

POINTS TO PROFIT

Interim Report Q4 2022



Erik Grohman

CEO

- 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



11 ACQUISITIONS SINCE IPO IN DEC 2017



244 EMPLOYEES



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



ATTRACTIVE FUNDAMENTALS FUELING GROWTH AGENDA



Largest company and platform for loyalty-, incentive- and gift card programs in the Nordics and with a strong position in DACH



Our vision is to become the leader in our industry on the European market. On our journey we will continue to help our customers to improve their customer satisfaction, retention and sales.



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



+250 programs reaching more than 15 million consumers in Nordics and wide reach in DACH



Strong organic growth, highly scalable and profitable over time



Two business areas; Loyalty & Gift cards



Track record of 11 completed acquisitions. The European market remains fragmented with potential to consolidate further.

AWARDIT TIMELINE



Dec-2017

Jan-2018

April-2018

Nov-2018

Okt-2019

Nov-2019

Dec-2019

March-20

April-21

June-21

Dec-21

Feb-23

Awardit IPO

Acquisition of Crossroads Loyalty Solutions AB

Acquisition of Market2member AB

Acquisition of Motivation Service AB

Acquisition of Retain 24 Sverige AB

Acquisition of MBXP ApS

Acquisition of Prämie Direkt GmbH

Acquisition of Sponsorhuset AB

Acquisition of remaining shares in Rewardit AB

Acquisition of assets Goyada AB

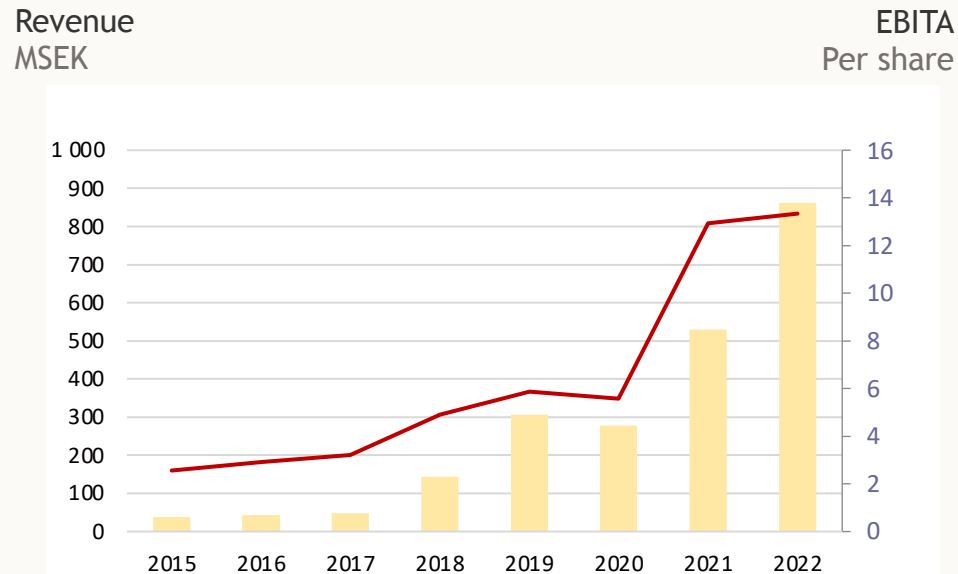
Acquisition of The Inspiration Company AB

