

*This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR) as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement, the inside information is now considered to be in the public domain for the purposes of MAR.*

## **Pebble Beach Systems Group plc**

### **Final Results for the year ended 31 December 2022**

Pebble Beach Systems Group plc (AIM: "PEB", "Pebble" or the "Group"), a leading global software business specialising in playout automation, content management and IP Control solutions for the broadcast and streaming service markets, is pleased to announce its final results for the year ended 31 December 2022.

#### **Financial Headlines**

|   | <b>2022</b>   | 2021   |
|---|---------------|--------|
| <b>Revenue</b>                            | <b>£11.2m</b> | £10.6m |
| <b>Gross profit</b>                       | <b>£8.3m</b>  | £8.1m  |
| <b>Gross margin</b>                       | <b>75%</b>    | 77%    |
| <b>Adjusted EBITDA*</b>                   | <b>£3.2m</b>  | £3.3m  |
| <b>Adjusted EBITDA margin</b>             | <b>28%</b>    | 31%    |
| <b>Pre-tax profit for the year</b>        | <b>£1.2m</b>  | £1.5m  |
| <b>Adjusted EPS**</b>                     | <b>1.1p</b>   | 1.4p   |
| <b>Order Intake</b>                       | <b>£11.3m</b> | £13.7m |
| <b>Cash generated from operations</b>     | <b>£2.5m</b>  | £3.8m  |
| <b>Cash conversion of adjusted EBITDA</b> | <b>79%</b>    | 116%   |
| <b>Net Debt***</b>                        | <b>£5.8m</b>  | £5.9m  |

#### **Headlines**

- Delivered results in line with market expectations, with revenue of £11.2 million (FY21: £10.6 million) and adjusted\* EBITDA of £3.2 million (FY21: £3.3 million), despite continued tough economic conditions.
- Strong second half of the year
  - H2 2022 revenue up 7% on H2 2021
  - H2 Revenue of £6.2 million up 22% on H1 Revenue (£5.0 million)
  - H2 EBITDA of £1.9 million being 44% up on H1 (£1.3 million).
- Gross profit continued to increase YoY, with a 2.5% uplift to £8.3m, at a margin of 75% (FY21: 77%)
- Recurring revenue from support contracts up 1% to £4.6 million (FY21: £4.6 million), being 41% of total revenue.
- Orders of £11.3 million (FY21: £13.7 million) were 18% down on FY21 a year that benefited from orders that were delayed from FY20. On a FY21 timings-adjusted order intake (excluding the orders delayed from FY20), orders were down 3% year on year.
- The year closed with a strong order intake, setting up a confident start to FY23 revenue. H2 orders of £6.3 million, 25% up on H1 order intake (H1: £5.0 million).
- Increased investment in our cloud-native solutions to support broadcasters transition to IP-based technology. R&D spend of £1.8 million in the year, 19% up on 2021 (2021: £1.5 million).
- Increased investment in Sales and Marketing activities to support the increasing market opportunities we are seeing.
- The Group continues to reduce bank debt, with a further £1.0 million reduction in gross debt from £7.5 million at the end of FY21 to £6.5 million at the end of FY22. Net debt at year end was £5.8 million (2021: £5.9 million).
- Bank facilities re-negotiated in April 2022 with a term loan facility until 30 September 2024.
- The current financial year has started in line with the Board's expectations.

John Varney, Non-Executive Chairman, commented:

"I am delighted by the performance of the Group over the year. Notwithstanding the undoubted macro-economic headwinds, the Group has continued to deliver against expectations and its portfolio of products remain essential to the broadcast and streaming service markets.

We continue to invest in our technology with a product roadmap very much focused on delivering the IP based cloud

we continue to invest in our technology with a product roadmap very much focussed on delivering the IP based cloud native products that the industry is seeking. Given the strength of our order book as we exited 2022, and how we have traded in the first quarter of the current financial year, we look forward to continuing the progress being made by the Group".

*\* Adjusted EBITDA is defined as operating profit before depreciation, amortisation and impairment of acquired intangibles, amortisation of capitalised development costs, share based payment expense, non-recurring items and exchange gains or losses charged to the income statement.*

*\*\*Adjusted EPS is calculated on the same basis as basic earnings per share except for the adding back of the after-tax effect of the adjustments for amortisation and impairment of acquired intangibles, share based payment expense, non-recurring items and exchange gains and losses.*

*\*\*\* Net debt excludes liabilities in respect of right of use assets recognised under IRFS 16.*

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The Company is quoted on the LSE AIM market (PEB.L). More information can be found at [pebbleplc.com](http://pebbleplc.com).

**About Pebble Beach Systems**

Pebble Beach Systems (trading as Pebble) is a world leader in designing and delivering automation, integrated channel and virtualised playout software solutions, with scalable products designed for applications of all sizes. Founded in 2000, Pebble has commissioned systems in more than 70 countries, with proven installations ranging from single up to over 150 channels in operation, and around 2000 channels currently on air under the control of our automation technology. An innovative, agile company, Pebble is focused on discovering its customers' requirements and pain points, designing solutions which will address these elegantly and efficiently, and delivering and supporting these professionally and in accordance with its users' needs.

*Forward-looking statements*

*Certain statements in this announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast.*

**CHAIRMAN'S STATEMENT**

**INTRODUCTION**

I am pleased to report on a good year for the business despite the ongoing challenging economic climate.

