

# POINTS TO PROFIT

Interim Report Q3 2022









## Erik Grohman

### CEO


- CEO since March 2022
- Background in online retail & services (EssilorLuxottica, Zmarta, Betsson) and FMCG (Unilever, Scan)
- Master of Science in Business Administration and Economics, Stockholm University


# AWARDIT IN BRIEF


 MARKET LEADER IN LOYALTY PROGRAMS AND GIFT CARDS WITH A BROAD OFFERING TO CATER FOR ALL NEEDS

-  Strategy & Concept
-  Design & UX
-  SaaS-platform
-  Partnerships
-  Loyalty marketplace
-  Customer support


 FOUNDED IN 1999


 10 ACQUISITIONS SINCE IPO IN DEC 2017


 133 EMPLOYEES


 OFFICES IN STOCKHOLM (HQ), GOTHENBURG, COPENHAGEN AND HAMBURG


 ATTRACTIVE FUNDAMENTALS FUELING GROWTH AGENDA

 Largest company and platform for loyalty-, incentive- and gift card programs in the Nordics. Provided continued strong organic growth 1bn is within reach 2022!


 Our vision is to become one of the absolute leaders in our industry on the European market. On our journey we will continue to help build better customer relationships and to increase the value of customer data not only for businesses but also for their customers.

 SaaS-toolbox that covers all parts of the loyalty- incentive- and gift card program value chain

 +250 programs reaching more than 15 million consumers

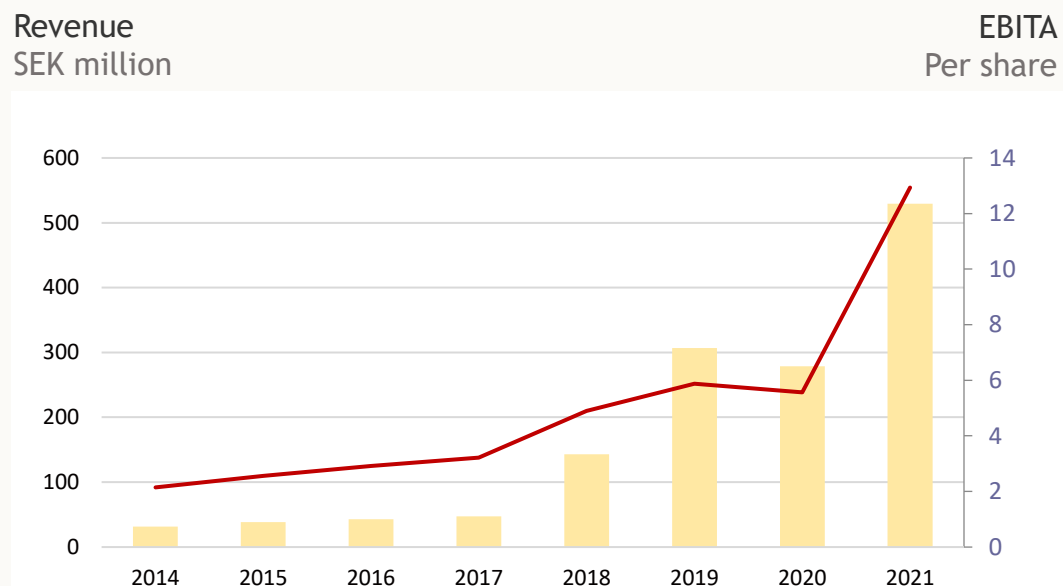
 Strong organic growth and rising profitability

 Two business areas; Loyalty & Gift cards

 10 completed acquisitions since IPO in Dec 2017.

