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Pebble Beach Systems Group PLC
21 August 2024

Pebble Beach Systems Group plc
Results for the half-year ended 30 June 2024

Pebble Beach Systems Group plc (AIM: "PEB", "Pebble" or the "Group"), a leading global software business specialising in playout, content management, and IP Control solutions for the broadcast and media technology markets, is pleased to announce its unaudited half-year results for the six months ended 30 June 2024 ("H1 24").

Financial highlights

- Order intake in the period was up 12% year on year to £4.9m (H1 23: £4.4m)
- Service Level Agreement ("SLA") revenue up 21% to £3.1m (H1 23: £2.5m) as a result of the on-going SLA price rises that have been implemented by the Group. As a result, higher margin recurring revenue accounted for 58% of total Group revenue in the period (H1 23: 46%). Overall Group revenue for the six months to 30 June 2024 was £5.3m (H1 23: £5.5m)
- Adjusted EBITDA[1] of £1.4m (H1 23: £1.4m) was flat against H1 last year, but with an improved EBITDA margin of 27% from increased level of higher margin SLA recurring revenue (H1 23: 25%)
- Profit before tax of £0.3m (H1 23: £0.2m)
- Adjusted earnings per share up to 0.3p (H1 23: 0.2p)
- Net cash generated from operating activities (after interest paid) £1.2m (H1 23: £1.7m)
- Gross bank debt reduced by £0.5m in last six months to £5.1m as at 30 June 2024. Net debt at 30 June 2024 was £4.8m (H1 23: £5.1m) (excluding IFRS 16 leases) representing a net debt/last 12 month Adjusted EBITDA[1] of c.1.3x

Operational highlights

- Launched new IP-native PRIMA platform at the NAB trade show in Las Vegas. Investment in increasing the feature set for PRIMA has continued as planned.
- Investment in the Group's sales team to drive revenues; Sally Wallington appointed as SVP of Sales. Sally brings 20 years of industry sales experience and will drive our projected increase in project orders. In addition to Sally, the Group has strengthened its presence in Europe with the appointment of a new VP of Sales in the DACH region.
- We continue to adjust the prices of our SLAs to ensure charges are at the appropriate level for the standard of support, which has driven the increase in our recurring revenue and a stronger revenue mix. This has resulted in more multi-year SLA renewal orders being placed.

Current trading and outlook

- The Group's weighted pipeline value remains strong at £9.8m, 13% up on last year's value (June 23: £8.7m).
- In line with previous years and based on the strength of the weighted pipeline, we are expecting to deliver 2024 market expectations.
- Reduced hardware lead times and operational readiness means project orders landed in H2 can be turned around quickly and delivered before the end of the year.
- Increased number of multi-year SLAs booked, giving better visibility of future revenues.

John Varney, Non-Executive Chairman of Pebble Beach Systems Group plc, said:

"The Group continues to demonstrate resilience with increased order intake in spite of ongoing challenging external market conditions causing customers to continue delaying decisions on upgrades. The Group entered H2 2024 with a strong sales pipeline alongside improved visibility (and value) of recurring revenues. The Board is expecting to deliver against market expectations for the year with the expectation that there will be increased project orders placed in H2 2024 based on historical trends and a strong order book.

Given the continued momentum being seen by the Group, the Board is focused on driving further organic growth complemented by inorganic growth, when appropriate, as opportunities to enhance our technology are identified. We continue to progress with investment in the development of our new solutions to help support the industry in its transition to IP and I am confident PRIMA will be the best product to support the inevitable full-scale adoption".

Notes

[1] *Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) a non-GAAP measure, is EBITDA before non-recurring items and foreign exchange gains/losses.*

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The Company is quoted on the LSE AIM market (PEB.L). More information can be found at www.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 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

In what has been a challenging market for orders, the Group is pleased to report a 12% increase in overall orders received. Importantly this has been driven by a 22% increase in our SLA orders following the price rise exercise undertaken and an increase in multi year SLA orders. The increase in SLAs continues to improve visibility of future revenue.

Despite the upturn in orders, revenue for H1 24 was 4% down on H1 last year. This is a result of delays to project orders in H1 being pushed back to H2. However, the Board is encouraged by the Group's visibility of these orders and expects a strong second half and meeting its expectations for FY24.