In addition to this disruptive macro environment, the business has also had to contend with the challenge of long hardware lead times caused by the ongoing global shortage of semiconductors where demand continued to exceed supply, affecting supply chains across many industries. Customers also remained cautious around placing orders, particularly during the 1<sup>st</sup> half of the year.

To finish the year in line with market expectations, therefore, is a great achievement and it is encouraging that we are seeing the market begin to open up. At the same time, we have seen a sense of positivity in the business environment during the second half of 2022 following the return of face-to-face trade shows where we have been able to strengthen our longstanding relationships and bonds with our customers and end users.

We are pleased to have seen order intake increase by 25% in H2 FY22 vs. H1 FY22. This has set up FY23 where we

We are pleased to have seen order intake increase by 25.7% in FY22 vs. FY21. This has set up FY23 where we started the year with a strong revenue forecast given the position of the order book. This, together with a large pipeline of opportunities and our high recurring revenues, provides an encouraging outlook as we focus on 2023.

We continue to invest in R&D to provide innovative solutions that support broadcasters as they make the transition to more flexible IP-based technologies.

We increased investment in Oceans, our new digital platform, which has all the benefits of a cloud native environment allowing our customers to establish all IP workflows whilst retaining their ability to utilise investment made in our existing installed solutions. In addition, in 2022 we launched 'Pebble Control Free' as a new product, which provides free of charge entry-level access to Pebble Control; a self-contained, scalable, IP-native connection management solution for the broadcast community. This freemium version encourages users to explore how easy it is to manage and connect IP devices using the resources available via Pebble's new self-service portal. It is available to end users and vendors, filling an important gap in the IP technology stack with the aim of making IP connectivity as simple as SDI.

## FINANCIALS

Revenue in FY22 was up 5.2% at £11.2 million (2021: £10.6 million) including recurring revenue from support contracts up 0.7% to £4.6 million (2021: £4.6 million). I am pleased to report that recurring revenue represents 41% (2021: 43%) of total revenue and provides good visibility of future years' forecasts.

Gross profit was £8.3 million at a margin of 75% (2021: £8.1 million at a margin of 77%).

Adjusted EBITDA was £3.2 million (2021: £3.3 million), representing 28% of revenue (2021: 31%). The decrease in margin is a result of planned investment in headcount and we are expecting this margin to now stabilise.

Conversion of profit to cash remained strong in 2022 with 79% of Adjusted EBITDA converted to cash generated from operations (2021: 116%) allowing our continued investment in new products and services at the same time as continuing to reduce our levels of debt. If we adjust for the non-recurring cash items of £0.3 million, conversion of profit to cash would be 88%.

We continue to view investment in the development of new products and services as key to future growth and continue to innovate by investing in new technologies. In the year, we capitalised £1.8 million of development costs (amortised £1.1 million), (2021: capitalised £1.5 million and amortised £0.9 million). R&D expenditure as a proportion of revenue was 22% (2021: 19%).

Net finance costs increased in 2022 reflecting the Group's pay-down of £1.0 million of its term loan which was more than offset by an increased interest rate of 5.23% (2021: 3.58%). Adjusted profit before tax was £1.4million (FY21: £1.7 million) and adjusted earnings per share was 1.1p (2021: 1.4p)

The profit before tax for the year was £1.2 million (2021: £1.5 million) as a result of a planned increased investment in headcount and non-recurring costs including professional fees incurred in pursuit of a VCT fund raise after the Group received advice that we met the qualifying rules to raise such funding.

Net debt (excluding IFRS 16 leases) at the year-end was reduced by £0.1 million to £5.8 million (2021: £5.9 million), comprising a reduced cash position at year end of £0.7 million (2021: £1.6 million) and our gross debt being reduced by £1.0 million to £6.5 million (2021: £7.5 million).

## TERM LOAN

We continue to enjoy a good relationship with our bank, Santander, who remain very supportive of our strategy to reduce our debt position whilst having the flexibility to invest in developing our new technology solutions. On 13 April 2022, we were delighted to sign a new term loan facility, refinancing the existing £7.15 million revolving credit facility agreement. The new term loan secured an initial £7.15 million facility until 30 September 2024, with revised financial covenants and a repayment schedule consistent with previous years.

## MARKET POSITIONING

Pebble is a leading global software business specialising in playout automation and content management and IP Control solutions for broadcast and streaming services markets.

The main sector within the media tech market that is served by Pebble's software is the playout automation market. Within this sector, the customers that we principally interact with are broadcasters, either directly or through service providers who deliver playout services to those broadcasters, many of whom are global organisations. These customers include companies such as Fox News, CNBC, IMG, Phoenix Television and Globosat Canais. In addition to playout automation, Pebble's other core software technology is the Integrated Channel solution. These solutions have been designed to support broadcasters and service providers to deliver their scheduled content in a reliable and secure way. As downtime is not acceptable in the broadcast industry, playout software is exceptional at flagging any issues, creating backup channels (redundancy) and providing disaster recovery.

One of Pebble's key strengths is an ability to focus on collaboration with customers to determine their requirements and design solutions which address their needs elegantly and efficiently. During the lifecycle of the software solution, we deliver full support services in accordance with customer requirements.

Pebble's existing solutions consist of:

**Automation:** highly scalable enterprise level software solution for broadcasters or service providers with complex workflow requirements built around best-of-breed technology. The software allows flexible deployment either on premises, on virtual machines or in the cloud with exceptional levels of system resiliency.

**Automation Lite:** a simpler software offering optimised to allow control of up to six channels, offering best-of-breed functionality at an entry-level price.