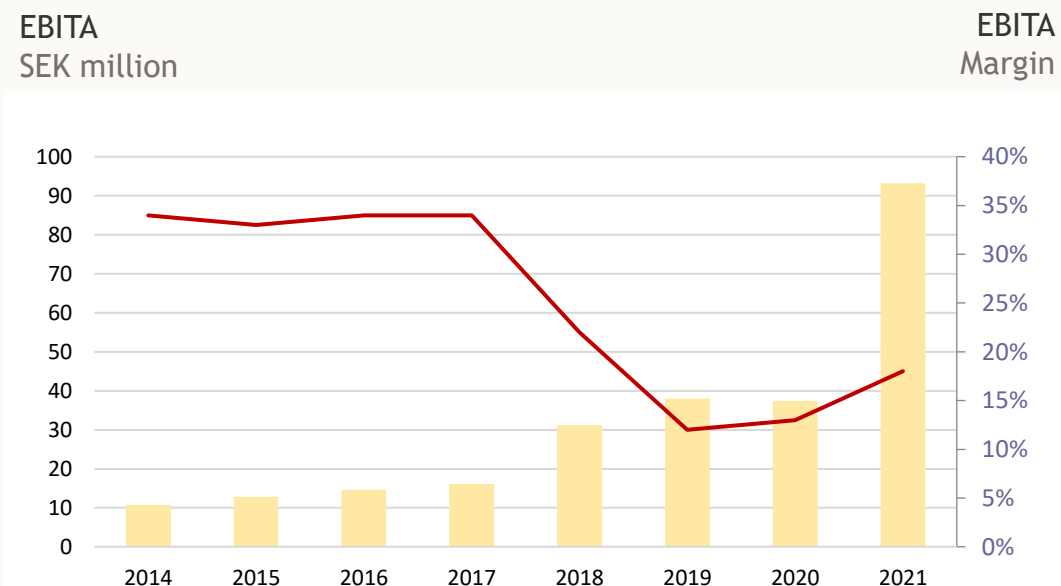
# FY 2017-2021 IN BRIEF

## CURRENT PIPELINE SUPPORTS ACCELERATED GROWTH



- 1 Exclusively organic growth until 2017
- 2 M&A and organic growth from 2018 and forward
- 3 2020 revenue adversely impacted by the pandemic. 2021 back to high growth, 89% of which 24% organic, but some areas are still behind vs 2019. Revenue was 529m.

## UNDISPUTABLE EARNINGS GROWTH

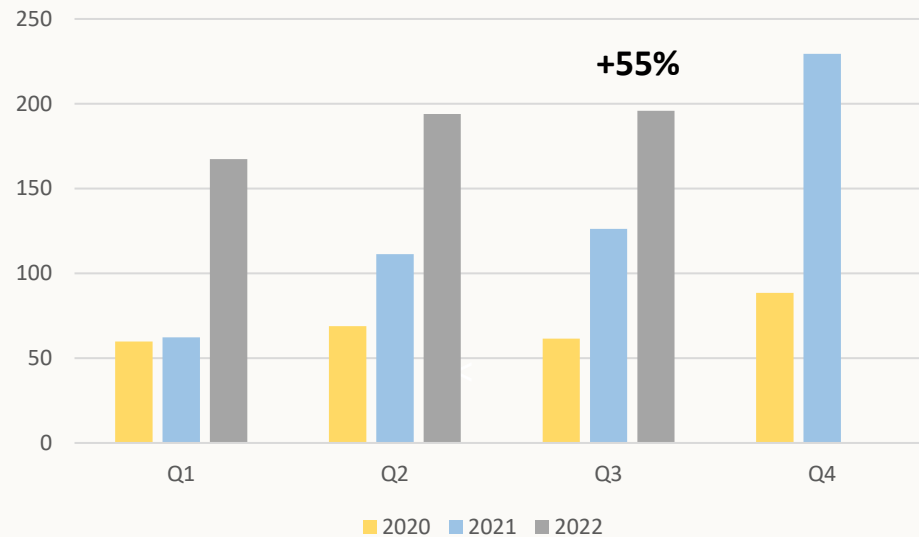


- 1 Profitable growth adding EBITA per share. 2021 EBITA was 93,2m. 149% growth of which 32% organic.
- 2 Increased gross margins and EBITA-margins over time
- 3 Proven highly scalable business model

