paramount lien on each partly paid Share for all amounts payable to the Company (whether due or not) in respect of such Share. The Board may sell any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after notice has been sent to the holder of the Share demanding payment and stating that if the notice is not complied with the Share may be sold.

4.8.2 Subject to the terms on which Shares are allotted, the Board may make calls on Members in respect of any money unpaid on their Shares. Each Member shall (subject to receiving at least 14 days' notice) pay to the Company the amount called on his Shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.

4.9 ***Board powers***

4.9.1 The Company's business is to be managed by the Board. The Board may exercise all the Company's powers and may do on the Company's behalf all such acts as may be done by it or on its behalf and which are not required to be exercised or done by the Company in general meeting subject (in all cases) to company legislation, the Articles and any direction that the Company gives to the Board by passing a special resolution.

4.9.2 The Board may delegate any of its powers under the Articles and any other of its powers that can be delegated:

(i) to such person or persons or to any Board committee;

(ii) to such an extent (including in relation to any matter or any territory, region or country);

(iii) on such terms and subject to such conditions;

(iv) for such period or indefinitely; and

(v) by such means, as the Board considers appropriate.

4.9.3 The Board may:

(i) grant to any person or persons or to any Board committee to whom it delegates any power the power to sub-delegate that power (with or without a power of further subdelegation) to one or more persons or to a sub-committee;

(ii) retain or exclude the right of the Board to exercise any delegated power collaterally with the person or persons or the Board committee to whom it has been delegated; and

(iii) revoke the delegation or alter its terms or conditions.

4.10 ***Directors – appointment, retirement and removal***

4.10.1 At any one time the total number of Directors may not be less than two or more than nine. This limit may be changed by ordinary resolution of the Company. The Company may by ordinary resolution appoint as a Director a person who is willing to act as such provided that:

(i) notice is given of the resolution identifying the person concerned by name; and

(ii) if that person is not recommended for appointment by the Board, the Company receives at the Registered Office that person's written confirmation of his willingness to be appointed as a Director at least seven days before the date appointed for the holding of the general meeting at which the resolution is to be considered.

The Board may appoint as a Director any person who is willing to act as such.

4.10.2 At each annual general meeting:

(i) each person who is a Director on a date selected by the Board in relation to an annual general meeting that is not more than 14 days before, and no later than, the date of the notice of that meeting (the "**selection date**") and was appointed as such after the previous annual general meeting is to be proposed for election as a Director;

(ii) one-third of the Directors (excluding any Director who is referred to in (i) above) in office on the selection date (or, if the number of such Directors is not a multiple of three, the number nearest to but not greater than one-third) are to be proposed for re-election;

(iii) to the extent not already proposed for re-election pursuant to (ii) above each other person who is a Director on the selection date and has remained as such without being appointed or elected or re-elected as such at one of the two previous annual general meetings is to be proposed for re-election as a Director; and

(iv) if the Board so decides, any other person selected by the Board who is a Director on the selection date can be proposed for re-election as a Director

provided that, in each case, the person concerned is a Director immediately before the commencement of the meeting and has confirmed to the Board that he is willing to continue as a Director.

4.10.3 If a resolution for the election or re-election as a Director of any person who was a Director at the commencement of an annual general meeting is put to vote at that meeting but not passed, that person will remain in office until the meeting appoints someone in his place or (if it does not do so) until the end of the meeting, when (subject to the next paragraph) he will cease to be a Director.

4.10.4 If at the end of an annual general meeting there would otherwise be no Directors, each person to whom the previous paragraph applies:

(i) shall remain in office as a Director until someone else who was not a Director at the commencement of that meeting is appointed as a Director by the Company in general meeting, when he will cease to be a Director; and

(ii) may, in his capacity as a Director for so long as he remains in office in accordance with this paragraph, act (with any other persons to whom this paragraph applies as the Board) only: (A) for the purposes of convening and holding a general meeting to appoint Directors; and (B) as he considers necessary or appropriate in order to comply with any legal or regulatory requirement applicable to the Company or the Directors or to him as a Director.

4.10.5 The Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with company legislation, remove any Director before the expiration of his period of office.

4.11 ***Directors – fees and remuneration***

4.11.1 The maximum aggregate amount of fees that the Company may pay to all the Directors who do not hold executive office for their services as such is £350,000 per annum, or such larger amount as the Company may by ordinary resolution decide. These fees are to be divided among the Directors as the Board decides or, if no decision is made, equally. An executive Director may receive from the Company, in addition to or instead of such fees, salary or other remuneration.

4.11.2 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the discharge of their duties as Directors, including any professional fees incurred by him.

4.11.3 The Board may provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances for persons who are or were directors of the Company and their relatives and dependants.

4.12 ***Directors' interests***

4.12.1 A Director is not required (provided he has disclosed his interest in the matter to the other Directors in accordance with the Companies Act (if that act obliges him to do so)) to account to the Company for any profit, remuneration or other benefit which he derives from or in connection with (i) being a party to or otherwise interested in any arrangement or transaction with the Company or in which the Company is otherwise interested, (ii) holding any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and on such terms, including as to remuneration, as the Board may decide, (iii) acting by himself or through a firm with which he is associated in a professional capacity for the Company or any body corporate in which the Company is interested (other than as auditor), or (iv) being a director or other officer of, or employed by or otherwise interested in any body corporate in which the Company or any other undertaking in the group comprising the Company and its subsidiary undertakings (not including any parent undertaking of the Company) (a "Group Undertaking") is interested or which has an interest in the Company or in any other Group Undertaking. A Director or former Director will not be accountable to the Company for any benefit provided to him or his dependants in accordance with any provision in the Articles.

4.12.2 A Director shall not vote or be counted in the quorum on any resolution of the Board concerning any contract in which he has an interest (and, if he votes on it, his vote is not to be counted) unless that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or only arises from or relates to one or more of the following matters:

(i) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of any Member of the Group (a "**Group Undertaking**");

(ii) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of a Group Undertaking for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) an offer of securities by a Group Undertaking in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(iv) a contract with or relating to another company in which he does not have to his knowledge an interest (as that term is used in Part 22 of the Companies Act) in Shares representing one per cent. or more of either any class of the equity share capital, or the voting rights in, such company;

(v) an arrangement for the benefit of employees of any Group Undertaking which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

(vi) insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including any Director; or

(vii) a proposal for the Company (1) to provide him with an indemnity permitted by company legislation, (2) to provide him with funds in circumstances permitted by company legislation to meet his defence expenditure in respect of any civil or criminal proceedings or regulatory investigation or other regulatory action or in connection with any application for any category of relief permitted by company legislation, or (3) to do anything to enable him to avoid incurring any such expenditure.

4.12.3 The Board may authorise any situation or matter relating to a particular Director to which section 175 of the Companies Act applies (each a "**Conflict Matter**") on such terms as they think fit. For the Board to do so, a Director must propose to the Board that the Conflict Matter concerned be so authorised. The Board may terminate or withdraw any such authorisation by giving notice to the Director concerned. Any terms to which such an authorisation is made subject may include that the Director concerned (i) is not obliged to disclose to the Company confidential information obtained by him (other than in his capacity as its Director or as its employee or agent or, if the Directors so decide, in any other capacity that would otherwise oblige him to disclose it to the Company) in any situation to which such authorisation applies, nor to use any such information directly or indirectly for the Company's benefit, where to do so would amount to a breach of a duty of confidence to any third party, where the Director concerned has previously disclosed to the Board the existence of the conflict and the third party's identity, and (ii) may absent himself from any Board discussions, and make arrangements not to receive documents and information, relating to the Conflict Matter concerned for so long as he reasonably believes that he has or may have a conflict of interest in respect of it.

4.13 ***Directors' indemnity and insurance***

Subject to company legislation, the Company may:

4.13.1 indemnify any Director or any director of any associated company against any liability pursuant to any qualifying third party indemnity provision or any qualifying pension scheme indemnity provision, or on any other basis as is lawful, in each case on such terms as the Board may decide; and

4.13.2 purchase and maintain for any Director or any director of any associated company insurance against any liability.

4.14 ***Borrowing powers***

The Board may exercise all the Company's powers to borrow money and to mortgage or charge all or part of its undertaking, property and assets (present or future) and uncalled capital and to issue debentures and other securities and to give security, whether outright or as collateral for a debt, liability or obligation of the Company or of a third party.