**Integrated Channel:** under the control of our Automation software this solution provides a one-stop-shop for channel playout offering audio, video and graphics functionality. Hosted on powerful servers, the software provides all the functionality of a traditional broadcast chain.

**Virtualised Playout:** a software-only implementation of the Integrated Channel solution, with the ability to host channels in a private data centre or public cloud. Virtualised Playout can launch and decommission channels for short term requirements and host operational infrastructure in a standard data centre environment.

**Playout in a Box:** a compact playout solution, combining a 'best of breed' approach with an affordable price point but without the need for high levels of flexibility. Controlling up to six channels the self-contained Playout in a Box solution is suitable for new market entrants, for testing new channels, or as a backup or disaster recovery system for a smaller channel.

In addition to these core technology solutions, Pebble also provides applications with discrete functionality. The current range includes:

**Pebble Remote:** secure, real-time access to the playout environment via secure web interfaces from anywhere, anytime. It is easy to use with intuitive interfaces and aimed at anyone with a Pebble solution who is seeking to control, monitor and manage channels remotely.

**Pebble Control:** a recent release providing connection management of IP devices suitable for TV stations, OB trucks, production houses or anywhere that uses IP workflows. Control is providing Pebble with the opportunity to enter new markets outside of the automation space.

**Orchestration:** a soon to be released tool for the design and management of complex workflows. The first fully native capability based on Pebble's Oceans technology platform, initially focussed on replacing and significantly enhancing the file management capability provided by Pebble's current Automation software.

#### **MARKET OPPORTUNITY AND PRODUCT DEVELOPMENT ROADMAP**

We are very focused on recognising Pebble's core strengths and technical capability to ensure we continue to enhance our portfolio of software solutions to meet the evolving requirements of our customers.

We believe that Pebble's current range of solutions, together with the progress being made against its product roadmap, will ensure that our technology offering will continue to be meet these priorities.

#### **Multi-platform content delivery**

For Pebble, multi-platform content delivery is its ability to deliver complex workflows to support our customers' linear and on-demand requirements, Video On Demand, OTT and On-demand. We continue to invest in the development of our Orchestration Engine, responding to this type of market demand.

#### **4K/UHD production**

4K and UHD TV global sales have consistently increased since 2014 according to recent industry statistics, and it is our belief that this area is becoming a priority within the broadcast sector. Pebble has UHD installations such as the installation at IMG Studios, a state-of-the-art broadcast production and worldwide distribution facility based near London. Currently, these growing signal complexities are addressed through expensive third-party hardware but in future, Pebble's product development roadmap is focused on an in-house developed cloud-based media processing engine, to remove the dependency on third-party hardware.

#### **IP infrastructure**

IP infrastructure has been an area of focus for Pebble for some time, and we continue to cement our position as the experts in IP. Our customers are typically either transitioning to IP infrastructure from legacy SDI deployments or are implementing IP infrastructures in a new broadcasting facility or greenfield site, and Pebble supports both. Pebble Control is a software solution designed to manage the connectivity of IP devices and is designed with security at its core. In the future, Pebble's Oceans platform will be hosting an automation engine that is IP-native, allowing full, public-cloud deployment.

#### **Remote production**

At the beginning of 2020, coronavirus lockdowns across the world pushed a surge in remote working across many industries globally, the broadcast industry included. Our web-based management and monitoring software, Pebble Remote, gives customers secure, real-time access from anywhere allowing Pebble to successfully deliver against customers' needs as they shifted to geographically dispersed operations.

#### **Cloud Compute**

Pebble is also seeking to better address the Cloud Compute priority. We believe the move to remote working has accelerated the move to the cloud. Over 50 percent of broadcasters have already deployed some form of cloud-based technology with 40 percent stating they are likely to continue adoption according to data from the IABM. At present, Pebble's technology can be utilised through the cloud for storage and hosting capabilities. To further enhance our offering, the Oceans platform is being designed to provide customers with software that is fundamentally cloud-centric.

Having regard to the key trends being seen in the industry, and the undoubted market opportunity before it, the Board remains focussed on delivering against its product development roadmap of:

(i) **Oceans Automation;** an automation only capability to replace the current playout automation offering with a secure cloud-native solution.

(ii) **Media Processing Engine;** to reduce the requirement for hardware to provide video playout capability. By developing a software solution, this will enable Pebble to provide a fully cloud native integrated channel capability.

(iii) **Pebble Control;** by accelerating the ongoing development of its IP control tool, the directors believe that this will provide the opportunity to target the product into any market requiring IP network-based device control.

#### **GOING CONCERN**

The directors are required to assess the Group's ability to continue to trade as a going concern. The details of this review are covered in the extract from the Notes to the Financial Statements below. The Board concluded, from its thorough assessment of the detailed forecasts, that the Group will have sufficient resources to meet its liabilities during the review period through to 31 August 2024 and that it is appropriate that the Group prepare accounts on a going concern basis.

#### **BOARD CHANGES**

As previously announced on 23 August 2022, David Dewhurst resigned as a Director of the Company and left the executive role of Chief Finance Officer. For the foreseeable future the CFO will not be replaced and the finance function, headed up by Paul Inzani our Head of Finance, will report to the CEO.

Graham Pitman, Senior Independent Non-Executive Director, has notified the Board of his intention to stand down at the end of April 2023. Graham has been with the Group for five years and has provided an invaluable breadth of industry experience in both the traditional and new technologies segments. The Board do not intend to recruit a replacement. Richard Logan, who has been with the Group for three years, will become Senior Independent Non-Executive Director at the end of April.