The Group has managed its cost base to ensure the project order delays have not adversely impacted the Group's Adjusted EBITDA margin and I am pleased to report a H1 Adjusted EBITDA margin of 27% (H1 FY23: 25%). The forecasted increase in H2 revenue gives the Board confidence that full year Adjusted EBITDA margin will be at 31% in line with expectations.

The Board is pleased with the investment in the sales team to support new opportunities and allow further market growth.

The Group has continued to pay down the long-term debt, and although net debt (excluding IFRS 16 leases) of £4.8m is flat with the FY23 year end position, the Board is pleased to see net debt is 6% down on last year's net debt position (H1 23: £5.1m).

Financial performance

Revenue was 4% down on the comparative period totalling £5.3m (H1 23: £5.5m). This is a result of project revenue being £0.8m less then H1 23 (H1 2023 £3.0m) on the back of the reduction in project orders. The project order reduction has been mitigated by the SLA price rises resulting in a higher recurring revenue of £3.1m (H1 2023: £2.5m).

Higher Adjusted EBITDA margins are achievable on recurring software revenues, therefore with a focus on increasing the mix of recurring software revenues and the usual cycle of higher project revenue in the second half of the year, the Group remains on target for a strong H2. Recurring revenue is up 21% and now accounts for 58% of revenue base (H1 23: 46%). This is encouraging for future years' revenue.

Adjusted EBITDA[1] marginally increased to £1.40m (H1 23: £1.36m), representing a 3% increase on H1 23 following the change in revenue mix mentioned above, as well as careful control of costs. Adjusted EBITDA margin is higher at 27% (H1 23: 25%), and we expect to maintain this as we continue to focus on increasing the mix of recurring software revenue.

Cash conversion in H1 24 has remained strong with 101% of adjusted EBITDA being converted to operating cash (H1 23: 145%). The reduced cash conversion has been driven by the reduction in project orders delivered in the period, which have a large upfront payment. SLA orders are often paid over the length of the contract.

Net cash from operating activities (after interest paid) fell to £1.2m (H1 23: £1.7m); despite this the Group has continued its investment in R&D and paying down the long-term debt.

A net debt position of £4.8m (excluding IFRS 16 leases) represents a 6% reduction from the comparable period last year (H1 23: £5.1m). Despite the lower cash generation, although still over 100% cash conversion, to the comparable period last year the Group has continued to pay off the long-term debt at the same rate as last year.

The Group invested £1.2m in R&D in the period (H1 23: £0.9m) as it continues to develop software which can be sold on a recurring basis whilst continuing to maintain and develop our existing product range.

A decrease in financing costs as a result of lower bank service charges and slightly less interest as borrowing has reduced, has resulted in a net profit of £0.29m (H1 23: £0.24m). The current interest rate on loan repayments is 9.10% (H1 23: 8.22%). This has resulted in an adjusted EPS of 0.3p (H1 23: 0.2p).

Operational performance

The year-on-year order increase saw H1 24 orders come in at £4.9m (H1 23: £4.4m), driven by an increase in SLA orders as a result of the price rise exercise. SLA orders of £2.7m are 22% up on last year's H1 intake (H1 23: £2.2m).

We are still seeing delays in customers placing project orders, which is in line with previous years, and is a symptom of the current global market conditions. Project orders of £2.2m for H1 is flat on last year's project order intake (H1 23: £2.2m). We entered the year with a lower project backlog now that hardware lead times have been reduced. However, given the weighted pipeline value for expected orders is 13% up on last year's value, the Group expects to deliver a stronger H2 of project order intake.

Pebble Control has been integrated onto the PRIMA platform and has been rebranded PRIMA Control. The solution now focuses on IP and stream management for PRIMA applications and will no longer be available as a standalone solution.

Ongoing software development

- PRIMA: Work continues on a cloud-native playout solution to complement our current enterprise level automation offering.
- Media Processing Engine: Work is progressing on the software solution for video playout capability with preliminary integration with Oceans Automation achieved. The next milestones will include APIs, graphics management and subtitling.

Cash flows and net debt

The Group held cash and cash equivalents of £0.2 million at 30 June 2024 (H1 23: £0.9 million). The table below summarises the cash flows for the half year.