# Q3 2022; CONTINUED STRONG REVENUE AND EBITA GROWTH

## QUARTERLY CONTINUED REVENUE GROWTH

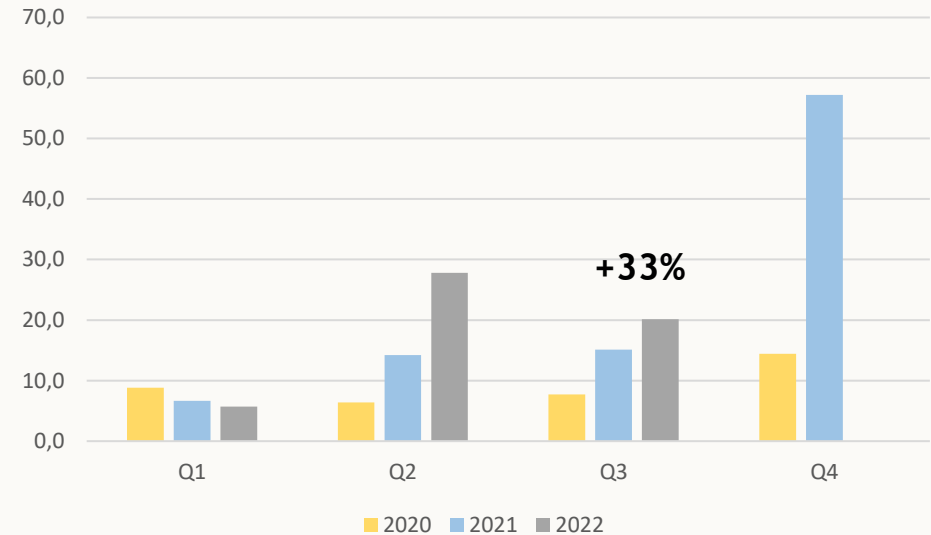
Revenue  
SEK million



- 196,0 MSEK revenues in Q3; Prämie Direkt contributed 41,3 MSEK
- 55% growth of which 23% organic driven by strong performance in Awardit B2B/B2C loyalty programs. Appr. 20% underlying organic growth in October\*
- PD back to Y-on-Y growth of +7,5% compared to Q3 2021
- Many new customers in both Loyalty and Giftcards

\*Adjusted for 5,5 MSEK of non-recurring revenue in Oct 2021

## SOLID EBITA DEVELOPMENT

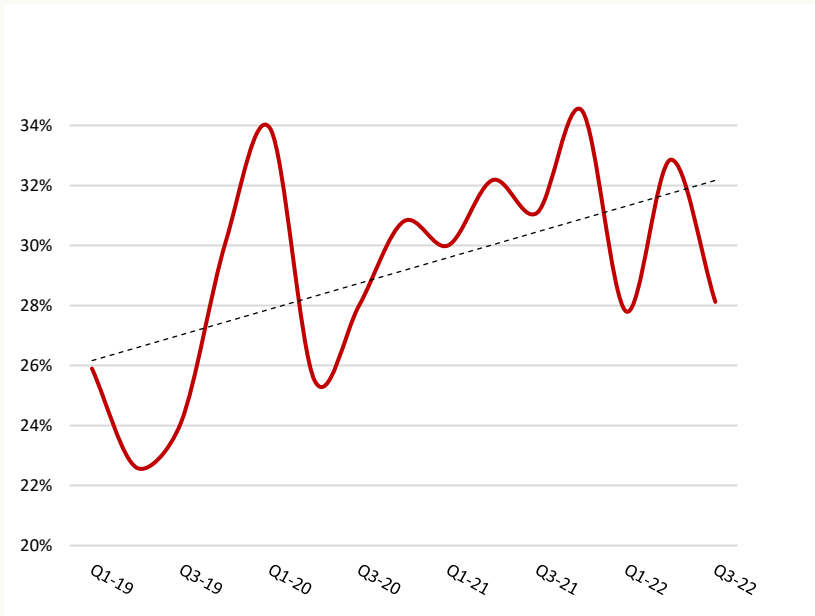


- 33% EBITA growth in Q3 2022 (20,1 MSEK) vs Q3 2021 (15,1 MSEK)
- Positive EBITA contribution from all businesses acquired in 2021 (PD, MBXP, TIC; total 3,9 MSEK in Q3)
- Positive impact from Zupergift breakage (1,5 MSEK)