Acquisition of Connex Marketing GmbH



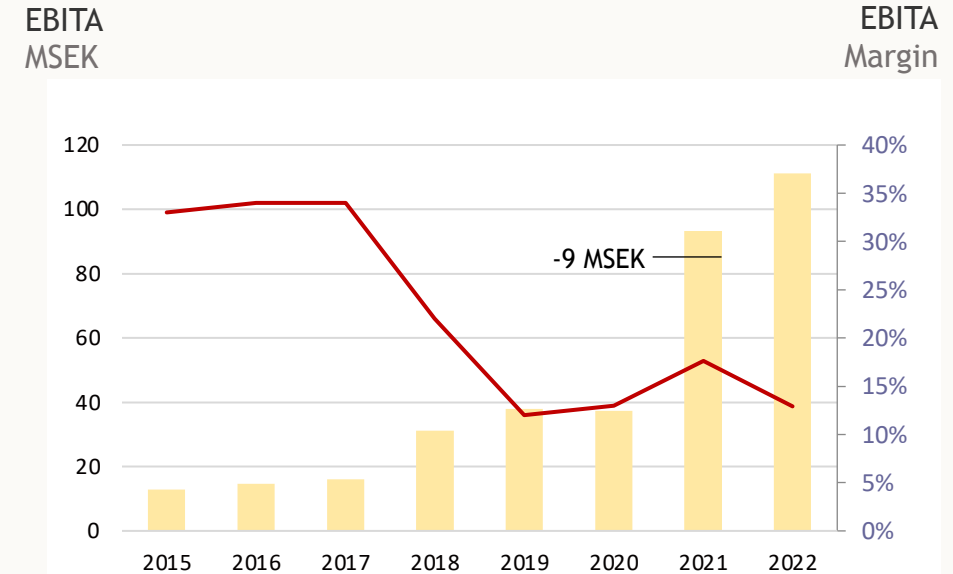
FY 2015-2022 IN BRIEF

STRONG ORGANIC GROWTH IN COMBINATION WITH ACQUISITION



- 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, and the completion of 3 acquisitions.
- 4 2022 continued high growth, 63% of which 21% organic. Revenue was MSEK 862.

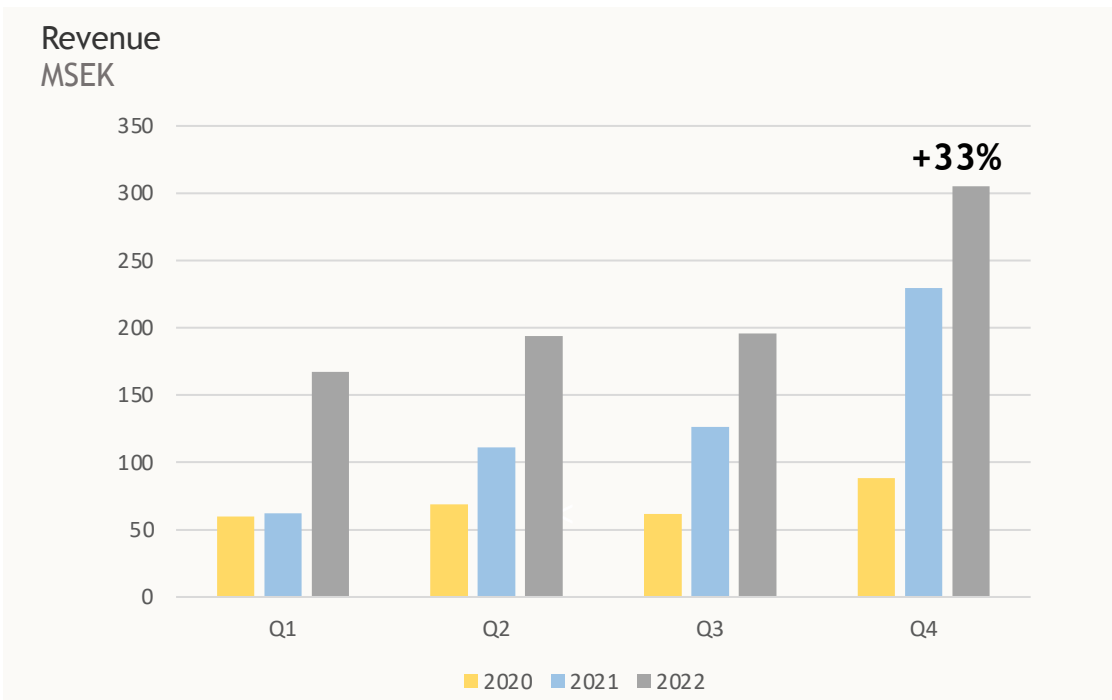
CONTINUED LONG TERM EARNINGS GROWTH



- 1 Profitable growth adding EBITA per share. 2022 EBITA was MSEK 111,2, which is 19% growth vs 2021. Adjusted for 9 MSEK Covid support in 2021, EBITA growth was 32% in 2022
- 2 Synergies of scale and between business areas enable increased gross margins and EBITA-margins over time
- 3 EBITA margin of 2022 diluted primarily by 2021 acquisitions and Q4 gross margins