	2024 **£'m**	2023 £'m
Cash generated from operating activities	**1.1**	1.6
Net cash used in investing activities	**(1.2)**	(0.9)
Net cash used in financing activities	**(0.5)**	(0.5)
Net (decrease)/increase in cash and cash equivalents	**(0.6)**	0.2
Cash and cash equivalents at 1 January	**0.8**	0.7
Cash and cash equivalents at 30 June	**0.2**	0.9

As at 30 June 2024 net debt (including IFRS 16 leases) was £4.9m (cash £0.2m and bank debt of £5.1m and IFRS 16 leases of £0.1m). The Group was using all £5.1m of its available facilities at 30 June 2024, having re-paid £0.5m in the period.

Going concern

The directors are required to assess the Group's ability to continue to trade as a going concern. 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 December 2025 and that it is appropriate that the Group prepare accounts on a going concern basis (see note 3 below).

Principal risks and uncertainties

The principal risks and uncertainties facing the Group remain consistent with the principal risks and uncertainties reported in the Group's 31 December 2023 Annual Report.

Current trading and outlook

The Group entered H2 2024 with a strong sales pipeline alongside improved visibility (and value) of recurring revenues. The Board expects to deliver against its targets for the year with the expectation that there will be increased project orders placed in H2 2024 based on historical trends and a strong order book.

The Board is pleased to see the SLA price rise exercise having a positive effect on business performance and providing a stronger recurring revenue mix. This will continue to give improved visibility of future revenue, which gives confidence of future trading. This increased recurring revenue is supporting our transition to an OPEX business.

The Board is pleased with the expansion of the sales team to help convert the opportunities that we have in the pipeline into orders. This will also drive an increase in the number of potential opportunities and increase new business. The Board is focused on driving further Group organic growth and will look to complement this by appropriate inorganic growth as opportunities to enhance our technology offering are identified. Furthermore, we continue to progress with investment in the development of our new solutions to help support the industry.

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John Varney
Non-Executive Chairman

CONSOLIDATED INCOME STATEMENT
for the half year ended 30 June 2024

	Notes	**6 months to 30 June 2024 (Unaudited) £'000**	6 months to 30 June 2023 (Unaudited) £'000	Year ended 31 December 2023 (Audited) £'000
Revenue	4	**5,256**	5,468	12,370
Cost of sales		**(1,145)**	(1,417)	(2,826)
Gross profit		**4,111**	4,051	9,544
Sales and marketing expenses		**(1,443)**	(1,289)	(2,747)
Research and development expenses		**(776)**	(884)	(1,739)
Administrative expenses		**(1,285)**	(1,304)	(2,983)
Foreign exchange gains/(losses)		**(21)**	(35)	(31)
Other expenses		**(37)**	-	(105)
Operating profit	5	**549**	539	1,940
Operating profit is analysed as:				
Adjusted EBITDA		**1,400**	1,358	3,773
Non-recurring items		**(37)**	-	(105)
Share based payment expense		**--**	(28)	(57)
Exchange gains/(losses) credited/(charged) to the income statement		**(21)**	(35)	(31)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**1,342**	1,295	3,580
Depreciation		**(82)**	(122)	(200)
Amortisation of capitalised development costs		**(711)**	(634)	(1,305)
Finance costs		**(255)**	(291)	(531)
Profit before tax		**294**	248	1,544
Tax	6	**(4)**	(6)	(10)
Profit for the period being attributable to owners of the parent		**290**	242	1,534
Earnings per share attributable to the owners of the parent during the period				
Basic earnings per share	7	**0.2p**	0.2p	1.2p
Diluted earnings per share				
Diluted earnings per share	7	**0.2p**	0.2p	1.2p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 30 June 2024

	6 months to 30 June 2024 (Unaudited) £'000	6 months to 30 June 2023 (Unaudited) £'000	Year ended 31 December 2023 (Audited) £'000
Profit for the financial year	**290**	242	1,534
Other comprehensive income - items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas operations	**-**	3	9
Total profit for the period attributable to owners of the parent	**290**	245	1,543

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the half year ended 30 June 2024