# MARGINS DEVELOP IN LINE WITH EXPECTATIONS ON THE EXTENDED BUSINESS PORTFOLIO

## GROSS MARGIN DEVELOPMENT

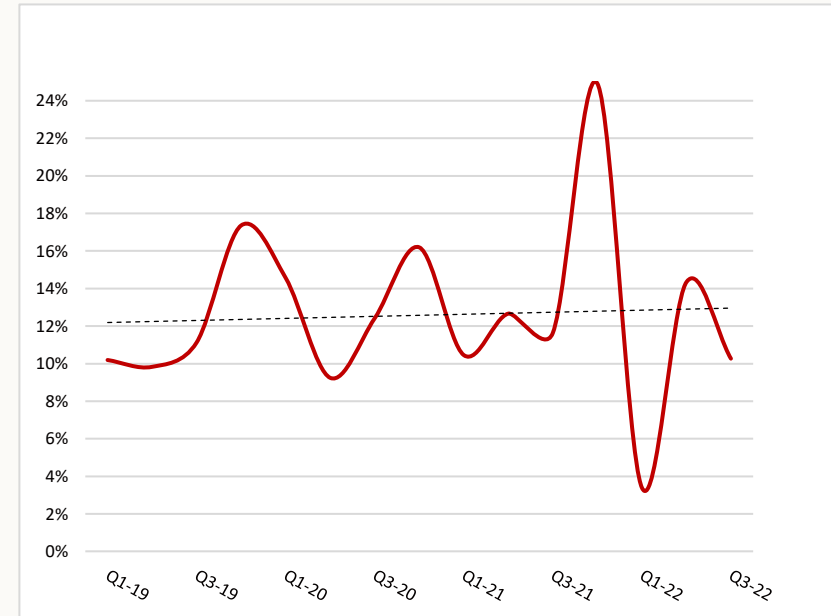
Gross profit  
Margin



- Gross margin in Q3 2022 was 28,1%, compared to 31,1% in Q3 2021
- Margin diluted by higher proportion of sales through lower margin programs/businesses, product mix
- Fluctuations between quarters due to business portfolio

## EBITA MARGIN

EBITA  
Margin



- EBITA margin 10,3% in Q3 2022 (20,1 MSEK) vs 12,0% in Q3 2021 (15,1 MSEK)
- Diluted gross margins contribute negatively to EBITA margin, while operational efficiencies and ZG breakage contribute positively