4.15 ***Untraced Shareholders***

Subject to the Articles, the Company may sell any Shares registered in the name of a Member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal and, on those Shares, no dividend is cashed and no dividend is paid on them through a completed funds transfer following such advertisement. Until the Company can account to the Member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

4.16 ***Deferred shares***

4.16.1 The deferred shares do not confer any right or rights to:

(i) transmit or transfer the deferred shares to any person;

(ii) receive notice of, attend or vote at any general meeting of the Company;

(iii) dividends or distributions of the Company; or

(iv) participate in any pre-emptive office of shares.

4.16.2 On a winding up or other return of capital, the holders of deferred shares are entitled to receive only the amount paid up or credited on their deferred shares and are entitled to receive such amount only when the holders of the ordinary shares shall have been pad in respect of each ordinary share the amount paid up or credited as paid thereon plus £25,000,000.

5 MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT

5.1 The Company is subject to the Takeover Code. Brief details of the Takeover Panel and the Takeover Code are described below.

5.2 *Mandatory takeover bids under the Takeover Code*

5.2.1 The obligation to make a mandatory bid is a requirement of the Takeover Code. The Takeover Panel is an independent body which issues and administers the Takeover Code. The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC). Its statutory functions are set out in Part 28 of the Companies Act.

5.2.2 The Takeover Code applies to the Company. The Takeover Code is designed principally to ensure that shareholders in an offeree company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders in the offeree company of the same class are afforded equivalent treatment by an offeror.

5.2.3 The Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. The General Principles are applied in accordance with their spirit in order to achieve the underlying purpose. In addition to the General Principles, the Takeover Code contains a series of rules. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected. Rule 9 of the Takeover Code provides that, except with the consent of the Takeover Panel, when:

(a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carries 30 per cent. or more of the voting rights of a company to which the Takeover Code applies; or

(b) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested;

then, that person and, depending on the circumstances, the persons acting in concert with him, must extend offers in cash to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights, to acquire the balance of the shares not held by him and his concert parties.

(c) The offer must be in cash at not less than the highest price paid for any shares by the person required to make the offer or any person acting in concert with him for any interest in shares of that class during the preceding 12 months.

5.3 *Compulsory acquisition – squeeze out under the Companies Act 2006*

Sections 974 to 991 of the Companies Act provide that, if following a takeover offer (as defined in section 974 of the Companies Act) an offeror acquires or contracts to acquire not less than 90 per cent. of the shares (both by value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares which the offeror has not acquired or contracted to acquire. To do so, the offeror sends a notice to the holders of shares who had not accepted the offer informing them that it will compulsorily acquire their shares and six weeks from the date of the notice, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the shares to the Company, which holds the consideration on trust for the relevant holders of shares.

The consideration in respect of shares that are compulsorily acquired must, in general, be the same as the consideration that was available under the takeover offer.

5.4 ***Compulsory acquisition – sell out under the Companies Act 2006***

Pursuant to sections 983 to 985 of the Companies Act, if an offeror acquires or contracts to acquire not less than 90 per cent. of the shares (both by value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer subject to certain time limits. The offeror is required to give any such holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised by a shareholder after the end of the period of three months from the end of the period within which the offer can be accepted or, if later, three months from the date of the notice which is served on the holder of shares notifying the holder of the holder's sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6 DIRECTORS

6.1 ***Interests in Shares***

The interests of the Directors and of members of their respective families (as defined in the glossary to the AIM Rules) (all of which were beneficial unless otherwise stated) in shares in the capital of the Company are and will, following Admission and the Placing, be as follows:

	Current		*Following Admission and the Placing**	
	Number and class of shares	*Percentage of issued ordinary share capital*	*Number of Shares*	*Percentage of Enlarged Share Capital*
Richard Law	–	–	95,238	0.06
Christopher Lee	625,716 B ordinary shares	0.71%	5,941,515	3.55
	5,002,443 C1 ordinary shares	5.70%	–	–
	921,501 C2 ordinary shares	1.05%	–	–
	116,568 B preference ordinary shares	–	–	–
Claire Thomson	318,915 B ordinary shares	0.36%	2,857,243	1.71
	2,834,712 C2 ordinary shares	3.23%	–	–
	59,162 B preference ordinary shares	–	–	–
Yvonne Monaghan	–	–	–	–
Stuart Warriner	–	–	–	–

*Note: The shareholdings referred to assume that all of the New Shares are issued and all of the Sale Shares are sold, at Admission. Any preference shares held will be redeemed, as set out in paragraph 3.6 of this Part VII

6.2 ***Directorships***

Other than in respect of the Company, the Directors currently hold the following directorships (and are partners in the following partnerships) and have held the following directorships (and been partners in the following partnerships) within the five years prior to the publication of this document:

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
Richard Anthony Law	Gudtouch Limited Gudtouch Group VYPR Validation Technologies Limited	GBG (Australia) PTY LTD GBG (Australia) Holding Pty Ltd GBG (Malaysia) Sdn. Bhd. GB Group Plc GBG (Europe) S.L. Telme.com Limited GB Mailing Systems Limited GB Datacare Limited GB Information Management LTD Citizensafe Limited Farebase Limited Edit Technologies Limited Eware Interactive Limited Data Discoveries Limited Data Discoveries Holdings Limited Fastrac LTD Managed Analytics Limited Capscan Limited Capscan Parent Limited TMG.TV Ltd Zuto Limited CRD (UK) Limited Zuto Holdings Limited Inkfish Services Limited Transactis Limited Loqate LTD ID Scan Biometrics Limited Safer Clubbing at Night Network LTD EBETSAFE Limited Advanced Checking Services Limited CDMS Limited Orvelo Limited GUD Limited Loqate Inc Telme Global Traveller Limited

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
Christopher Lee	Project Amber Bidco Limited The Pebble Group (Holdings) Limited Brand Addition Limited Product Plus International Limited Gearworks Limited H.I.G Milan UK Topco Limited H.I.G. Milan UK Bidco Limited H.I.G Milan UK Midco Limited Brand Addition Ireland Limited Facilisgroup LLC Brand Addition Asia Limited The Pebble Group US Bidco Inc Gateway CDI Inc The Pebble Group Canada Bidco Limited Facilisgroup Canada Inc Weber Facilis Holdings Inc Rochette Facilis Holdings Inc	British Promotional Merchandise Association Limited Spark Promotions (UK) Limited Brand Addition Australia PTY Limited H.I.G Milan German Bidco GmbH
Claire Louise Thomson	Project Amber Bidco Limited The Pebble Group (Holdings) Limited Brand Addition Limited Product Plus International Limited Gearworks Limited H.I.G Milan UK Topco Limited H.I.G. Milan UK Bidco Limited H.I.G Milan UK Midco Limited H.I.G Milan German Bidco GmbH Brand Addition GmbH Brand Addition Ireland Limited Facilisgroup LLC Brand Addition Asia Limited Brand Addition Shanghai Limited Brand Addition Reklam Urunleri Dagitim ve Ticaret Limited Sirketi Gateway CDI Inc The Pebble Group Canada Bidco Limited The Pebble Group US Bidco Inc Facilisgroup Canada Inc Weber Facilis Holdings Inc Rochette Facilis Holdings Inc	Spark Promotions (UK) Limited Brand Addition Australia PTY Limited