	Ordinary shares £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Translation reserve £000	Accumulated losses £000	Total £000
At 1 January 2024	**3,115**	**6,800**	**617**	**29,778**	**(176)**	**(39,281)**	**853**
Share based payments: value of employee services	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Retained profit for the period	-	-	-	-	-	290	290
Exchange differences on translation of overseas operations	-	-	-	-	-	-	-
Total comprehensive income/expense for the period	-	-	-	-	-	290	290
At 30 June 2024 (Unaudited)	**3,115**	**6,800**	**617**	**29,778**	**(176)**	**(38,991)**	**1,143**
At 1 January 2023	3,115	6,800	617	29,778	(185)	(40,872)	(747)
Share based payments: value of employee services	-	-	-	-	-	28	28
Transactions with owners	-	-	-	-	-	28	28
Retained profit for the period	-	-	-	-	-	242	242
Exchange differences on translation of overseas operations	-	-	-	-	3	-	3
Total comprehensive income/expense for the period	-	-	-	-	3	242	245
At 30 June 2023 (Unaudited)	3,115	6,800	617	29,778	(182)	(40,602)	(474)
At 1 January 2023	3,115	6,800	617	29,778	(185)	(40,872)	(747)
Share based payments: value of employee services	-	-	-	-	-	57	57
Transactions with owners	-	-	-	-	-	57	57
Retained profit for the year	-	-	-	-	-	1,534	1,534
Exchange differences on translation of overseas operations	-	-	-	-	9	-	9
Total comprehensive income/expense for the period	-	-	-	-	9	1,534	1,543
At 31 December 2023 (Audited)	3,115	6,800	617	29,778	(176)	(39,281)	853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Notes	**30 June 2024 (Unaudited) £'000**	30 June 2023 (Unaudited) £'000	31 December 2023 (Audited) £'000
Assets				
Non-current assets				
Intangible assets	8	**7,561**	6,615	7,107
Property, plant and equipment		**364**	496	435
Other non-current assets		**12**	12	12
		7,937	7,123	7,554
Current assets				
Inventories		**371**	491	303
Trade and other receivables		**3,429**	3,330	4,318
Current tax assets		-	-	-
Cash and cash equivalents		**246**	951	796
		4,046	4,772	5,417
Liabilities				
Current liabilities				
Financial liabilities - borrowings		**1,000**	1,000	1,000
Trade and other payables		**5,669**	6,039	6,169
Lease liabilities - current		**51**	63	47
		6,720	7,102	7,216
Net current liabilities		**(2,674)**	(2,330)	(1,799)

Non-current liabilities			
Financial liabilities - borrowings	**4,050**	5,050	4,550
Lease liabilities - non-current	**70**	217	352
Deferred tax liabilities	**-**	-	-
	4,120	5,267	4,902
Net asset/(liabilities)	**1,143**	(474)	853
Equity attributable to owners of the parent			
Ordinary shares	**3,115**	3,115	3,115
Share premium account	**6,800**	6,800	6,800
Capital redemption reserve	**617**	617	617
Merger reserve	**29,778**	29,778	29,778
Translation reserve	**(175)**	(182)	(176)
Retained earnings	**(38,992)**	(40,602)	(39,281)
Total equity	**1,143**	(474)	853

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 30 June 2024

	Notes	**6 months to 30 June 2024 (Unaudited) £'000**	6 months to 30 June 2023 (Unaudited) £'000	Year ended 31 December 2023 (Audited) £'000
Cash flows from operating activities				
Cash generated from operations	9	**1,415**	2,030	3,917
Interest paid		**(255)**	(291)	(531)
Taxation paid		**-**	2	(8)
Net cash from operating activities		**1,160**	1,741	3,378
Cash flows from investing activities				
Interest received		**-**	-	-
Purchase of property, plant and equipment		**(41)**	(23)	(68)
Expenditure on capitalised development costs		**(1,165)**	(942)	(2,105)
Net cash used in investing activities		**(1,206)**	(965)	(2,173)
Cash flows from financing activities				
Net cash used in repayment of financing activities		**(500)**	(500)	(1,000)
Principal elements of lease payments		**(4)**	(56)	(96)
Net cash used in financing activities		**(504)**	(556)	(1,096)
Net (decrease)/increase in cash and cash equivalents		**(550)**	220	109
Effect of foreign exchange rate changes		**-**	3	(41)
Cash and cash equivalents and overdrafts at 1 January		**796**	728	728
Cash and cash equivalents and overdrafts at period end		**246**	951	796
Net debt (excluding IFRS 16 leases) comprises:				
Cash and cash equivalents and overdrafts		**246**	951	796
Borrowings		**(5,050)**	(6,050)	(5,550)
Net debt (excluding IFRS 16 leases) at period end		**(4,804)**	(5,099)	(4,754)

NOTES TO THE HALF-YEAR REPORT

for the six months ended 30 June 2024

1. GENERAL INFORMATION

The Pebble Beach Systems Group is a leading global software business specialising in playout, content management, and IP control solutions for the broadcast and media technology 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, with registered number of 04082188. The address of its registered office is Unit 1, First Quarter, Blenheim Road, Epsom, Surrey, KT19 9QN.