#### **TRADING OUTLOOK**

The current financial year has started in line with the Board's expectations. The Group has demonstrated its resilience throughout the economic downturn and the ongoing supply chain stresses. Although the broadcast market continues to be challenging, we remain confident in our strategy and encouraged by the continued strengthening of the Group's revenues and financial position and increasing level of recurring revenue.

John Varney

Non-Executive Chairman

For the year ended 31 December 2022

**CONSOLIDATED INCOME STATEMENT**  
for the year ended 31 December 2022

|   | Notes | 2022<br>£000 | 2021<br>£000 |
|---|-------|--------------|--------------|
| Revenue   | 4     | 11,167       | 10,620       |
| Cost of sales   |       | (2,821)      | (2,490)      |
| Gross profit  |       | 8,346        | 8,130        |
| Sales and marketing expenses  |       | (2,234)      | (1,777)      |
| Research and development expenses   |       | (1,696)      | (1,417)      |
| Administrative expenses   |       | (2,789)      | (3,066)      |
| <b>Operating profit</b>   | 5     | <b>1,627</b> | 1,870        |
| Operating profit is analysed as:  |       |              |              |
| Adjusted EBITDA   |       | 3,166        | 3,282        |
| Non-recurring items   | 5     | (362)        | (244)        |
| Share based payment expense   |       | (53)         | (53)         |
| Exchange gains/(losses) credited/(charged) to the income statement  |       | 145          | (40)         |
| Earnings before interest, tax, depreciation and amortisation (EBITDA)   |       | 2,896        | 2,945        |
| Depreciation  |       | (168)        | (160)        |
| Amortisation of capitalised development costs   |       | (1,101)      | (915)        |
| Operating profit  |       | 1,627        | 1,870        |
| Finance costs   |       | (432)        | (373)        |
| Finance income  |       | -            | -            |
| <b>Profit before tax</b>  |       | <b>1,195</b> | 1,497        |
| Tax   | 6     | (13)         | (31)         |
| <b>Net result for the year</b>  |       | <b>1,182</b> | 1,466        |
| <b>Earnings per share from continuing operations attributable to the owners of the parent during the year</b> |       |              |              |
| Basic earnings per share  | 7     | 0.9p         | 1.2p         |
| Diluted earnings per share  | 7     | 0.9p         | 1.2p         |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2022

|   | 2022<br>£000 | 2021<br>£000 |
|---|--------------|--------------|
| Profit for the financial year   | 1,182        | 1,466        |
| Other comprehensive income - items that may be reclassified subsequently to profit or loss: |              |              |
| Exchange differences on translation of overseas operations - continuing operations          | (34)         | (1)          |
| <b>Total profit for the year attributable to owners of the parent</b>                       | <b>1,148</b> | 1,465        |

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
for the year ended 31 December 2022

|  | Ordinary shares<br>£000 | Share redemption premium<br>£000 | Capital reserve<br>£000 | Merger reserve<br>£000 | Translation reserve<br>£000 | Accumulated losses<br>£000 | Total<br>£000 |
|--|-------------------------|----------------------------------|-------------------------|------------------------|-----------------------------|----------------------------|---------------|
| At 1 January 2021  | 3,115                   | 6,800                            | 617                     | 29,778                 | (150)                       | (43,626)                   | (3,466)       |
| Share based payments: value of employee services           | -                       | -                                | -                       | -                      | -                           | 53                         | 53            |
| Transactions with employees                                | -                       | -                                | -                       | -                      | -                           | 53                         | 53            |
| Retained profit for the year                               | -                       | -                                | -                       | -                      | -                           | 1,466                      | 1,466         |
| Exchange differences on translation of overseas operations | -                       | -                                | -                       | -                      | (1)                         | -                          | (1)           |

|  |              |              |            |               |              |                 |                |
|--|--------------|--------------|------------|---------------|--------------|-----------------|----------------|
| Total comprehensive income for the period                  | -            | -            | -          | -             | (1)          | 1,466           | 1,465          |
| <b>At 31 December 2021</b>                                 | <b>3,115</b> | <b>6,800</b> | <b>617</b> | <b>29,778</b> | <b>(151)</b> | <b>(42,107)</b> | <b>(1,948)</b> |
| At 1 January 2022  | 3,115        | 6,800        | 617        | 29,778        | (151)        | (42,107)        | (1,948)        |
| Share based payments: value of employee services           | -            | -            | -          | -             | -            | 53              | 53             |
| Transactions with employees                                | -            | -            | -          | -             | -            | 53              | 53             |
| Retained profit for the year                               | -            | -            | -          | -             | -            | 1,182           | 1,182          |
| Exchange differences on translation of overseas operations | -            | -            | -          | -             | (34)         | -               | (34)           |
| Total comprehensive income for the period                  | -            | -            | -          | -             | (34)         | 1,182           | 1,148          |
| <b>At 31 December 2021</b>                                 | <b>3,115</b> | <b>6,800</b> | <b>617</b> | <b>29,778</b> | <b>(185)</b> | <b>(40,872)</b> | <b>(747)</b>   |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2022