## P&L DEVELOPMENT SUPPORTS SUSTAINED LEVELS OF PROFITABILITY

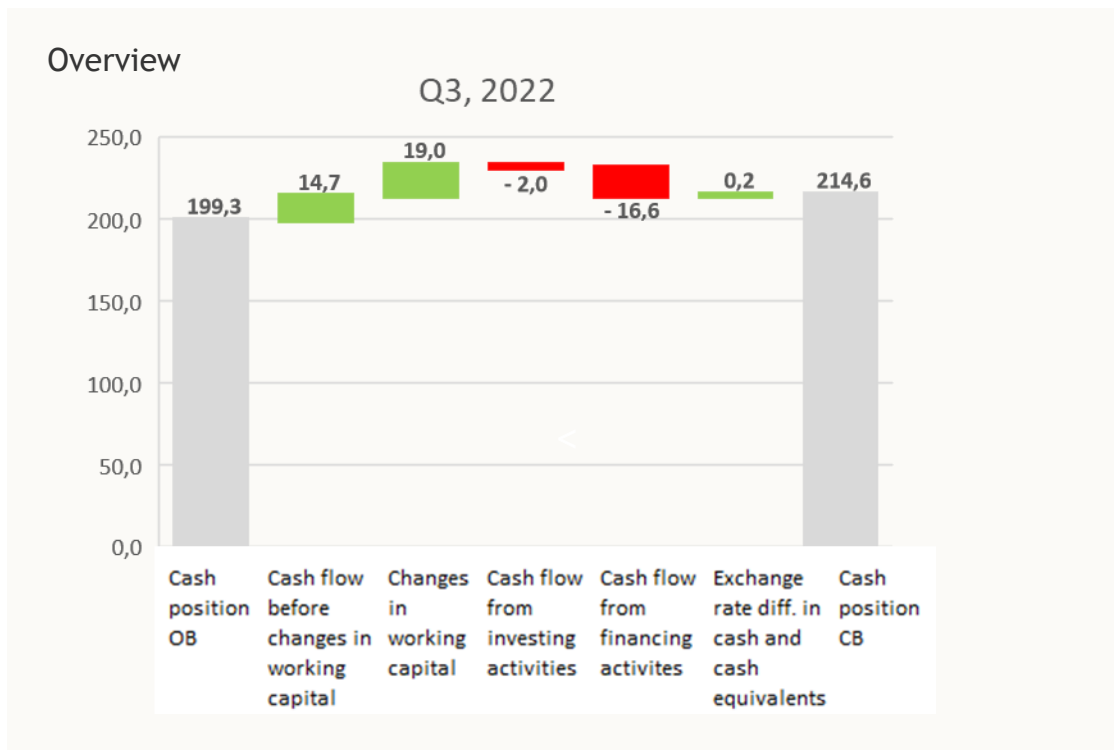
	2022-07-01	2021-07-01	2022-01-01	2021-01-01	2021-01-01
Amounts, TSEK	2022-09-30	2021-09-30	2022-09-30	2021-09-30	2021-12-31
Net revenue	195,986	126,211	557,314	299,785	529,319
Capitalised work for own account	868	1,870	1,629	2,550	3,021
Other operating income	2,505	1,961	10,377	3,173	19,387
<b>Total operating income</b>	<b>199,359</b>	<b>130,042</b>	<b>569,319</b>	<b>305,508</b>	<b>551,727</b>
<b>Operating expenses</b>					
Commodities	-140,875	-86,972	-391,934	-206,040	-356,273
Other external expense	-16,124	-11,368	-52,172	-19,962	-38,474
Personnel costs	-20,968	-16,657	-69,665	-43,167	-62,925