This half-year results announcement was approved by the Board on 20 August 2024.

2. BASIS OF PREPARATION

The financial information for the period ended 30 June 2024 set out in this half-year report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2023 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified.

The half-year financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 31 December 2024. The Group financial statements for the year ended 31 December 2023 were prepared under UK-adopted international accounting standards. These interim financial statements have been prepared on a consistent basis and format. The Group has not applied IAS 34 'Interim Financial Reporting', which is not mandatory for AIM companies, in the preparation of these interim financial statements.

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.

To assess the appropriateness of preparing financial statements on a going concern basis, management prepared detailed projections of the consolidated statement of profit and loss, the statement of financial position and cash flow statements through to 31 December 2025. This review period extends to the end of the financial year for 2025, which is looking forward 16 months beyond the date of approval of these financial statements. The projections included testing against the minimum liquidity and cash flow cover covenants required by the new term loan facility.

The projections used the forecast for 2024 and were updated for current trading and forecasts. This analysis was then extended to the end of 2025. The projections were stress tested in two ways. Project orders for 2024 were reduced by 50%, then reduced by 40% with a 25% reduction in SLA renewals in 2024 applied. 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. Management reviewed the resource levels and marketing spend required to support the reduced revenue and reflected cost reductions in the forecast. Even with a 25% drop in SLA renewals, management concluded the business will remain a going concern. The Board has concluded from its thorough assessment of the detailed forecasts and ability to enact any mitigating actions, if required, that the Group will have sufficient resources to meet its liabilities during the review period through to 31 December 2025, 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.

We enjoy a close relationship with our bank and have regular review meetings with them. In March 2024, we signed a new term loan through to 30 October 2026, which re-financed the existing £5.5m million RCF at the same level of commitment, with repayment levels consistent with previous years and appropriate financial covenants. There have been no breaches in financial covenants to date and no breaches are anticipated in the going concern period. However, both of the financial covenants in relation to the minimum liquidity and cash flow cover are sensitive to changes in the timing of project orders being placed and SLA renewals continuing to slip during the price negotiation. Management have concluded that that this timing delay is short term only and cashflow levels are expected to increase in the next few months. The Board has concluded, based on review, challenge and prior experience, that management will be able to manage working capital movements appropriately such that covenants will not be breached in the period assessed. Management also had to manage working capital movements in quarter one 2024 to ensure there were no breaches in covenants. Management has estimated the timing of cash receipts and identified mitigating actions to be taken in the event of a breach becoming likely. Management's ability to enact these mitigating actions and their effectiveness are considered significant judgements.

The directors are confident that any loan extensions required post October 2026 would be granted given the historic track record.

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 Group. The chief operating decision-maker has been identified as the Executive.

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 by business segment.

	Pebble Beach Systems	Group	**Total**

	Systems £'000	£'000	**£'000**
6 months to 30 June 2024 (Unaudited)			
Total revenue	5,256	-	**5,256**
Adjusted EBITDA	1,634	(234)	**1,400**
Depreciation	(82)	-	**(82)**
Amortisation of capitalised development costs	(711)	-	**(711)**
Non-recurring items	(37)	-	**(37)**
Exchange gains	(21)	-	**(21)**
Finance costs	(5)	(250)	**(255)**
Finance income	149	(149)	**-**
Profit/(loss) before taxation	927	(633)	**294**
Taxation	(4)	-	**(4)**
Profit/(loss) for the period being attributable to owners of the parent	923	(633)	**290**
6 months to 30 June 2023 (Unaudited)			
Total revenue	5,468	-	5,468
Adjusted EBITDA	1,555	(197)	1,358
Depreciation	(122)	-	(122)
Amortisation of capitalised development costs	(634)	-	(634)
Share based payment expense	-	(28)	(28)
Non-recurring items	-	-	-
Exchange gains	(35)	-	(35)
Finance costs	(5)	(286)	(291)
Finance income	131	(131)	-
Profit/(loss) before taxation	890	(642)	248
Taxation	(6)	-	(6)
Profit/(loss) for the period being attributable to owners of the parent	884	(642)	242
Year to 31 December 2023 (Audited)			
Total revenue	12,370	-	**12,370**
Adjusted EBITDA	4,221	(448)	**3,773**
Depreciation	(200)	-	**(200)**
Amortisation of capitalised development costs	(1,305)	-	**(1,305)**
Share based payment expense	-	(57)	**(57)**
Non-recurring items	(105)	-	**(105)**
Exchange (losses)/gains	(31)	-	**(31)**
Finance costs	(10)	(521)	**(531)**
Intercompany finance income/(costs)	336	(336)	**-**
Profit/(loss) before taxation	2,906	(1,362)	**1,544**
Taxation	(10)	-	**(10)**
Profit/(loss) for the year being attributable to owners of the parent	2,896	(1,362)	**1,534**