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
Yvonne May Monaghan	Johnson Service Group PLC NWF Group PLC Afonwen Laundry Limited Ashbon Services Limited Bentley Textile Services Limited Bourne Services Group Limited Bourne Textile Services Limited Caterers Linen Supply Limited Catering Linen Supply Limited Chester Laundry Limited Clayfull Limited Clifton Cleaning Limited Greenearth Cleaning Limited Greenearth Cleaning Europe Limited Johnson Group Cleaners Trustee Company (No. 1) Limited Johnson Group Cleaners Trustee Company (No. 2) Limited Johnson Group Inc (UK) Limited Johnson Group Management Services Limited Johnson Group Pension Nominees Limited Johnson Group Properties PLC Johnson Investment Limited Johnsons Apparelmaster Limited Johnsons Hotel Linen Limited Johnsons Hotel, Restaurant & Catering Linen Limited Johnsons Textile Services Limited Johnsons Workwear Limited JSG PLC London Linen Management Limited London Linen Supply Limited London Workwear Rental Limited Portgrade Limited Quality Textile Services Limited Roboserve Limited Semara Contract Services Limited Semara Estates Limited Semara Group Limited Semara Investments Limited Semara Nominees Limited Semara Trustees Limited South West Laundry Limited South West Laundry Holdings Limited Stalbridge Linen Services Limited StarCounty Textile Services Limited Whiteriver Laundry Limited Wintex UK Limited Zip Textiles (Services) Limited Johnson Hospitality Services Limited	Bright Clothing Limited Cleanology Limited ELT Uniforms Limited Fresh Waters Linen Services Limited Greaseaters Limited Jeeves of Belgravia Limited Jeeves International Limited Johnson (CCG) Limited Johnson Cleaners UK Limited Johnson Environmental Limited Johnson Finance Limited Johnson Group Cleaners Limited Johnson Group Cleaners Properties Limited Oxford Software Limited Quality Cleaners Limited Semara Limited Stuarts Express Dyers & Cleaners Limited Sub-Co 21 Limited Warrender Aircraft Services Limited Workplace Direct Limited

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
Stuart Neil Warriner	Roneve Limited	PricewaterhouseCoopers LLP The Works Investments Limited High Street Tv Holdings Limited

6.3 At the date of this document none of the Directors have:

6.3.1 any unspent convictions in relation to indictable offences;

6.3.2 been declared bankrupt or entered into an individual voluntary arrangement;

6.3.3 been a director of any company at the time of or within twelve months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;

6.3.4 been a partner in a partnership at the time of, or within twelve months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of any such partnership;

6.3.5 been subject to the receivership of any of asset of such director or has been a partner of a partnership at the time of or within the twelve months preceding any asset of the partnership being the subject of a receivership; or

6.3.6 been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.4 There are no outstanding loans granted or guarantees provided by the Company to, or for the benefit of, any of the Directors.

6.5 Save as otherwise disclosed in this document, no Director has had any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.

6.6 None of the Directors and no member of their respective families (as defined in the glossary to the AIM Rules) is interested in any related financial product referenced to the Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Shares, including a contract for difference or a fixed odds bet).

6.7 Christopher Lee and Claire Thomson have each given an undertaking not to dispose of any of the Shares held by them immediately following Admission, save in certain specified circumstances, prior to publication of the Company's audited financial statements for the period ending on 31 December 2020 and, for a further 6 month period, only to dispose, and that they will procure that their connected persons will only dispose, of Shares through Berenberg or the Company's broker at the relevant time, in accordance with orderly market principles. Further details of these undertakings are set out in paragraph 15.3 of this Part VII.

7 DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

7.1 Details of the titles and dates of appointment of the Directors are set out below:

Name	*Title/function*	*Date of appointment*
Richard Law	Non-executive Chairman	28 November 2019
Christopher Lee	Chief Executive Officer	17 October 2019
Claire Thomson	Chief Financial Officer	17 October 2019
Yvonne Monaghan	Independent Non-executive Director	28 November 2019
Stuart Warriner	Independent Non-executive Director	28 November 2019

7.2 Set out below are details of the terms and conditions governing the engagement by the Company of the Executive Directors:

7.2.1 On 28 November 2019, the Company entered into a service agreement with each of Christopher Lee, as Chief Executive Officer, and Claire Thomson, as Chief Financial Officer. These service agreements are in substantially the same form. The Executive Directors are employed on a permanent and full-time basis, and will receive the following annual salaries:

(i) Christopher Lee – £270,000; and

(ii) Claire Thomson – £200,000.

7.2.2 Each of the Executive Directors is also entitled to the following benefits: 28 days holiday (in addition to the usual bank holidays); up to 13 weeks company sick pay in any 12 month period; enrolment into an appropriate pension scheme; medical expenses cover and life insurance cover. Christopher Lee (only) also receives permanent health insurance. Each of the service agreements is terminable on 12 months' written notice from either party; the Company has the right to pay the Executive Director in lieu of notice. The service agreements also contains garden leave and confidentiality provisions. The Company has the right to dismiss each Executive Director without notice in certain circumstances, including a serious breach of the service agreement (which may be non-compliance with the AIM Rules for Companies or other regulation applicable to the Company), gross misconduct or disqualification from office. Each of the Executive Directors is subject to a suite of post-termination restrictive covenants, the duration of which are 12 months from the termination date (reduced by any periods of garden leave), including: non-compete; non-solicitation of customers or employees; non-dealing with customers or prospective customers; non-poaching; non-interference with suppliers or prospective suppliers.

7.2.3 Each of the Executive Directors is eligible to participate in an annual cash bonus plan. Annual bonuses will be primarily linked to the Company's annual financial performance. The maximum opportunity is determined at the discretion of the Board, however is proposed to be 100 per cent. of salary.

7.2.4 The service agreements have been entered into conditional upon Admission.

7.3 Each Non-executive Director has entered into a letter of appointment with the Company pursuant to which he or she was appointed as a Non-executive Director on 28 November 2019. The letters of appointment provide for payment of annual fees for each Non-executive Director as follows:

7.3.1 Richard Law – £100,000;

7.3.2 Yvonne Monaghan – £45,000; and

7.3.3 Stuart Warriner – £45,000.

7.4 The fees payable to the Non-executive Directors cover all of their duties, including any service on Board committees. The letters of appointment are terminable on three months' written notice by either party or by the Company with immediate effect in certain circumstances.

8 SIGNIFICANT SHAREHOLDERS

8.1 Other than the holdings of the Directors, which are set out in paragraph 6.1 above, the Directors are aware of the following persons who, as at 29 November 2019 (being the most recent practicable date prior to the publication of this document), were interested, directly or indirectly, in 3 per cent. or more of the Company's share capital or voting rights:

	Current		*Following Admission and the Placing**	
	Number and class of shares	*Percentage of issued ordinary share capital*	*Number of Shares*	*Percentage of Enlarged Share Capital*
Elysian Capital II LP	63,417,276 A ordinary shares	72.26%	21,758,486	12.99
	12,257,240 A preference shares	–		
Elysian Capital Executive Management LP	4,372,416 A ordinary shares	4.98%	1,500,178	0.90
	845,098 A preference shares	–	–	–
David Landes	380,907 B ordinary shares	0.43%	2,853,272	1.70
	2,782,062 C2 ordinary shares	3.17%		
	71,192 B preference shares	–	–	–
Beechbrook Private Debt III GP LP	3,153,006 A ordinary shares	3.59%	–	–
	609,411 A preference shares	–	–	–
Liontrust Asset Management plc	–	–	27,000,000	16.12
BlackRock Advisors (UK) Limited	–	–	21,500,000	12.84
Merian Global Investors	–	–	9,000,000	5.37
Capital International, UK	–	–	8,750,000	5.23
M&G Investment Management Limited	–	–	8,500,000	5.08
Fidelity Worldwide Investment (FIL)	–	–	7,000,000	4.18
Soros Fund Management, L.L.C.	–	–	6,500,000	3.88
Lombard Odier Asset Management, London	–	–	5,100,000	3.05
Legal & General Investment Management	–	–	5,100,000	3.05

*Note: The shareholdings referred to assume that all the New Shares are issued and all the Sale Shares are sold, at Admission. Any preference shares held will be redeemed, as set out in paragraph 3.6 of this Part VII

8.2 The Directors are not aware of any person (other than any Director, as referred to in paragraph 6.1 above) who is at the date of this document interested, directly or indirectly, in the Company's share capital or voting rights and who will on Admission be interested, directly or indirectly, in 3 per cent. or more of the Company share capital of voting rights.

8.3 As at 29 November 2019 (being the latest practicable date prior to publication of this document) save as disclosed in this paragraph 8, the Company is not aware of any person or persons who, directly or indirectly, controls the Company.

8.4 The Company is not aware of any person or persons who on Admission will, directly or indirectly, control the Company.

8.5 Neither the Directors nor any substantial shareholders have different voting rights to other holders of the share capital of the Company.

9 EMPLOYEE SHARE PLANS

9.1 *Overview of the Employee Share Plans*

Following Admission, the Company intends to operate a discretionary share plan: The Pebble Group plc Long Term Incentive Plan (the "**LTIP**").

The Company also intends to operate an all-employee share plan: The Pebble Group plc Sharesave Plan (the "**Sharesave Plan**").

The LTIP and Sharesave Plan are, together, the "**Employee Share Plans**".