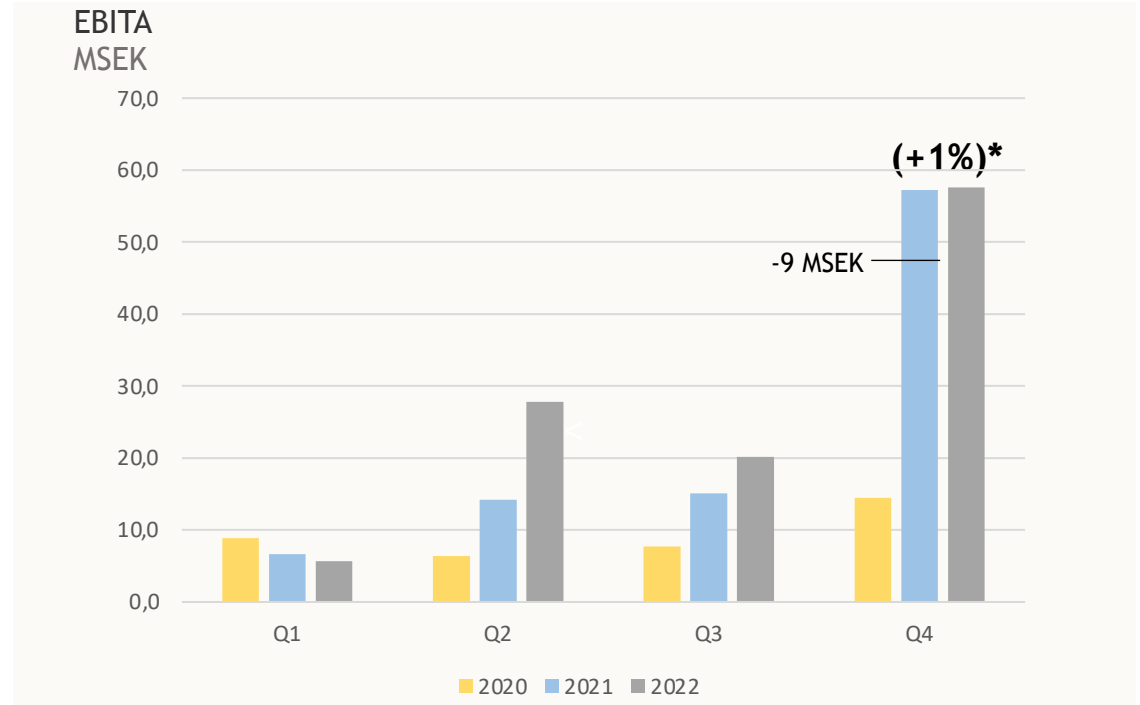
Q4 2022; STRONG REVENUE GROWTH AND RECORD HIGH EBITA

QUARTERLY CONTINUED REVENUE GROWTH



- 305.0 MSEK revenues; MBXP, PD and TIC contributed 158.3 MSEK
- 33% growth of which 17% organic driven by strong performance by Awardit loyalty programs and gift cards. Appr 18% organic growth in January
- Prämie Direkt continued growth in Q4 of around 8% (in EUR) compared to 2021
- Many new campaigns/customers in both Loyalty and Giftcards

RECORD HIGH EBITA

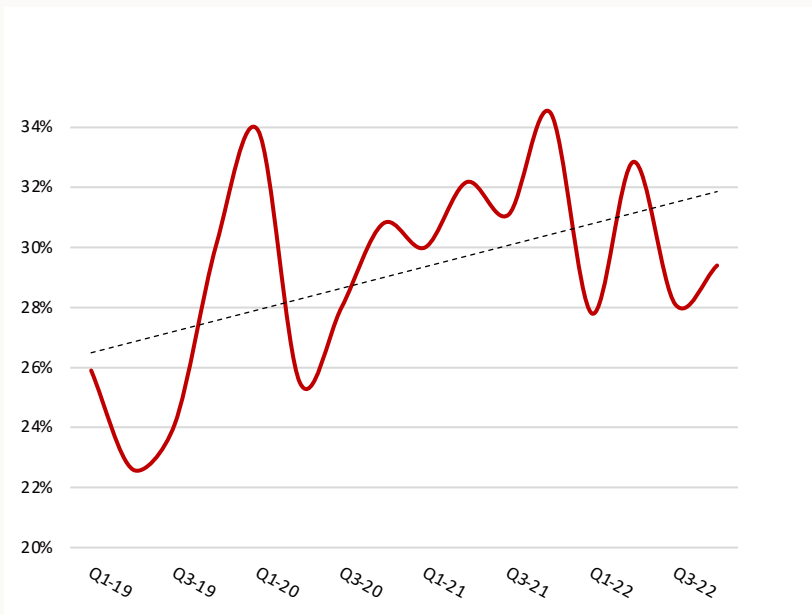


- * 1% EBITA growth in Q4 2022 (57.6 MSEK) vs Q4 2021 (57.2 MSEK)
- * 16% EBITA growth adjusted for 9 MSEK of MBXP Covid contribution in 2021 comparables
- Positive impact from Zupergift breakage (MSEK 5.5)