Geographic external revenue analysis

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

	6 months to 30 June 2024 (Unaudited)	6 months to 30 June 2023 (Unaudited)	Year ended 31 December 2023 (Audited)
	Total £'000	Total £'000	Total £'000
By market			
UK & Europe	**2,921**	3,362	6,381
North America	**735**	497	1,376
Latin America	**304**	350	1,092
Middle East	**1,170**	1,151	3,055
Asia / Pacific	**126**	108	466
	5,256	5,468	12,370

Net assets/(liabilities)

The table below summarises the net liabilities of the Group by division. Balance sheet 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.

	6 months to 30 June 2024 Total (Unaudited) £'000	6 months to 30 June 2023 Total (Unaudited) £'000	Year ended 31 December 2023 Total (Audited) £'000
By division:			
Pebble Beach Systems	**6,485**	5,938	6,804
Group	**(5,342)**	(6,412)	(5,951)
	1,143	(474)	853

5. OPERATING PROFIT

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

	6 months to 30 June 2024 Total (Unaudited) £'000	6 months to 30 June 2023 Total (Unaudited) £'000	Year ended 31 December 2023 Total (Audited) £'000
Inventory recognised as an expense	**451**	610	1,359
Director and employee costs	**3,675**	3,244	7,029
Depreciation of property, plant and equipment	**82**	122	200
Non-recurring items	**37**	–	105
Exchange (gains)/losses (credited)/charged to profit and loss	**21**	35	31
Amortisation of capitalised development costs	**711**	634	1,305

6. INCOME TAX EXPENSE

	6 months to 30 June 2024 Total (Unaudited) £'000	6 months to 30 June 2023 Total (Unaudited) £'000	Year ended 31 December 2023 Total (Audited) £'000
Current tax			
UK corporation tax	**-**	-	-
Foreign Tax - current year	**4**	6	10
Total current tax	**4**	6	10
Deferred tax			
UK corporation tax	**-**	-	-
Total deferred tax	**-**	-	-
Total taxation	**4**	6	10

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.

	6 months to 30 June 2024 (Unaudited)		
	Earnings £'000	**Weighted average number of shares '000s**	**Earnings per share pence**
Basic earnings per share			
Profit attributable to ordinary shareholders	**290**		**0.2p**

Basic earnings per share	**290**	**124,477**	**0.2p**
Diluted earnings per share			
Profit attributable to ordinary shareholders	**290**		**0.2p**
Diluted earnings per share	**290**	**125,875**	**0.2p**

6 months to 30 June 2023 (Unaudited)

	Earnings £'000	Weighted average number of shares '000s	Earnings per share pence
Basic earnings per share			
Profit attributable to ordinary shareholders	242		0.2p
Basic earnings per share	242	124,477	0.2p
Diluted earnings per share			
Profit attributable to ordinary shareholders	242		0.2p
Diluted earnings per share	242	125,114	0.2p

Year ended 31 December 2023 (Audited)

	Earnings £'000	Weighted average number of shares '000s	Earnings per share pence
Basic earnings per share			
Profit attributable to ordinary shareholders	1,534		1.2p
Basic earnings per share	1,534	124,477	1.2p
Diluted earnings per share			
Profit attributable to ordinary shareholders	1,534		1.2p
Diluted earnings per share	1,534	127,454	1.2p

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 made are 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:

	6 months to 30 June 2024 Total (Unaudited) Earnings		6 months to 30 June 2023 Total (Unaudited) Earnings		Year ended 31 December 2023 Total (Audited) Earnings	
	£'000	**Pence**	£'000	Pence	£'000	Pence
Reported earnings and earnings per share	**290**	**0.2p**	242	0.2p	1,534	1.2p
Share based payment expense	**-**	**0.0p**	28	0.0p	57	0.1p
Exchange (gains)/losses	**16**	**0.0p**	27	0.0p	23	0.0p
Non-recurring items	**37**	**0.1p**	-	0.0p	85	0.1p
Adjusted earnings and earnings per share	**343**	**0.3p**	297	0.2p	1,699	1.4p