A reference in this section to the Board includes any designated committee of the Board. Information on the principal features of the Employee Share Plans are summarised below.

9.2 *The LTIP*

The LTIP was adopted by the Board on 28 November 2019, conditional on Admission.

Status

The LTIP is a discretionary share plan. Under the LTIP, the Board, the trustee of an employee benefit trust established by a Group company or a duly authorised person (the "**Grantor**") may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) nil-cost options over Shares ("**LTIP Options**"), (ii) conditional awards (i.e. a conditional right to acquire Shares) ("**LTIP Conditional Awards**") and/or (iii) Shares which are subject to restrictions and the risk of forfeiture ("**LTIP Restricted Shares**"), (together, "**LTIP Awards**"). No payment is required for the grant of an LTIP Award (unless the Board determines otherwise).

Eligibility

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Grantor, provided that (unless the Board determines otherwise) they have not given or received notice of termination.

Initial LTIP Awards

It is anticipated that the first grant of LTIP Awards (the "**Initial LTIP Awards**") will be made in the first quarter of 2020 to the Executive Directors and further key employees of the Group. The Initial LTIP Awards to each Executive Director will be over Shares with a market value of 100 per cent. of base salary.

The performance conditions for the Initial LTIP Awards to be granted to Executive Directors will be as follows:

- 70 per cent. of the Initial LTIP Awards will vest subject to a cumulative adjusted EPS target over the 3 year performance period; and

- 30 per cent. of the Initial LTIP Awards will vest subject to an absolute TSR performance target over the 3 year performance period.

Grant of LTIP Awards

LTIP Awards may be granted at any time except when prevented by any applicable dealing restrictions.

No LTIP Awards may be granted more than 10 years from the date when the LTIP was adopted.

Performance and other conditions

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the performance measurement period for such conditions will ordinarily be three years.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Grantor considers it appropriate, provided the Grantor considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver).

The Board may also impose other conditions on the vesting of LTIP awards.

Vesting

LTIP Awards will normally vest on the third anniversary of the date of grant to the extent that any applicable performance conditions have been satisfied and to the extent permitted following any operation of malus or clawback. LTIP Options which have vested will normally remain exercisable following vesting for the period set by the Grantor not exceeding 10 years from grant.

The Grantor retains discretion to adjust the level of vesting upwards or downwards if in its opinion the level of vesting resulting from the application of applicable performance conditions is not a fair and accurate reflection of business performance.

Holding period post vesting

At its discretion, the Grantor may grant LTIP Awards subject to a holding period following vesting.

In the event of cessation of employment (except where cessation is by reason of death), the participant will normally remain subject to any post-vesting holding requirements.

In the event of a takeover, compulsory acquisition of Shares, scheme of arrangement or winding-up of the Company, the LTIP Awards will be released from the holding period.

Malus

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Shares subject to a participant's LTIP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the historical audited accounts of the Group or any Group company;
- the assessment of any performance target or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the number of Shares subject to an LTIP Award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct;
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him; or
- any Group company or business becomes insolvent or otherwise suffers a corporate failure so that the value of Shares is materially reduced provided that the Board determines following an appropriate review of accountability that the participant should be held responsible (in whole or in part) for that insolvency or corporate failure.

Clawback

The Board may apply clawback to all or part of a participant's LTIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an LTIP Award. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards.

Cessation of employment

Except in certain circumstances set out below, an LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases by reason of death, injury, ill health, disability, redundancy, retirement or employment transfer or other reason at the discretion of the Board (a "**Good Leaver Reason**"), his LTIP Award will ordinarily vest on the date when it would have vested if he had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for a Good Leaver Reason, the Board can alternatively decide that his LTIP Award will vest early when he leaves. This treatment will normally be applied if a participant dies, unless the Board determines otherwise. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options vest for a Good Leaver Reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines). To the extent that LTIP Options vest following death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).

Corporate events

In the event of a takeover, compulsory acquisition of Shares, scheme of arrangement, or winding-up of the Company, LTIP Awards will vest early. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event (or in the case of a takeover, such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that LTIP Options vest in the event of a compulsory acquisition of Shares, they may be exercised during the period beginning with the date on which a notice is served under section 979 of the Companies Act 2006 and ending seven clear days before entitlement to serve such notice ceases.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards shall vest, to the extent determined by the Board taking into account the same factors as set out above. LTIP Options that vest in these circumstances may be exercised during such period as the Board determines.

The Board may, in its discretion, allow LTIP Awards to vest prior to and conditional upon the occurrence of any of the events set out above and an LTIP Option will then lapse on the occurrence of the event if not exercised prior to the event.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards will not vest but that the unvested portion of the LTIP Awards will be replaced by equivalent new awards over shares in the new acquiring company.

Dividend equivalents

In respect of any award granted under the LTIP, the Board may decide that participants will receive a payment (in cash and/or additional Shares) equal in value to any dividends that would have been paid on the Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

Alternative settlement

At its discretion, the Board may decide to satisfy awards granted under the LTIP with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.

9.3 ***Sharesave Plan***

The Sharesave Plan was adopted by the Board on 28 November 2019, conditional on Admission.

Status

The Sharesave Plan is an all-employee savings related share option plan which has been designed to meet the requirements of Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 so that Shares can be acquired by UK employees in a tax-efficient manner.

Eligibility

Each time that the Board decides to operate the Sharesave Plan, all UK resident tax-paying employees of the Company and its subsidiaries participating in the Sharesave Plan must be offered the opportunity to participate. Other employees may be permitted to participate. Employees invited to participate must have completed a minimum qualifying period of employment (which may be up to five years) before they can participate, as determined by the Board in relation to any award of an option under the Sharesave Plan.

Savings contract and grant of option

In order to participate in the Sharesave Plan, an employee must enter into a linked savings contract with a bank or building society to make contributions from salary on a monthly basis over a three or five year period. A participant who enters into a savings agreement is granted an option to acquire Shares under the Sharesave Plan ("**Sharesave Option**").

The number of Shares over which a Sharesave Option may be granted is limited to the number of Shares that may be acquired at the Sharesave Option exercise price out of the proceeds of the linked savings contract. The exercise price per Share shall be the amount determined by the Board which shall not be materially less than 80 per cent. (or such other percentage as is permitted by the applicable legislation) of the market value of a Share on the date specified by the Board.

Contributions may be made between £5 a month and the maximum permitted under the applicable legislation (currently £500 a month) or up to such lesser sum as the Board may determine. At the end of the three or five year savings contract, employees may either withdraw their savings on a tax free basis or utilise such sum and any bonus or interest due under the savings contract to acquire Shares under the Sharesave Option granted to the participant.

Invitations may be issued at any time except when prevented by any applicable dealing restrictions.

However, no Sharesave Options may be granted more than 10 years from the date when the Sharesave Plan was adopted.

Exercise of Sharesave Options

Sharesave Options may generally only be exercised for a period of six months following the maturity of the related savings contract. If not exercised by the end of this period, the relevant Sharesave Options will lapse.

Sharesave Options may be exercised earlier with the proceeds of savings made under the linked savings contract and any interest due in certain specified circumstances including cessation of employment due to injury, disability, retirement, redundancy, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employee's employer ceases to be an associated company or on death.

Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, Sharesave Options may normally be exercised early with the proceeds of savings made under the linked savings contract and any interest due.

If there is a corporate event resulting in a new person or company acquiring control of the Company, Sharesave Options may in certain circumstances be replaced by equivalent new options over shares in the acquiring company.

9.4 ***Provisions applying to each of the Employee Share Plans***

Awards not transferable

Awards granted under the Employee Share Plans are not transferable other than to a participant's personal representatives in the event of death, provided that LTIP Awards may be held by the trustees of an employee benefit trust as nominee for the participants.

Limits

The Employee Share Plans may operate over newly issued Shares, treasury Shares or Shares purchased in the market. The rules of each of the Employee Share Plans provide that, in any period of 10 calendar years, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employees' share scheme operated by the Company. Shares issued out of treasury under the relevant Employee Share Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. Shares which have been purchased in the market by trustees of an employee benefit trust to satisfy awards will not count towards these limits. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to awards granted under each of the Employee Share Plans, including the number of Shares subject to awards and the option exercise price (if any), as it considers to be fair and reasonable.