|  | Notes | 2022<br>£000   | 2021<br>£000   |
|--|-------|----------------|----------------|
| <b>Assets</b>                                      |       |                |                |
| <b>Non-current assets</b>                          |       |                |                |
| Intangible assets                                  |       | 6,307          | 5,601          |
| Property, plant and equipment                      |       | 571            | 349            |
| Other non-current assets                           |       | 38             | -              |
|  |       | <b>6,916</b>   | <b>5,950</b>   |
| <b>Current assets</b>                              |       |                |                |
| Inventories  |       | 497            | 430            |
| Trade and other receivables                        |       | 3,526          | 3,632          |
| Current tax assets                                 |       | 8              | -              |
| Cash and cash equivalents                          |       | 728            | 1,639          |
|  |       | <b>4,759</b>   | <b>5,701</b>   |
| <b>Liabilities</b>                                 |       |                |                |
| <b>Current liabilities</b>                         |       |                |                |
| Financial liabilities - borrowings                 |       | 935            | 1,200          |
| Trade and other payables                           |       | 5,716          | 5,832          |
| Lease liabilities - current                        |       | 96             | 173            |
|  |       | <b>6,747</b>   | <b>7,205</b>   |
| <b>Net current liabilities</b>                     |       |                |                |
|  |       | <b>(1,988)</b> | <b>(1,504)</b> |
| <b>Non-current liabilities</b>                     |       |                |                |
| Financial liabilities - borrowings                 |       | 5,550          | 6,350          |
| Lease liabilities - non-current                    |       | 125            | 44             |
|  |       | <b>5,675</b>   | <b>6,394</b>   |
| <b>Net liabilities</b>                             |       |                |                |
|  |       | <b>(747)</b>   | <b>(1,948)</b> |
| <b>Equity attributable to owners of the parent</b> |       |                |                |
| Ordinary shares                                    | 10    | 3,115          | 3,115          |
| Share premium account                              | 10    | 6,800          | 6,800          |
| Capital redemption reserve                         | 10    | 617            | 617            |
| Merger reserve                                     |       | 29,778         | 29,778         |
| Translation reserve                                |       | (185)          | (151)          |
| Retained earnings                                  |       | (40,872)       | (42,107)       |
| <b>Total deficit</b>                               |       | <b>(747)</b>   | <b>(1,948)</b> |

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2022

|  | Notes | 2022<br>£000   | 2021<br>£000   |
|--|-------|----------------|----------------|
| <b>Cash flows from operating activities</b>  |       |                |                |
| Cash generated from operations               | 9     | 2,511          | 3,815          |
| Interest paid                                |       | (432)          | (373)          |
| Taxation paid                                |       | (21)           | (31)           |
| <b>Net cash from operating activities</b>    |       | <b>2,058</b>   | <b>3,411</b>   |
| <b>Cash flows from investing activities</b>  |       |                |                |
| Purchase of property, plant and equipment    |       | (193)          | (82)           |
| Expenditure on capitalised development costs |       | (1,807)        | (1,515)        |
| <b>Net cash used in investing activities</b> |       | <b>(2,000)</b> | <b>(1,597)</b> |

|   |    |                |                |
|---|----|----------------|----------------|
| <b>Cash flows from financing activities</b>                 |    |                |                |
| Cash used in repayment of financing activities              | 11 | <u>(1,000)</u> | <u>(1,000)</u> |
| <b>Net cash used in financing activities</b>                |    | <u>(1,000)</u> | <u>(1,000)</u> |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |    |                |                |
| Effect of foreign exchange rate changes                     | 11 | <u>31</u>      | <u>(1)</u>     |
| Cash and cash equivalents at 1 January                      |    | <u>1,639</u>   | <u>826</u>     |
| <b>Cash and cash equivalents at 31 December</b>             |    | <u>728</u>     | <u>1,639</u>   |
| <b>Net debt comprises:</b>                                  |    |                |                |
| Cash and cash equivalents                                   |    | <u>728</u>     | <u>1,639</u>   |
| Borrowings  |    | <u>(6,485)</u> | <u>(7,550)</u> |
| <b>Net debt at 31 December</b>                              | 11 | <u>(5,757)</u> | <u>(5,911)</u> |

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 1. GENERAL INFORMATION

The Pebble Beach Systems Group is a leading global software business specialising in solutions for playout automation, and content serving customers in the broadcast markets.

The Company is a public limited company and is quoted on the Alternative Investment Market (AIM) of the London stock exchange. The Company is incorporated and domiciled in the UK. The address of its registered office is Unit 1, First Quarter, Blenheim Road, Epsom, Surrey, KT19 9QN.

The registered number of the Company is 04082188.

This results announcement was approved for issue at close of business on 25 April 2023.

### 2. BASIS OF PREPARATION

The financial information contained in these condensed financial statements does not constitute the Group's statutory accounts within the meaning of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2022 and 31 December 2021 have been reported on by CLA Evelyn Partners Limited and Grant Thornton UK LLP respectively, with an unmodified audit opinion.

Whilst the financial information included in this Annual Financial Results announcement has been computed in accordance with International Financial Reporting Standards (IFRS) this announcement, due to its condensed nature, does not itself contain sufficient information to comply with IFRS.

Statutory accounts for the year ended 31 December 2021 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 December 2022, prepared under IFRS, will be available on the Group's website: <https://www.pebbleplc.com> and will be delivered to the Registrar in due course. The Group's principal accounting policies as set out in the 2021 statutory accounts have been applied consistently in all material respects.

### 3. GOING CONCERN

The directors are required to assess the Company's and the Group's ability to continue to trade as a going concern.

At 31 December 2022, the Group's net debt was £5.8 million (2021: £5.9 million), comprising cash of £0.7 million (2021: £1.6 million) and the term loan from Santander of £6.5 million (2021: £7.5 million).

We enjoy a close relationship with our bank and have regular review meetings with them. On 13 April 2022, we signed a new term loan through to 30 September 2024, which re-financed the existing £7.15 million revolving credit facility at the same level of commitment, with repayment levels consistent with previous years and appropriate financial covenants.