8. INTANGIBLE ASSETS

	Goodwill £'000	Acquired customer relationships £'000	Acquired intellectual property £'000	Capitalised development costs £'000	Total £'000
Cost					
At 1 January 2023 (audited)	3,218	4,493	3,350	8,745	19,806
Additions (unaudited)	-	-	-	941	941
At 30 June 2023 (unaudited)	**3,218**	**4,493**	**3,350**	**9,686**	**20,747**
At 1 January 2023 (audited)	3,218	4,493	3,350	8,745	19,806
Additions (audited)	-	-	-	2,105	2,105
At 1 January 2024 (audited)	3,218	4,493	3,350	10,850	21,911
Additions (unaudited)	-	-	-	1,165	1,165
At 30 June 2024 (unaudited)	**3,218**	**4,493**	**3,350**	**12,015**	**23,076**
Accumulated amortisation					

At 1 January 2023 (audited)		-	4,493	3,350	5,656	13,499
Charge for the period (unaudited)		-	-	-	633	633
At 30 June 2023 (unaudited)		-	**4,493**	**3,350**	**6,289**	**14,132**
At 1 January 2023 (audited)		-	4,493	3,350	5,656	13,499
Charge for the year (audited)		-	-	-	1,305	1,305
At 1 January 2024 (audited)		-	4,493	3,350	6,961	14,804
Charge for the period (unaudited)		-	-	-	711	711
At 30 June 2024 (unaudited)		**-**	**4,493**	**3,350**	**7,672**	**15,515**
Net book value						
At 30 June 2024 (unaudited)	**3,218**	**-**	**-**	**4,343**	**7,561**
At 31 December 2023 (audited)	3,218	-	-	3,889	7,107
At 30 June 2023 (unaudited)	3,218	-	-	3,397	6,615
At 1 January 2023 (audited)	3,218	-	-	3,089	6,307

The amortisation of development costs is included in research and development expenses in the Consolidated Group Income Statement. Within capitalised development costs there are £5.4 million (6 months to June 2023: £4.0 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 operating activities.

	6 months to 30 June 2024 Total (Unaudited) £'000	6 months to 30 June 2023 Total (Unaudited) £'000	Year ended 31 December 2023 Total (Audited) £'000
Profit before tax	**294**	248	1,544
Depreciation of property, plant and equipment	**82**	122	200
(Profit)/loss on disposal of property, plant and equipment	**26**	-	-
Amortisation and impairment of development costs	**711**	634	1,305
Loss on disposal of property, plant and equipment	**-**	-	20
Non-recurring item	**-**	-	105
Share based payment expense	**-**	28	57
Finance costs	**255**	291	531
Decrease/(increase) in other non-current assets	**-**	-	26
Decrease/(increase) in inventories	**(68)**	6	194
Decrease/(increase) in trade and other receivables	**889**	263	(792)
Increase/(decrease) in trade and other payables	**(774)**	438	727
Net cash generated from operating activities	**1,415**	2,030	3,917

10. NET FUNDS

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

	Net cash and cash equivalents £'000	Other borrowings £'000	**Total net debt £'000**
At 1 January 2024	796	(5,675)	**(4,879)**
Cash flow for the period before financing	(46)	-	**(46)**
Movement in borrowings in the period	(500)	500	**-**
Principal lease payments	(4)	4	**-**
Exchange rate adjustments	-	-	**-**
Cash and cash equivalents at 30 June 2024 (Unaudited)	246	(5,171)	**(4,925)**
At 1 January 2023	728	(6,485)	(5,757)
Cash flow for the period before financing	720	-	720
Movement in borrowings in the period	(500)	500	-
Exchange rate adjustments	3	-	3
Cash and cash equivalents at 30 June 2023 (Unaudited)	951	(6,050)	(5,099)
At 1 January 2023	728	(6,706)	(5,978)
Cash flow for the year before financing	1,205	-	1,205
Movement in borrowings in the year	(1,000)	1,000	-
Principal lease payments	(96)	96	-
Netting of arrangement fee	-	(65)	(65)
Exchange rate adjustments	(41)	-	(41)
Cash and cash equivalents at 31 December 2023 (Audited)	796	(5,675)	(4,879)

Ends

END

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