Rights attaching to Shares

Except in relation to the award of Shares subject to restrictions, Shares issued and/or transferred under the Employee Share Plans will not confer any rights on any participant until the relevant award has vested or the relevant option has been exercised and the participant in question has received the underlying Shares. Any Shares allotted when an option is exercised or an award vests will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Shares subject to restrictions shall have the same rights as a holder of Shares in issue at the time that the participant acquires the Shares, save to the extent set out in the agreement with the participant relating to those Shares.

Amendments

The Board may, at any time, amend the provisions of the Employee Share Plans in any respect. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

Overseas plans

The Board may, at any time, establish further plans based on the Employee Share Plans for overseas territories. Any such plan shall be similar to the relevant Employee Share Plan, but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

Benefits not pensionable

The benefits received under the Employee Share Plans are not pensionable.

Employee benefit trust

The Company may in due course establish an employee benefit trust (an "**EBT**"). The Company would have the power to appoint and remove the trustee of the EBT.

The EBT would be used to benefit employees and former employees of the Company and its subsidiaries and certain members of their families. The trustee of the EBT would have the power to acquire Shares. Any Shares acquired may be used for the purposes of the Employee Share Plans or other employee share plans established by the Group from time to time. The Group would be able to fund the EBT by loan or gift to acquire Shares either by market purchase or by subscription. Any awards to subscribe for Shares granted by the EBT or Ordinary Shares issued to the EBT would be treated as counting against the dilution limits that apply to the relevant plan save to the extent set out in the limits in this section above.

The EBT would not make an acquisition of Shares if that acquisition would mean that (after deducting any Shares held as nominee for beneficiaries under the EBT) it held more than five per cent. of the Company's ordinary share capital, without prior shareholder approval.

10 EMPLOYEES

Details of Group employees are set out in Note 6 of Section B of Part III of this document.

11 RELATED PARTY TRANSACTIONS

Details of related party transactions (being those transactions set out in the Standards adopted in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council) entered into by the Company or any of its subsidiaries during the three years ended 31 December 2018 are referred to in Note 24 in Section B of Part III, and Note 19 in Section B of Part IV, of the document.

In respect of the period from 1 January 2019 until the date of this document:

11.1 Total interest payable on the loan notes held by Elysian Capital II LP and Elysian Capital Executive Management LP is £814,598 and the total outstanding balance at the end of that period is £814,598;

11.2 Dividends accrued on the preference shares held by Elysian Capital II LP and Elysian Capital Executive Management LP amount to £1,400,639 and the total outstanding balance accrued at the end of that period is £1,400,639;

11.3 Total interest payable on the loan notes held by Group management is £43,785 and the total outstanding balance at the end of that period is £43,785;

11.4 Dividends accrued on the preference shares held by Group management amount to £64,078 and the total outstanding balance at the end of the period is £64,078;

11.5 Total interest payable on the loan notes held by Beechbrook is £42,782 and the total outstanding balance at the end of that period is £42,782;

11.6 Dividends accrued on the preference shares held by Beechbrook amount to £65,146 and the total outstanding balance at the end of that period is £65,146;

11.7 Management charges of £49,000 have been accrued by Elysian Capital LLP; and

11.8 Remuneration paid to key management (being the board of directors of The Pebble Group (Holdings) Limited comprises £323,923 (in respect of salaries, including bonuses and social security costs) and £25,535 (in respect of pension contributions).

12 WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry taking into account the net proceeds of the Placing and the bank facilities available to the Group, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least the twelve months from the date of Admission.

13 PREMISES

The following premises are owned or occupied by the Group:

Company	*Address*
The Pebble Group plc, The Pebble Group Holdings Limited, Project Amber Bidco Limited, H.I.G Milan UK Topco Limited, H.I.G Milan UK Midco Limited, H.I.G Milan UK Bidco Limited and Brand Addition Limited	Broadway House, Trafford Wharf Road, Trafford Park, Manchester, M17 1DD
The Pebble Group Canada Bidco Limited,	30-5300 Canotek Road, Ottawa, ON, K1J 1A4
Weber Facilis Holdings Inc,	30-5300 Canotek Road, Ottawa, ON, K1J 1A4
Rochette Facilis Holdings Inc,	30-5300 Canotek Road, Ottawa, ON, K1J 1A4
Facilisgroup Canada Inc,	30-5300 Canotek Road, Ottawa, ON, K1J 1A4
The Pebble Group US Bidco Inc	707 North 2nd Street STE 600, Saint Louis, Missouri 63102
Facilisgroup LLC	1000 Clark Ave, 4th Floor, St. Louis, Missouri, 63102
Gateway CDI Inc	707 North 2nd Street STE 600, Saint Louis, Missouri 63102
H.I.G Milan German Bidco GmbH and Brand Addition GmbH	Heydastrasse 13 to 15, 58093 Hagen, Germany
Brand Addition Ireland Limited	Unit G2, Calmont Business Park, Ballymont, D12 WF50, Dublin 12, Ireland
Brand Addition Shanghai Limited	Room 302 Qian Li Center (Building T6), Baolong Plaza No 6, 311 Xinlong Road, Qibao Town, Minhang District, Shanghai, 201101
Brand Addition Reklam Urunleri Dagitim ve Ticaret Limited Sirketi	Maslak Mah. Eski Büyükdere Cad. No:9/78 İz Plaza Giz Giriş Kat Sarıyer/İstanbul
Brand Addition Asia Limited	Unit 1605, 16/F, Tower 3, Enterprise Square, No. 9 Sheung Yuet Road, Kowloon, Hong Kong

14 LEGAL AND ARBITRATION PROCEEDINGS

The Company is not, and has not during the period of 12 months immediately preceding the date of this document been, engaged in any governmental, legal or arbitration proceedings which may have or may have had in the recent past a significant effect on the Group's financial position or profitability and, so far as the Company is aware, there are no such proceedings pending or threatened.

15 MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this document and are or may be material or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

15.1 *Nominated Adviser Agreement*

The Company, the Directors and Grant Thornton have entered into a nominated adviser agreement dated 2 December 2019 ("**Nominated Adviser Agreement**"), on customary terms, pursuant to which, and conditional upon Admission, the Company has appointed Grant Thornton to act as its nominated adviser for the purposes of the AIM Rules for Companies. The Company has agreed to pay to Grant Thornton an annual fee for its services as nominated adviser. The Nominated Adviser Agreement contains certain indemnities given by the Company to Grant Thornton.

15.2 *Broker Agreement*

The Company and Berenberg have entered into a broker agreement dated 2 December 2019 ("**Broker Agreement**"), on customary terms, pursuant to which, and conditional upon Admission, the Company has appointed Berenberg to act as its broker for the purposes of the AIM Rules for Companies. The Broker Agreement contains certain indemnities given by the Company to Berenberg.

15.3 *Placing Agreement*

Pursuant to the Placing Agreement, Berenberg has agreed, as agent for the Company, to use its reasonable endeavours to procure Placees to subscribe for the New Shares and, as agent for each of the Principal Selling Shareholders, to use its reasonable endeavours to procure Placees for the Sale Shares, in each case at the Placing Price. The Placing Agreement is conditional on, *inter alia,* Admission occurring by 8.00 a.m. on 5 December 2019 or by such later date as is agreed between the Company, Grant Thornton and Berenberg, being not later than 8.00 a.m. on 31 December 2019.

The Placing Agreement contains certain customary warranties from the Company and the Directors, in favour of Berenberg and Grant Thornton, as to the accuracy of the information in this document and certain other matters concerning the Company and the Directors, warranties from the Principal Selling Shareholders as regards title to the Sale Shares and an indemnity from the Company to Berenberg and Grant Thornton and their affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the Placing and Admission.

The Company and the Principal Selling Shareholders have each agreed to pay Berenberg a base commission of two per cent. of the aggregate value of the Placing Shares subscribed for or purchased at the Placing Price, two further incentive fees, each of up to one per cent. of such aggregate value to be awarded by reference to a range of factors specified in the Placing Agreement ("**Commissions"**), together with certain costs and expenses of the Placing and Admission, and any applicable VAT.