The directors are confident that any loan extensions required post September 2024 would be granted given the historic track record.

To assess the appropriateness of preparing financial statements on a going concern basis, management prepared detailed projections of the consolidated income statements, the statement of financial position and cash flow statements through to 31 August 2024. This review period extends to the end of the financial year for 2024, which is looking forward for four six-month periods beyond that covered by the current annual report. The projections included testing against the minimum liquidity and cash flow cover covenants required by the new term loan facility.

These projections used the budget for 2023 and were updated for current trading and forecasts. This analysis was then extended to the end of 2024. The projections were stress tested in two ways. Pipeline orders for 2023 at less than 50% probability were removed and a 20% reduction in SLA renewals in 2023. The pipeline for 2023 was assessed based on historic conversion rates. The existing support service contracts, where revenue is recognised over time were assessed based on historic renewal rates, to establish the likely renewal of this recurring revenue.

Despite a 20% drop in SLA renewals management proved the business is still functional. Management reviewed the resource levels and marketing spend required to support the reduced revenue and reflected cost reductions in the forecast. The Board has concluded from its thorough assessment of the detailed forecasts, that the Group will have sufficient resources to meet its liabilities during the review period through to 31 August 2024, that it will meet the bank covenants and that it is appropriate that the Group and the Company prepare accounts on a going concern basis.

#### 4. SEGMENTAL REPORTING

The Group's internal organisational and management structure and its system of internal financial reporting to the Board of Directors comprise of Pebble Beach Systems Limited and PLC costs. The chief operating decision-maker has been identified as the Board.

The Board reviews the Group's internal financial reporting in order to assess performance and allocate resources. Management have therefore determined that the operating segments for the Group will be based on these reports.

The Pebble Beach Systems Limited business is responsible for the sales and marketing of all Group software products and services.

The table below shows the analysis of Group external revenue and operating profit from continuing operations by business segment.

|  | Pebble Beach Systems | PLC costs      | Total £000     |
|--|----------------------|----------------|----------------|
| <b>Year to 31 December 2022</b>  |                      |                |                |
| Broadcast  | 11,167               | -              | <b>11,167</b>  |
| Total revenue  | 11,167               | -              | <b>11,167</b>  |
| Adjusted EBITDA  | 4,051                | (885)          | <b>3,166</b>   |
| Depreciation   | (168)                | -              | <b>(168)</b>   |
| Non-recurring items  | 66                   | (428)          | <b>(362)</b>   |
| Amortisation of capitalised development costs                                | (1,101)              | -              | <b>(1,101)</b> |
| Share based payment expense  | -                    | (53)           | <b>(53)</b>    |
| Exchange gains   | 145                  | -              | <b>145</b>     |
| Finance costs  | (20)                 | (412)          | <b>(432)</b>   |
| Intercompany finance income/(costs)  | 211                  | (211)          | <b>-</b>       |
| Profit/(loss) before taxation  | 3,184                | (1,989)        | <b>1,195</b>   |
| Taxation   | (223)                | 210            | <b>(13)</b>    |
| <b>Profit/(loss) for the year being attributable to owners of the parent</b> | <b>2,961</b>         | <b>(1,779)</b> | <b>1,182</b>   |
| <b>Year to 31 December 2021</b>  |                      |                |                |
| Broadcast  | 10,620               | -              | <b>10,620</b>  |
| Total revenue  | 10,620               | -              | <b>10,620</b>  |
| Adjusted EBITDA  | 3,862                | (580)          | <b>3,282</b>   |
| Depreciation   | (160)                | -              | <b>(160)</b>   |
| Non-recurring items  | (244)                | -              | <b>(244)</b>   |
| Amortisation of capitalised development costs                                | (915)                | -              | <b>(915)</b>   |
| Share based payment expense  | -                    | (53)           | <b>(53)</b>    |
| Exchange losses  | (40)                 | -              | <b>(40)</b>    |
| Finance costs  | (81)                 | (292)          | <b>(373)</b>   |
| Intercompany finance income/(costs)  | 107                  | (107)          | <b>-</b>       |
| Profit/(loss) before taxation  | 2,529                | (1,032)        | <b>1,497</b>   |
| Taxation   | (298)                | 267            | <b>(31)</b>    |
| <b>Profit/(loss) for the year being attributable to owners of the parent</b> | <b>2,231</b>         | <b>(765)</b>   | <b>1,466</b>   |

#### Geographic external revenue analysis

The revenue analysis in the table below is based on the geographical location of the customer for continuing operations of the business.

|                        | 2022          | 2021       |
|------------------------|---------------|------------|
|                        | Total £000    | Total £000 |
| <b>By market</b>       |               |            |
| UK & Europe            | <b>4,967</b>  | 6,385      |
| North America          | <b>1,461</b>  | 927        |
| Latin America          | <b>787</b>    | 567        |
| Middle East and Africa | <b>3,466</b>  | 1,940      |
| Asia / Pacific         | <b>486</b>    | 801        |
|                        | <b>11,167</b> | 10,620     |

#### Net assets

The table below summarises the net assets of the Group by division. The statement of financial position reporting is disclosed by the divisional assets and liabilities of the Group as this is consistent with the presentation of internal information provided to the Executive Management Board and the Board of Directors.

concern



|                      | £000           | £000           |
|----------------------|----------------|----------------|
| <b>By division:</b>  |                |                |
| Pebble Beach Systems | 6,232          | 5,860          |
| PLC costs            | <b>(6,979)</b> | <b>(7,808)</b> |
|                      | <b>(747)</b>   | <b>(1,948)</b> |