Depreciation and amortisation of tangible and intangible assets	-9,554	-8,609	-28,198	-16,884	-30,083
Other operating expense	-1,185	86	-1,724	-335	-464
<b>Total operating expenses</b>	<b>-188,705</b>	<b>-123,520</b>	<b>-543,694</b>	<b>-286,388</b>	<b>-488,219</b>
<b>Operating result</b>	<b>10,654</b>	<b>6,521</b>	<b>25,625</b>	<b>19,120</b>	<b>63,508</b>

- >85% revenue growth YTD in 2022 vs 2021, and +55% in Q3
- Other operating income includes breakage from Zupergift

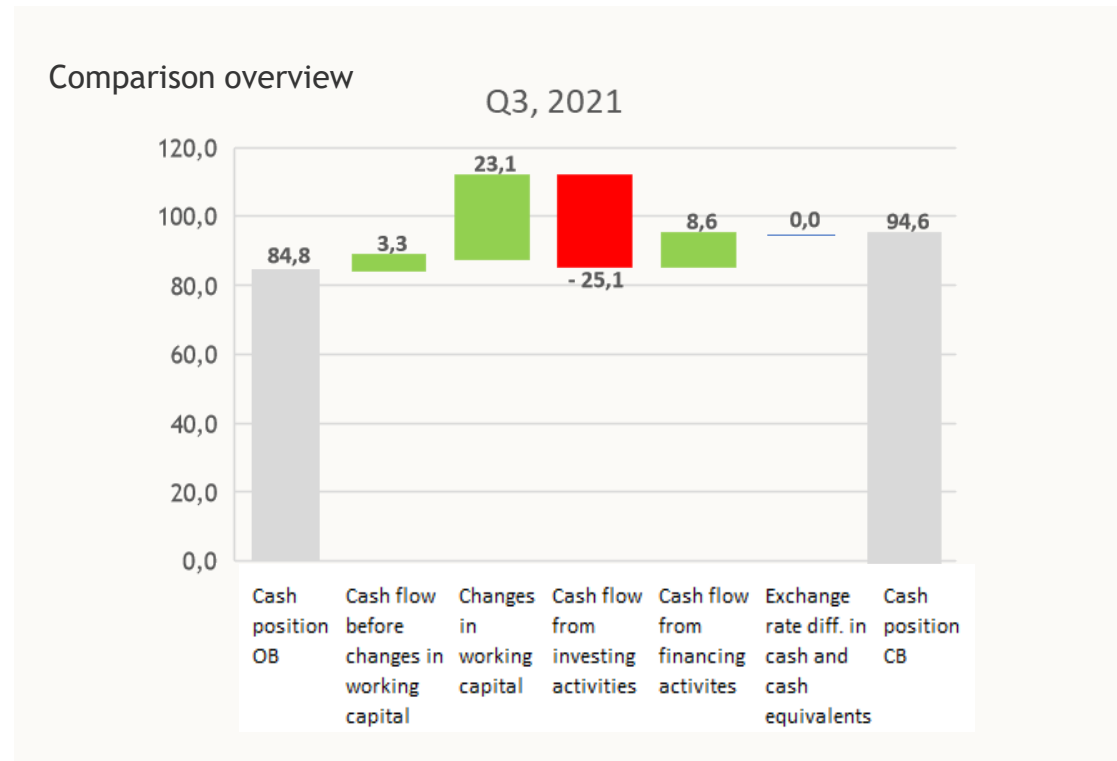
- Commodities increase mainly driven by higher turnover, also reflect dilution of gross margin
- Most other external expenses is related to PD (4,1 MSEK) and a slight increase (0,7 MSEK) from ongoing business
- Personnel costs in Q3 at 10,7% of revenues, compared to 13,2% in Q3 2021