Pursuant to the Placing Agreement each of Christopher Lee and Claire Thomson has undertaken that (i) except with the prior written consent of Berenberg, Grant Thornton and the Company, neither he/she, nor any of his / her connected persons (as defined for the purposes of the Placing Agreement), will (other than pursuant to the Placing and subject to certain customary exceptions), dispose of any interest in Shares held or beneficially owned at Admission prior to the date of publication of the audited financial statements of the Company for the period ending 31 December 2020 ("**End Date**") and (ii) any such disposal during the following six months will be made through Berenberg (so long as it remains a broker to the Company) with a view to maintaining an orderly market in the Shares.

Pursuant to the Placing Agreement Elysian has undertaken that (i) except with the prior written consent of Berenberg, Grant Thornton and the Company, it will not (other than pursuant to the Placing and subject to certain customary exceptions), dispose of any interest in Shares held or beneficially owned at Admission for a period of six months following Admission and (ii) any such disposal during the following six months will be made through Berenberg (so long as it remains a broker to the Company) with a view to maintaining an orderly market in the Shares.

Grant Thornton and Berenberg each have the right to terminate the Placing Agreement prior to Admission in certain circumstances, including, *inter alia,* any breach by the Company, and / or any Director, of any of their respective obligations or warranties in the Placing Agreement or in certain force majeure situations. If the Placing Agreement is terminated, the Placing will not proceed and no New Shares will be issued and no Sale Shares will be sold under the Placing. The Placing Agreement is governed by English law and is subject to the exclusive jurisdiction of the English Courts.

15.4 ***Selling Shareholder Agreement***

Pursuant to the Selling Shareholder Agreement, Berenberg has agreed, as agent for the Company (who, in turn, is acting as agent for the Other Selling Shareholders), to use its reasonable endeavours to procure Placees for the Sale Shares being sold by the Other Selling Shareholders at the Placing Price. The Selling Shareholder Agreement is conditional on, *inter alia*, the Placing Agreement having been entered into and having become and continuing to be enforceable against the parties to that agreement.

The Company (as agent on behalf of the Other Selling Shareholders) has agreed to pay Berenberg the Commissions (together with any applicable VAT) in respect of the aggregate value of the Sale Shares purchased.

The Selling Shareholder Agreement provides that in acting as the Company's agent Berenberg has relied on the warranties and undertakings contained in the Deeds of Election referred to at paragraph 15.4 below.

The Selling Shareholder Agreement shall terminate if prior to Admission certain circumstance arise, including, *inter alia*, the Placing Agreement having terminated in accordance with its terms. The Selling Shareholder Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

The name and business address of each Selling Shareholder together with the number of Shares to be sold by each Selling Shareholder pursuant to the Placing is set out below

Name	*Business Address*	*Relationship to the Company*	*Number of Shares to be sold*
Elysian Capital II LP, acting by its general partner, Elysian Capital GP II LLP	Manfield House 1 Southampton Street London WC2R 0LR	Principal Shareholder	41,658,790
Elysian Capital Executive Management LP, acting by its general partner Elysian Capital GP II LLP	Manfield House 1 Southampton Street London WC2R 0LR	Shareholder	2,872,238
Beechbrook Private Debt III LP, acting by its general partner, Beechbrook Private Debt III GP LP	3 Hardman Square Spinningfields Manchester M3 3EB	Shareholder	3,153,006
Christopher Lee	Broadway House Trafford Wharf Road Trafford Park Manchester M17 1DD	Executive Director	2,295,020
Claire Thomson	Broadway House Trafford Wharf Road Trafford Park Manchester M17 1DD	Executive Director	1,103,971
Adelfo Marino	Broadway House Trafford Wharf Road Trafford Park Manchester M17 1DD	Employee	280,878

Name	*Business Address*	*Relationship to the Company*	*Number of Shares to be sold*
David Landes	Broadway House Trafford Wharf Road Trafford Park Manchester M17 1DD	Employee	1,103,637
Rowland Deighton	Broadway House Trafford Wharf Road Trafford Park Manchester M17 1DD	Employee	328,144
Karl Whiteside	Broadway House Trafford Wharf Road Trafford Park Manchester M17 1DD	Employee	328,144
Siobhan Howlett	Broadway House Trafford Wharf Road Trafford Park Manchester M17 1DD	Former employee	425,926

15.5 ***Deeds of Election***

Each of the Other Selling Shareholders has entered into a Deed of Election in favour of the Company and Berenberg, pursuant to which each Other Selling Shareholder has irrevocably appointed the Company as its agent to, inter alia, procure the sale of the Sale Shares on his or her behalf. Each of the Other Selling Shareholders has also irrevocably appointed the Company as his or her attorney to enter into all documents and take all steps as are necessary to sell the Sale Shares.

Each of the Other Selling Shareholders has agreed to pay Berenberg the Commissions (together with any applicable VAT) in respect of the aggregate value of the Sale Shares sold on his or her behalf at the Placing Price.

The Deeds of Election contain customary warranties from each of the Other Selling Shareholders as regards title to the Sale Shares and customary undertakings regarding the sale of the Sale Shares.

Pursuant to the Deeds of Election each of the Other Selling Shareholders has undertaken that (i) except with the prior written consent of Berenberg and the Company, neither he/she, nor any of his/her connected persons (as defined for the purposes of the Placing Agreement), will (subject to certain customary exceptions) dispose of any interest in Shares held or beneficially owned at Admission (if any) prior to the End Date (as defined in paragraph 15.3 above) and (ii) any such disposal during the following 6 months will be made through Berenberg (so long as it remains a broker to the Company) with a view to maintaining an orderly market in the Shares.

The Deeds of Election are governed by English law and are subject to the exclusive jurisdiction of the English Courts.

15.6 ***Deed of Termination***

The Company entered into a deed of termination on 29 November 2019, conditional upon Admission, to terminate an investment agreement in relation to the Group, entered into on 8 May 2017 between (1) Project Amber Topco Limited (now named The Pebble Group (Holdings) Limited) (2) Project Amber Bidco Limited (3) Christopher Lee and others (4) Elysian (5) Elysian Capital LLP (6) Beechbrook Private Debt III S.A.R.L and the Charles W. Fandos Revocable Trust U/T/A/ dated 30 May 1997, as amended and restated (to incorporate the Company as a party) on 5 November 2019.

15.7 ***Facility Agreement***

HSBC UK Bank plc ("**HSBC**") as lender has made available a revolving credit facility of £10,000,000 (the "**RCF Facility**") to the Company pursuant to a revolving credit facility agreement dated 28 November 2019 (the "**RCF Agreement**").

Pursuant to the terms of the RCF Agreement, each Borrower (as defined therein) can drawdown individual loans to be used towards the general corporate and working capital purposes of the Group. The RCF Agreement term ends on 28 November 2023 (the last date of term being the "**Termination Date**"). The RCF Facility shall be available, subject to the terms and conditions of the RCF Agreement from the date of Admission until the date falling one month prior to the Termination Date. The RCF Facility is available to be utilised in any number of ancillary facilities available to each Borrower (as defined therein).

Interest is payable on the amounts drawn at a rate ranging from 1.9 to 2.5 per cent. above the London Interbank Offered Rate (with the margin linked to the leverage test). In addition, a commitment fee is payable at the rate of 40 per cent. of the applicable margin per annum of any undrawn commitment and an arrangement fee of £100,000 is payable pursuant to the RCF Agreement.

RCF Agreement contains representations and warranties which are usual for an agreement of this nature, together with a leverage and an interest cover financial covenant.

Each Material Company (as defined therein) of the Group (being the companies situated in England, the United States of America and Germany) ("**Acceding Obligors**") will accede to the RCF Agreement as soon as possible following Admission. The Company has entered into a guarantee and security in favour of HSBC, which shall remain in respect of all liabilities arising under the RCF Agreement. The Acceding Obligors will provide equivalent guarantees and security upon accession to the RCF Agreement.

15.8 ***2019 Reorganisation***

The Company and other members of the Group have entered into a series of agreements and arrangements with the persons who are currently Shareholders to effect the Reorganisation. To the extent specified in paragraph 3.2 of this Part VII, the Reorganisation is conditional upon Admission. Details of the changes to share capital undertaken as part of the Reorganisation are set out in paragraph 3 of this Part VII. The principal terms of the agreements entered into as part of the Reorganisation are as follows:

15.8.1 On 5 November 2019, the Company entered into a share exchange agreement (the "**Exchange Agreement**") with the then shareholders of The Pebble Group (Holdings) Limited. Pursuant to the Exchange Agreement, the Company acquired all of the issued share capital of The Pebble Group (Holdings) Limited in consideration of the issue of the Consideration Shares to the current shareholders of the Company.