## 5. OPERATING PROFIT

The following items have been included in arriving at the operating profit for the continuing business:

|   | 2022<br>£000 | 2021<br>£000 |
|---|--------------|--------------|
| Charge of inventory   | 1,457        | 1,288        |
| Director and employee costs                                   | 6,231        | 5,888        |
| Depreciation of property, plant and equipment                 | 168          | 160          |
| Non-recurring items   | 362          | 244          |
| Exchange (gains)/losses (credited)/charged to profit and loss | (145)        | 40           |
| Amortisation of capitalised development costs                 | 1,101        | 915          |
| <b>Other expenses</b>   |              |              |
| Other expenses comprise:                                      | 2022<br>£000 | 2021<br>£000 |
| Non-recurring items   | 362          | 244          |

### Non-recurring items

The following items are excluded from management's assessment of profit because by their nature they could distort the annual trend in the Group's earnings. These are excluded to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis:

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| Provision for costs of transition to remote working                        | (66)         | 244          |
| CFO costs during notice period   | 171          | -            |
| Professional services relating to potential new equity funding (see below) | 257          | -            |
|  | <b>362</b>   | <b>244</b>   |

During the period, after having been given assurance from HMRC that we qualified, we explored a potential equity raise, led by a VCT qualifying raise, that would have provided the Group with additional capital primarily to accelerate our development of next generation solutions. Whilst we secured good levels of support from existing and new investors, a combination of a worsening global economic situation and falling investor sentiment for the equity markets generally led us to curtail our plans at a fairly late stage in the process. As a result, we incurred professional fees totalling £0.3m which have been disclosed separately in the income statement as non-recurring items.

## 6. INCOME TAX EXPENSE

|                                       | 2022<br>£000 | 2021<br>£000 |
|---------------------------------------|--------------|--------------|
| <i>Current tax</i>                    |              |              |
| UK corporation tax                    | -            | -            |
| Foreign tax - current year            | 21           | 31           |
| Adjustments in respect of prior years | (8)          | -            |
| Total current tax                     | 13           | 31           |
| <i>Deferred tax</i>                   |              |              |
| UK corporation tax                    | -            | -            |
| Effect of changes in UK tax rate      | -            | -            |
| Adjustments in respect of prior years | -            | -            |
| Total deferred tax                    | -            | -            |
| <b>Total taxation</b>                 | <b>13</b>    | <b>31</b>    |

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase from 19 per cent to 25 per cent. This was confirmed in Autumn 2022. Deferred taxes at the statement of financial position date have been measured using these enacted tax rates and reflected in these financial statements.

## 7. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive shares are those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

|  | Earnings<br>£000 | 2022<br>Weighted<br>average<br>number<br>of shares<br>000s | Earnings<br>per share<br>pence | Earnings<br>£000 | 2021<br>Weighted<br>average<br>number<br>of shares<br>000s | Earnings<br>per share<br>pence |
|--|------------------|--|--------------------------------|------------------|--|--------------------------------|
| <b>Basic earnings per share</b>              |                  |  |                                |                  |  |                                |
| Profit attributable to continuing operations | 1,182            |  | 0.9p                           | 1,466            |  | 1.2p                           |
| <b>Basic earnings per share</b>              | <b>1,182</b>     | <b>124,477</b>   | <b>0.9p</b>                    | <b>1,466</b>     | <b>124,477</b>   | <b>1.2p</b>                    |
| <b>Diluted earnings per share</b>            |                  |  |                                |                  |  |                                |
| Profit attributable to continuing operations | 1,182            |  | 0.9p                           | 1,466            |  | 1.2p                           |
| <b>Diluted earnings per share</b>            | <b>1,182</b>     | <b>125,709</b>   | <b>0.9p</b>                    | <b>1,466</b>     | <b>125,775</b>   | <b>1.2p</b>                    |

### Adjusted earnings

The directors believe that adjusted EBITDA, adjusted earnings and adjusted earnings per share provide additional useful information on underlying trends to shareholders. These measures are used by management for internal performance analysis and incentive compensation arrangements. The term "adjusted" is not a defined term used under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. The principal adjustments are made in respect of the amortisation of acquired intangibles, share based payment expense, non-recurring items and exchange gains or losses charged to the income statement and their related tax effects.

The reconciliation between reported and underlying earnings and basic earnings per share is shown below.

|                                  | 2022             |                                | 2021             |                                |
|----------------------------------|------------------|--------------------------------|------------------|--------------------------------|
|                                  | Earnings<br>£000 | Earnings<br>per share<br>pence | Earnings<br>£000 | Earnings<br>per share<br>pence |
| <b>Reported earnings and EPS</b> | <b>1,182</b>     | <b>0.9p</b>                    | 1,466            | 1.2p                           |
| Share based payment expense      | 53               | 0.0p                           | 53               | 0.0p                           |
| Non-recurring items              | 294              | 0.3p                           | 198              | 0.2p                           |
| Exchange (gains)/losses          | (117)            | (0.1p)                         | 32               | 0.0p                           |
| <b>Adjusted earnings and EPS</b> | <b>1,412</b>     | <b>1.1p</b>                    | 1,749            | 1.4p                           |

2021 was changed to include non-recurring items.