# POSITIVE CASH FLOW DEVELOPMENT FURTHER STRENGTHENS POSITION

## CASH FLOW DEVELOPMENT



## CASH FLOW DEVELOPMENT



- Cash movement for the quarter is positive with MSEK 15,4
- Inventory has increased with MSEK 2,1 since Q2, due to upcoming high season sales
- Accounts receivables has decreased with MSEK 32,8 since Q2, which means less tied up capital
- Accounts payable has decreased with MSEK 4,5 since Q2

- Cash conversion YTD Q3, 2022: 31%
- Cash conversion FY 2021: 46%
- Cash conversion R12: 64%



# WELL POSITIONED FOR CONTINUED SUCCESS



Continued strong underlying organic growth in October. Aim to grow 60% in total for the full year 2022 with strong margins and deliver the best EBITA result ever, which is our highest priority



Integration of TIC customers to Awardit's tech platform ongoing, aim to finalize in Q4/Q1. Operational and organizational synergies realized.



Projects initiated to identify group cost savings, cross selling opportunities and other business oriented synergies within the group. New group accounting system implemented.



Organization strengthened with recruitment of Group CIO and interim Group Head of HR.



Steady flow of new customers - both within the Giftcard and Loyalty segments. Strong pipe of new prospective customers.



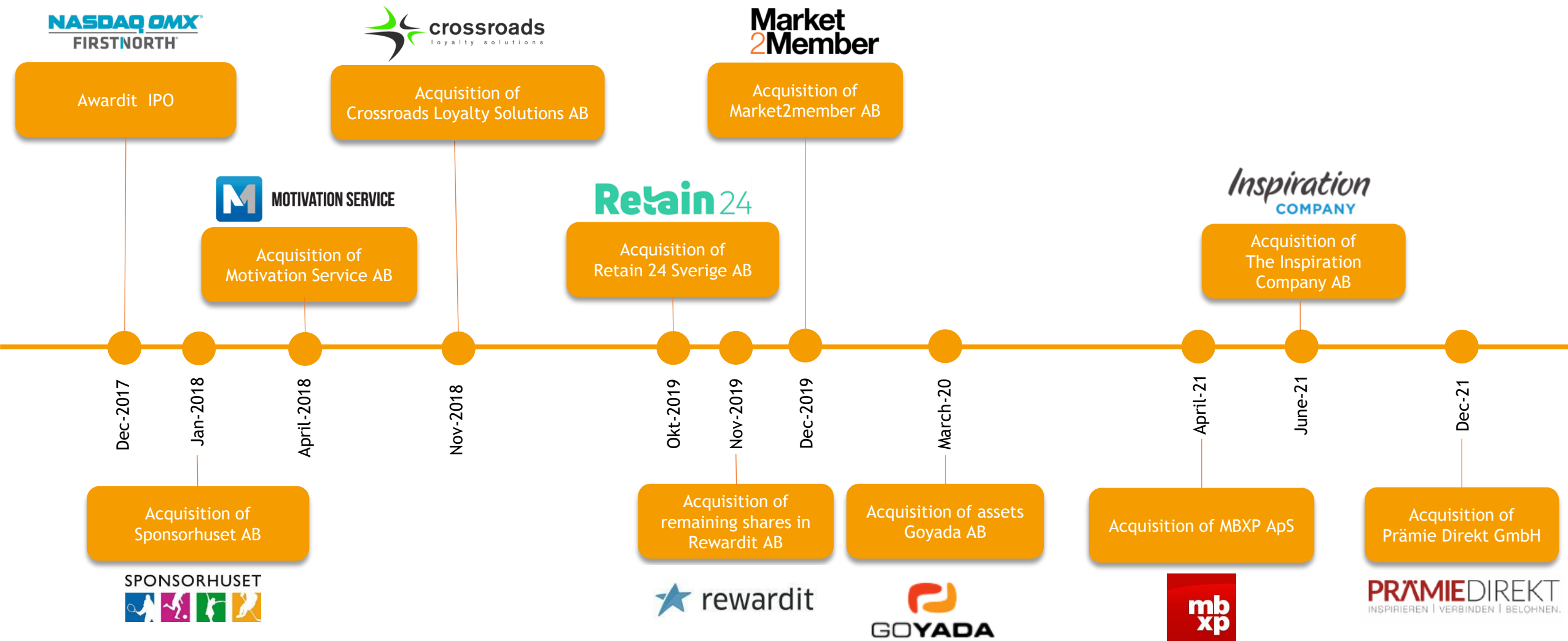
Additional value creating acquisitions identified. Cash position of approx. 215 MSEK at end of third quarter provides buying power.



Vision to become one of the absolute leaders on the European market.