GROSS MARGIN AND EBITA MARGIN STRENGTHENED OVER TIME

GROSS MARGIN DEVELOPMENT

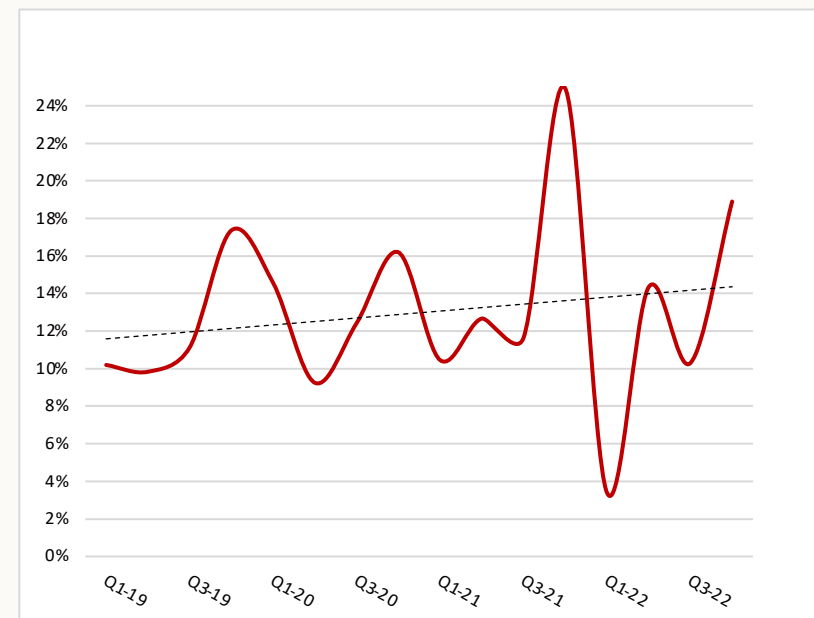
Gross profit
Margin



- Gross margin in Q4 2022 was 29.4%, compared to 34.5% in Q4 2021
- Lower margin at MBXP due to increased redemption of experience giftcards
- Margin negatively affected 2.0% by seldom-recurring campaign revenues and full-year growth based bonus payment to customer in Q4
- Program and product mix in Loyalty programs affects margins in quarter