15.8.2 On 27 November 2019, The Pebble Group (Holdings) Limited entered into a loan note exchange agreement, with Christopher Lee, Claire Thomson, David Landes and Siobhan Howlett ("**Noteholders**"), pursuant to which it acquired (a) B loan notes issued to each of the Noteholders pursuant to a loan note instrument entered into by Project Amber Bidco Limited on 8 May 2017 and (2) C loan notes issued to each of the Noteholders pursuant to a loan note instrument entered into by Project Amber Bidco Limited on 8 May 2017.

In exchange, The Pebble Group (Holdings) Limited issued (a) B loan notes pursuant to a B loan note instrument entered into by The Pebble Group (Holdings) Limited on 27 November 2019 constituting £144,065 10 per cent. unsecured series B loan notes 2024 (the "**TPG B Loan Notes**") and (b) C loan notes pursuant to a C loan note instrument entered into by The Pebble Group (Holdings) Limited on 27 November 2019 constituting £128,409 4 per cent. unsecured series C loan notes 2024 (the "**TPG C Loan Notes**").

15.8.3 On 27 2019, the Company entered into a loan note exchange agreement with the Noteholders, pursuant to which it acquired the TPG B Loan Notes and the TPG C Loan Notes from the Noteholders.

In exchange, the Company issued (a) an aggregate of £144,065 B loan notes pursuant to a B loan note instrument entered into by the Company on 27 November 2019 constituting £144,065 10 per cent. unsecured series B loan notes 2024 and (b) an aggregate of £128,409 C loan notes pursuant to a C loan note instrument entered into by the Company on 27 November 2019 constituting £128,409 4 per cent. unsecured series C loan notes 2024.

15.9 ***Acquisition of Facilisgroup***

On 4 December 2018, Facilisgroup was acquired by Pebble for an initial consideration of $15,000,000 paid on completion with two earnout payments in December 2019 and December 2020. The initial consideration was paid in the following proportions:

- the aggregate sum of $14,250,000 to Martin Webber, the Martin Weber 22015 Family Trust, CWF Holdings LLC (controlled by Charles William Fandos), Dan Rochette, the Dan Rochette 2015 Family Trust and the Dan Rochelle Family Trust for equity securities in Facilisgroup Canada; and
- the payment of $750,000 to CWF Holdings Limited (controlled by Charles William Fandos) and DMR Consulting Services Corp, for equity securities in Facilisgroup US,

On 28 November 2019, it was agreed, conditional upon Admission occurring no later than 31 December 2019, that the earnouts would be satisfied by a single payment of $17,700,000 (to be paid immediately following Admission out of the proceeds of the Placing) pursuant to a settlement agreement between (1) Brand Addition (2) The Pebble Group US Bidco Inc. (3) Facilisgroup LLC and (4) Charles W Fandos dated 28 November 2019 (the "**Settlement Agreement**"). The Settlement Agreement provides that "thank you" payments totalling $1,500,000 will be retained from such payment for staff and employees of Facilisgroup. As a result, total consideration payable for Facilisgroup will, subject to Admission, be $32,700,000.

Further details of the agreements are set out below.

The equity securities of Facilisgroup LLP ("**Facilis US**") were acquired by The Pebble Group US Bidco Inc from (1) CWF Holdings LLC (2) Weber Marketing and Communications Inc and (3) DMR Consulting Services Inc (together the "**US Sellers**"), pursuant to a partnership interest purchase agreement.

The equity securities of Facilisgroup Canada Inc ("**Facilis Canada**") were acquired by The Pebble Group Canada Bidco Limited from (1) CWF Holdings LLC (2) The Dan Rochette 2015 Family Trust (3) The D Rochette Family Trust (4) Dan Rochette (5) Martin Weber Family Trust (6) The Martin Weber 2015 Family Trust and (7) Martin Weber (the "**Canadian Sellers**"), pursuant to a stock purchase agreement.

Customary warranties and indemnities were given in respect of the Facilis US/Facilis Canada. Some fundamental warranties and representations (non-contravention, tax matters and some employment matters) remain in force until the expiration of their limitation period as set out in each applicable statute of limitations for each applicable jurisdiction. All other representations and warranties in the agreement cease to be effective 15 months following completion.

The US Sellers/Canadian Sellers will not be liable for a claim, in each case, unless it exceeds $300,000. The aggregate amount that the US Sellers/Canadian Sellers are liable for in respect of all indemnifiable losses, in each case, is $5,000,000.

The restrictive covenants imposed on the Canadian Sellers/US Sellers cease to be effective on 4 December 2023, and include customary non-solicitation and non-compete restrictions. Brand Addition Limited has a continuing obligation, until all earnout payments have been settled, to:

(a) deliver to the Canadian Sellers the annual audited financial statements, the unaudited statements and the internally prepared unaudited statements of Facilis Canada/Facilis US, in each case;

(b) seek to replace a personal guarantee or indemnity which a Canadian Seller (or their spouse) has given on behalf of Facilis Canada/Facilis US, in each case, or if unable to do so, will hold the Canadian Seller/US Seller (or their spouse) harmless or indemnified in respect of such a personal guarantee given; and

(c) that until 4 December 2020, the employees of Facilis Canada/Facilis US will be provided with certain benefits.

15.10 ***Acquisition of H.I.G. Milan UK Topco Limited***

On 8 May 2017, the entire issued share capital of H.I.G. Milan UK Topco Limited was acquired by Project Amber Bidco Limited pursuant to an agreement made between (1) H.I.G. Brand Addition SARL (2) Andrew Nash (3) Thibaud Caulier (4) Beechbrook Mezzanine I SARL and (5) Christopher Lee and others. The cash consideration was £11,841,556.78 paid (at completion) and the enterprise value attributed to H.I.G. Milan UK Topco Limited for the purposes of the transaction was £49,500,000.

Customary warranties and indemnities were given under such agreement, although the ability to bring a claim for a breach of the general warranties expired on 8 May 2019. Project Amber Bidco Limited is still able to bring a claim for the breach of any tax warranties and such would be subject to the following limitations:

(a) a claim may only be brought within seven years of completion of such acquisition;

(b) a claim cannot be considered such unless the amount thereof exceeds £20,000 (including when the value of similar claims are aggregated); and

(c) in order for Project Amber Bidco Limited to bring a relevant claim, the amount must exceed £200,000.

16. TAXATION

16.1 The following statements are intended only as a general guide as at the date of this document to UK tax legislation and to the current practice of HMRC and do not constitute tax advice. These statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in the UK, who hold their Shares as an investment (other than under an individual savings account) and who are the absolute beneficial owners of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Shares in connection with their office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold five per cent. or more of the Shares, are not addressed. Levels and bases of taxation are subject to change. **Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the UK is strongly recommended to consult his professional advisers immediately.**

16.2 ***Stamp Duty and Stamp Duty Reserve Tax***

Save in relation to non EU depository receipt arrangements or clearance services, where special rules apply, no charge to stamp duty or stamp duty reserve tax ("**SDRT**") should arise on the issue of Placing Shares or on their registration in the names of applicants following a change to the stamp duty and SDRT legislation from 28 April 2014 after the Finance Act 2014 received Royal Assent in July 2014 which introduced the exemption for shares on a recognised growth market.

As a result of the change to the legislation referred to above, a subsequent transfer on the sale of Placing Shares will not be subject to stamp duty or SDRT for so long as the Company is admitted to trading on AIM, that AIM remains a recognised growth market and that the shares in the Company remain admitted to trading on AIM and no other market.

Should the recognised growth market exemption not apply, an agreement to transfer the shares in the Company will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser.

In addition, should the recognised growth market exemption not apply an instrument transferring the shares in the Company will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or consideration given for the transfer (rounded up to the nearest £5). The purchaser normally pays the stamp duty.

An exemption from stamp duty is also available on an instrument transferring the shares in the Company where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

If a duly stamped instrument completing an agreement to transfer the shares in the Company is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is generally repayable, normally with interest, provided that a claim for repayment is made and otherwise the SDRT charge is cancelled.

Special rules apply to market intermediaries, dealers and certain other persons and professional advice should be sought if these rules apply.

16.3 ***Dividends***

The UK taxation implications relevant to the receipt of dividends on the Placing Shares are as follows: There is no UK withholding tax on dividends.