### 8. INTANGIBLE ASSETS

|                                 | Goodwill<br>£'000 | Acquired<br>customer<br>relationships<br>£'000 | Acquired<br>intellectual<br>property<br>£'000 | Capitalised<br>development<br>costs<br>£'000 | Total<br>£'000 |
|---------------------------------|-------------------|--|---|--|----------------|
| <b>Cost</b>                     |                   |  |   |  |                |
| At 1 January 2021               | 3,218             | 4,493  | 3,350   | 5,423  | 16,484         |
| Additions                       | -                 | -  | -   | 1,515  | 1,515          |
| At 1 January 2022               | 3,218             | 4,493  | 3,350   | 6,938  | 17,999         |
| Additions                       | -                 | -  | -   | 1,807  | 1,807          |
| <b>At 31 December 2022</b>      | <b>3,218</b>      | <b>4,493</b>                                   | <b>3,350</b>                                  | <b>8,745</b>                                 | <b>19,806</b>  |
| <b>Accumulated amortisation</b> |                   |  |   |  |                |
| At 1 January 2021               | -                 | 4,493  | 3,350   | 3,640  | 11,483         |
| Additions                       | -                 | -  | -   | 915  | 915            |
| At 1 January 2022               | -                 | 4,493  | 3,350   | 4,555  | 12,398         |
| Additions                       | -                 | -  | -   | 1,101  | 1,101          |
| <b>At 31 December 2022</b>      | <b>-</b>          | <b>4,493</b>                                   | <b>3,350</b>                                  | <b>5,656</b>                                 | <b>13,499</b>  |
| <b>Net book value</b>           |                   |  |   |  |                |
| <b>At 31 December 2022</b>      | <b>3,218</b>      | <b>-</b>                                       | <b>-</b>                                      | <b>3,089</b>                                 | <b>6,307</b>   |
| At 31 December 2021             | 3,218             | -  | -   | 2,383  | 5,601          |
| At 1 January 2021               | 3,218             | -  | -   | 1,783  | 5,001          |

The amortisation of development costs is included in research and development expenses in the Consolidated Income Statement. Within capitalised development costs there are £4.1 million (2021: £3.2 million) of fully written down assets that are still in use.

### 9. CASH FLOW GENERATED FROM OPERATING ACTIVITIES

Reconciliation of profit before taxation to net cash flows from operations.

|  | <b>2022</b>  | 2021  |
|--|--------------|-------|
|  | <b>£000</b>  | £000  |
| Profit before tax - continuing operations          | <b>1,195</b> | 1,497 |
| Depreciation of property, plant and equipment      | <b>168</b>   | 160   |
| Amortisation and impairment of development costs   | <b>1,101</b> | 915   |
| Non-recurring item                                 | <b>(66)</b>  | 244   |
| Share-based payment expense                        | <b>53</b>    | 53    |
| Finance costs                                      | <b>432</b>   | 373   |
| Increase in inventories                            | <b>(67)</b>  | (282) |
| Decrease/(increase) in trade and other receivables | <b>3</b>     | (507) |
| (Decrease)/increase in trade and other payables    | <b>(308)</b> | 1,362 |
| <b>Cash generated from operations</b>              | <b>2,511</b> | 3,815 |

## 10. CALLED UP SHARE CAPITAL, SHARE PREMIUM AND CAPITAL REDEMPTION RESERVE

|                            | Number of<br>shares | Share<br>Capital | Share<br>Premium | Capital<br>redemption<br>reserve | Total         |
|----------------------------|---------------------|------------------|------------------|----------------------------------|---------------|
|                            | 000                 | £000             | £000             | £000                             | £000          |
| At 1 January 2022          | 124,603             | 3,115            | 6,800            | 617                              | 10,532        |
| Share issues               | -                   | -                | -                | -                                | -             |
| <b>At 31 December 2022</b> | <b>124,603</b>      | <b>3,115</b>     | <b>6,800</b>     | <b>617</b>                       | <b>10,532</b> |

## 11. NET FUNDS

Reconciliation of change in cash and cash equivalents to movement in net cash:

|  | Net cash and cash<br>equivalents<br>£000 | Other<br>borrowings<br>£000 | Total net<br>debt<br>£000 |
|--|--|-----------------------------|---------------------------|
| At 1 January 2022                                    | <b>1,639</b>                             | <b>(7,550)</b>              | <b>(5,911)</b>            |
| Cash flow for the year before financing              | <b>58</b>                                | -                           | <b>58</b>                 |
| Movement in borrowings in the year                   | <b>(1,000)</b>                           | <b>1,000</b>                | -                         |
| Netting of arrangement fee                           | -  | <b>65</b>                   | <b>65</b>                 |
| Exchange rate adjustments                            | <b>31</b>                                | -                           | <b>31</b>                 |
| <b>Cash and cash equivalents at 31 December 2022</b> | <b>728</b>                               | <b>(6,485)</b>              | <b>(5,757)</b>            |
| At 1 January 2021                                    | 826                                      | (8,550)                     | (7,724)                   |
| Cash flow for the year before financing              | 1,814                                    | -                           | 1,814                     |
| Movement in borrowings in the year                   | (1,000)                                  | 1,000                       | -                         |
| Exchange rate adjustments                            | (1)                                      | -                           | (1)                       |
| Cash and cash equivalents at 31 December 2021        | 1,639                                    | (7,550)                     | (5,911)                   |

## 12. POST STATEMENT OF FINANCIAL POSITION EVENTS

None.

The Board is pleased to confirm that following the publication of its audited results for the year ended 31 December 2022, the annual report and financial statements will be posted to shareholders by 25 May 2023 and a copy will also be available to download from the Group's website at [pebbleplc.com](http://pebbleplc.com).

Ends

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