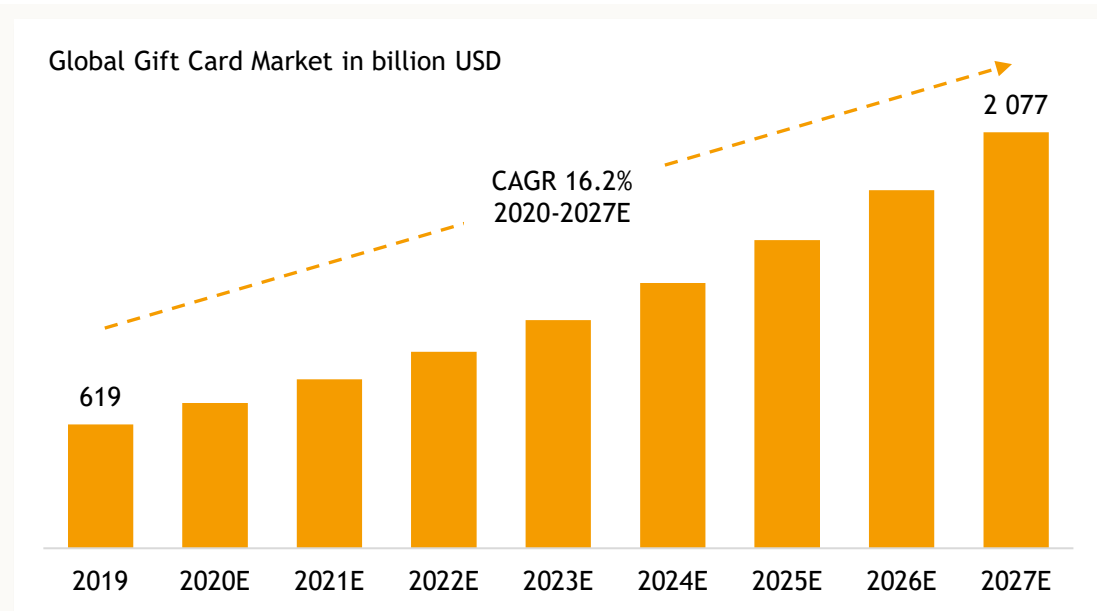
# Q&A

# AWARDIT TIMELINE

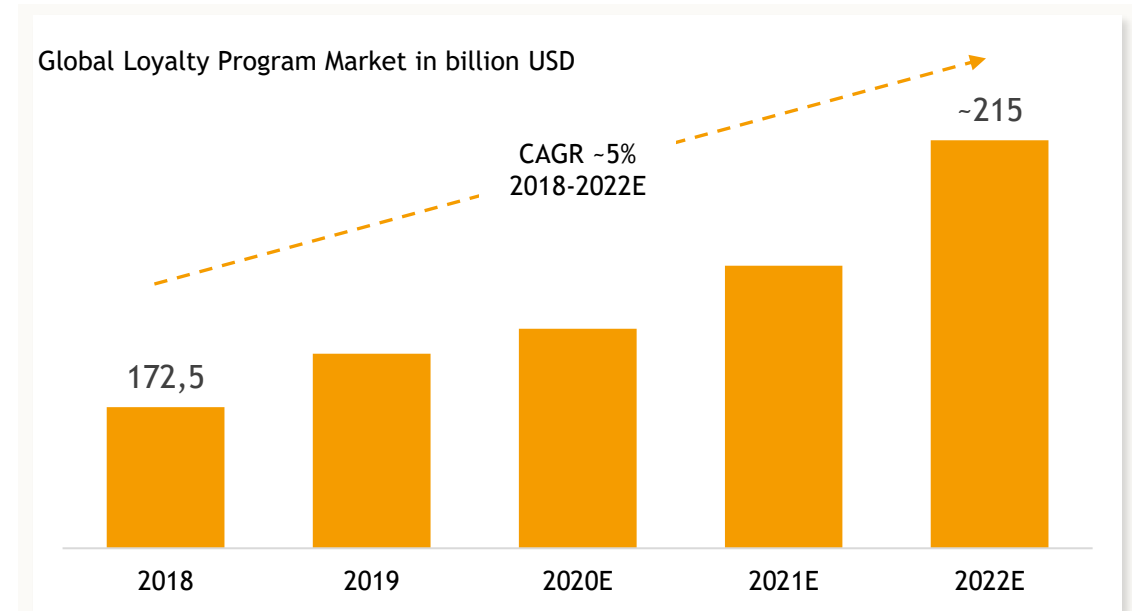



# EXPOSED TO MASSIVE GLOBAL MARKETS



## STABLE DOUBLE DIGIT GROWTH






## DIGITAL LOYALTY PROGRAM GROWTH UNDERPINNED BY DIGITAL TRANSITION





-  The expanding adoption of smartphones is expected to increase the gift card market by offering flexible payment methods for customers
-  Modern technology has created ways for smartphone users to integrate everything in one convenient package
-  Environmentally friendly driven shift from plastic to digital gift cards contributes to a more flexible product







-  Outsourcing the reward program comes with strong cost benefits related to expensive technology platform
-  The growing footprint of the adoption of loyalty program strategy by buyers indicate the willingness of both the supplier and buyers to partner on a global scale
-  Growth in online buying culture and high adoption of smartphones has raised the need for a digital loyalty program strategy

# CUSTOMER ACQUISITION STRATEGY

## TARGET AUDIENCES



## DRIVING FORCES FOR OUR CUSTOMERS

-  Achieve a greater "share of wallet"
-  Reduce price and discount focus
-  Increase customer lifetime and reduce churn
-  Establish a more responsive and cost-effective customer communication
-  Offer attractive value-add services
-  Stimulate own personnel or reseller through rewarding results, activity, competency and engagement

# BUSINESS MODEL

ATTRACTIVE OFFERING YIELDING LONG-TERM VALUE CREATION FOR AWARDIT'S CUSTOMER



## Loyalty

- ✓ Set-up fees
- ✓ Monthly fees
- ✓ Sale of points
- ✓ Loyalty marketplace
- ✓ Expert Service



## Gift Cards

- ✓ Set-up fees
- ✓ Monthly fees
- ✓ Loading fees
- ✓ Commissions
- ✓ Breakage (private labels)
- ✓ Expert service



## Partnerships

- ✓ Commissions
- ✓ Sale of points
- ✓ Campaign fees

Extensive customer portfolio



# PRIVATE LABELS



# CONTACT DETAILS

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