Individual holders of Placing Shares will be taxable on the total of the dividend actually received. For the tax year 2019/20, the first £2,000 of dividend income received by an individual is subject to zero per cent. tax. The rate of tax payable on dividends depends on the individual's other taxable income and is 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers.

A holder of Placing Shares which is a company resident for tax purposes in the UK will have to pay corporation tax in respect of any dividends it receives from another company unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular UK resident company shareholder, although it is expected that the dividends paid would normally be exempt when received by a UK resident company shareholder.

16.4 ***Disposal of shares acquired under the Placing***

A Shareholder who is an individual resident for tax purposes in the UK who sells or otherwise disposes of his Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised. The Shareholder's annual exemption if available (currently £12,000 for individuals) and any capital losses they have may reduce the capital gain subject to capital gains tax. Capital gains tax is charged at a rate of 20 per cent. where income and gains exceed the threshold for higher rate tax, and 10 per cent. if income and gains are below this level.

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Shares. To the extent certain conditions are met, it may be possible for chargeable gains realised on the disposal of shares to be exempt from UK corporation tax as a result of the substantial shareholding exemption. However, this is dependent on the circumstances at the time of the disposal and advice should be sought from your professional advisers.

A Shareholder who is not resident for tax purposes in the UK may not, depending on their circumstances, be liable for UK tax on capital gains realised on the disposal of his Placing Shares unless at the time of the disposal such Shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Shares are to have been used, held or acquired for the purposes of such UK permanent establishment.

16.5 ***Inheritance tax***

The Placing Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees or settlements who hold Placing Shares, bringing them within the charge to inheritance tax. Holders of Placing Shares should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Placing Shares through such a company or trust arrangement, or in a situation where there is potential for a charge both to UK inheritance tax and to a similar tax in another jurisdiction, or if they are in any doubt about their UK inheritance tax position.

A relief from inheritance tax, known as business property relief, may apply to Placing Shares in trading companies once these have been held for two years. Where applicable this relief applies notwithstanding that the Company's shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). Business property relief operates by reducing the value of shares by up to 100 per cent. for inheritance tax purposes.

16.6 Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

16.7 These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Placing Shares are held as an investment and not as an asset of a financial trade and that any dividends paid are not foreign income dividends. If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

17 CONSENTS

17.1 The nominated adviser to the Company is Grant Thornton, which is authorised and regulated in the UK by the FCA. Grant Thornton has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and reference to it in the form and context in which it appears.

17.2 The broker to the Company is Joh. Berenberg Gossler & Co., KG, London Branch which is authorised by the German Federal Financial Supervisory Authority and subject to limited regulation in the UK by the FCA. Berenberg has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.

17.3 BDO LLP has given and not withdrawn its written consent to the inclusion in this document of its reports set out in section A of Part III, section A of Part IV and section A of Part V of this document.

18 OTHER INFORMATION

18.1 Save for the Placing and as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2019, the date to which the interim financial information in Part V of this document has been prepared.

18.2 The auditors for the period covered by the financial information set out in section B of Part III of this document were PricewaterhouseCoopers LLP of No 1 Spinningfields, Hardman Square, Manchester, M3 3EB, which is a member of and regulated by the Institute of Chartered Accountants in England and Wales.

18.3 Save in respect of:

(a) fees paid to DLA Piper LLP in respect of legal services provided to a third party;

(b) fees paid to Gateley LLP in respect of legal services provided to a third party;

(c) the payment of consideration for the acquisition of Facilisgroup, details of which are set out in paragraph 15.9 of Part VII of this document; and

(d) each of the overseas legal advisers, Blakes, Cassels & Graydon LLP (Canada), Sheppard Mullin Richter & Hampton LLP (US), A&L Goodbody (Republic of Ireland), Addleshaw Goddard (Hong

Kong) LLP (HongKong), Addleshaw Goddard (Germany) LLP (Germany), Grandall Law Offices (China), Noerr LLP (Germany),

no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the twelve months preceding the date of this document received, directly or indirectly, from the Company or entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

18.4 The accounting reference date of the Company is 31 December.

18.5 The gross proceeds of the Placing receivable by the Company are expected to be £79,205,651.70. The total costs and expenses in relation to Admission and the Placing (including registration and London Stock Exchange fees, printing, advertising and distribution costs, legal, accounting, corporate finance and public relations fees and expenses) are payable by the Company (but subject to reimbursement by the Selling Shareholders and Chuck Fandos) and (assuming subscription in full of the New Shares) are estimated to amount to approximately £4,656,620, excluding applicable VAT.

18.6 It is expected that definitive share certificates will be despatched by first class post by 19 December 2019. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 5 December 2019. No temporary documents of title will be issued.

18.7 The Company confirms that where information in this document has been sourced from a third party, it has been accurately reproduced and the source of the information has been identified. So far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18.8 Monies received from applicants pursuant to the Placing will be held by Berenberg until such time as the Placing becomes unconditional in all respects. If the Placing does not become unconditional in all respects by 5 December 2019 (or such later date as Berenberg and the Company may agree), monies will be returned to prospective placees as soon as practicable at their own risk and without interest. The period within which the Placing applications may be accepted pursuant to the Placing is set out in the Placing Agreement and in the placing terms and conditions announced via a Regulatory News Service on 2 December 2019.

18.9 The Placing Price of 105 pence represents a premium of 104 pence above the nominal value of one penny per Share. The Placing Price is payable in full on application.

18.10 The Shares are in registered form and will, following Admission, be capable of being held in uncertificated form. Prior to the despatch of share certificates following the Placing, transfers will be certified against the register of members. The Company has applied to Euroclear, the operator of CREST, for the Shares to be admitted to CREST with effect from Admission and Euroclear has agreed to such admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under CREST. CREST is a voluntary system and holders of Shares who wish to retain share certificates will be able to do so.

18.11 No person has made a public takeover bid for the Company's issued share capital since the Company's incorporation and the Company is not aware of the existence of any takeover pursuant to the rules of the Takeover Code.

18.12 Except as set out in this document, there are no arrangements relating to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

18.13 Except as stated in this document, there have been no principal investments made by the Company during the last three financial years. The Company currently has no significant investments in progress and the Company has made no firm commitments concerning future investments.

18.14 Save as disclosed in this document, the Company is not dependent on any patents, licences, industrial or commercial or financial contracts or new manufacturing processes which have a material effect on the Company's business or profitability.

18.15 Save as disclosed in this document, there are no environmental issues that the Directors have determined may affect the Company's utilisation of tangible fixed assets and the Directors have not identified any events that have occurred since the end of the last financial year and which are considered to be likely have a material effect on the Company's prospects for the current financial year.

18.16 Save as disclosed in this document, there have been no significant recent trends in production, sales and inventory and costs and selling prices of the Group since 31 December 2018.

18.17 Save as disclosed in this document, there are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.

18.18 The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act. Statutory accounts in respect of the financial year ended 31 December 2016 have been delivered to the Registrar of Companies by H.I.G. Milan UK Topco Limited. Statutory accounts in respect of the financial period ended 30 December 2017 and in respect of the financial year ended 31 December 2018 have been delivered to the Registrar of Companies by The Pebble Group (Holdings) Limited. Auditor's reports in respect of each such set of statutory accounts have been made under section 495 of the Companies Act and each such report was unqualified (and included no reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report) and did not contain any statement under section 498(2) or 498(3) of the Companies Act.

18.19 There are no arrangements under which future dividends are waived or agreed to be waived.

18.20 Since the date of its incorporation on 27 September 2019, the Company has not carried out any operations, other than through the acquisition of the entire issued share capital of The Pebble Group (Holdings) Limited, and has no material assets (except the entire issued share capital of The Pebble Group (Holdings) Limited) or liabilities, and therefore no financial statements have been prepared as at the date of this document.

19 AVAILABILITY OF THIS DOCUMENT

Copies of this document will be available to the public free of charge from the registered office of the Company at Broadway House, Trafford Wharf Road, Trafford Park, Manchester, M17 1DD, during normal office hours (Saturdays, Sundays and public holidays excepted) for a period of at least one month from the date of Admission. A copy of this document is also available free of charge on the Company's website at thepebblegroup.com

Dated: 2 December 2019

Perivan 256920

The Pebble Group plc

Broadway House, Trafford Wharf Road,
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