EBITA MARGIN DEVELOPMENT

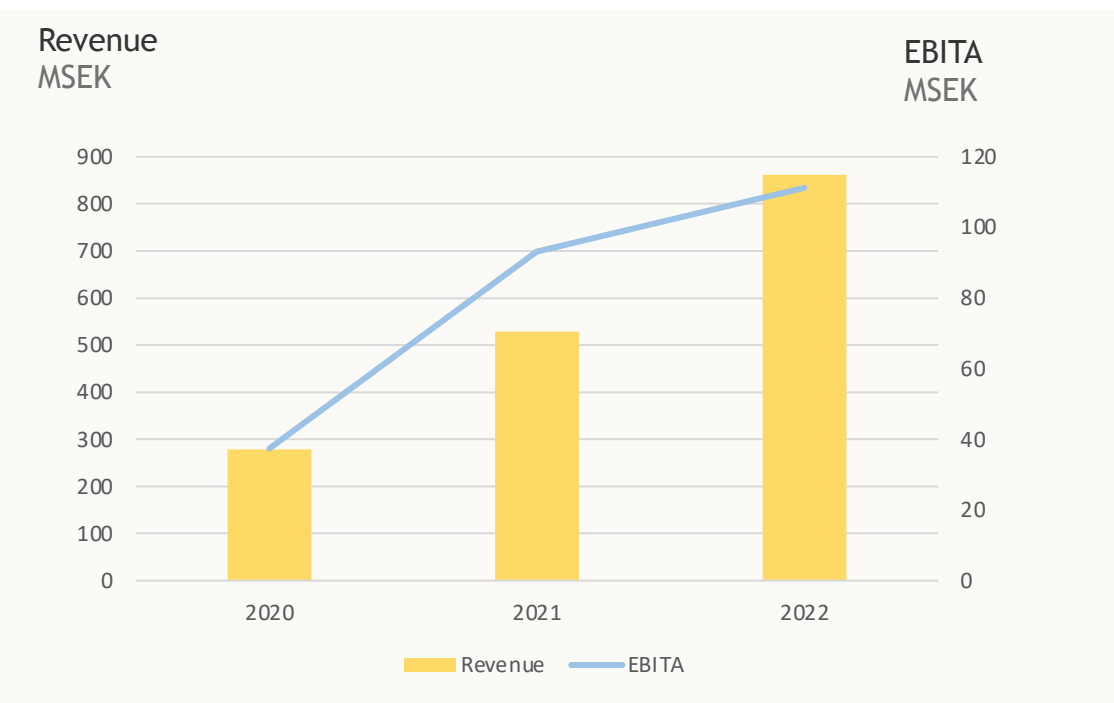
EBITA
Margin



- EBITA margin 18.9% in Q4 2022 (MSEK 57.6) vs 24.9% in Q4 2021 (MSEK 57.2)
- Q4 2021 EBITA includes 9 MSEK of MBXP Covid contribution (3,9%)
- Gross margin decrease has an EBITA effect of 5,1%
- Positive effect from Other external costs by 3,1%

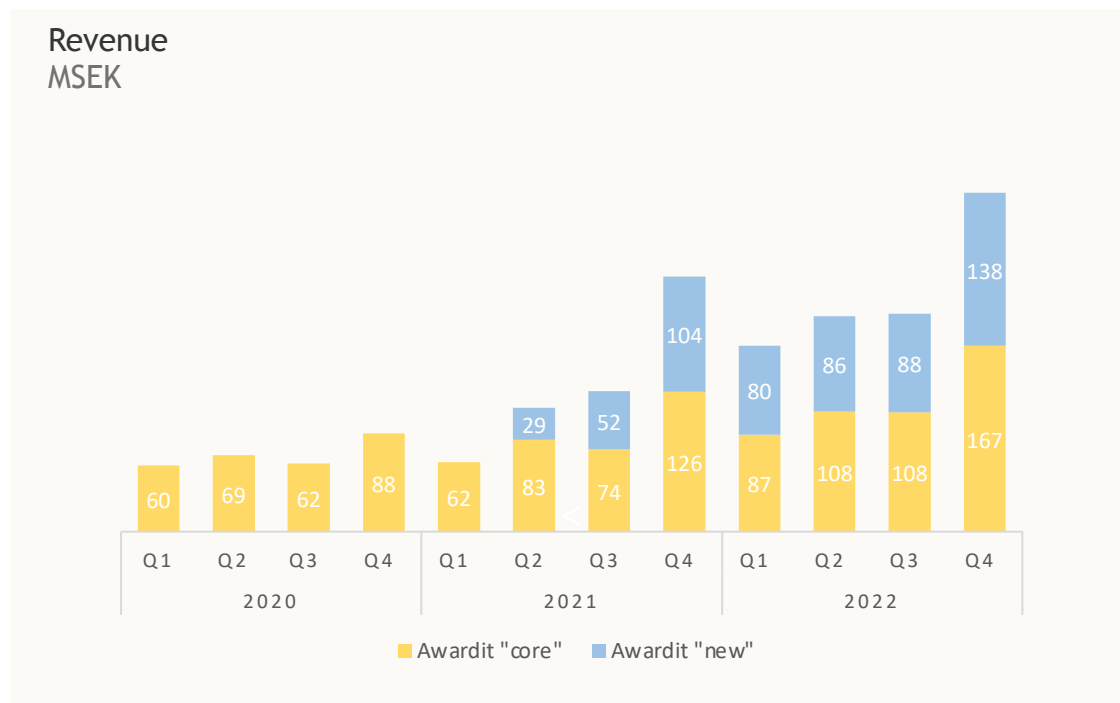
2022 IN SUMMARY; AWARDIT'S BEST YEAR EVER

2022 was the highest year ever, both in revenues and EBITA



- 862.3 MSEK revenues; MBXP, PD and TIC contributed 219.9 MSEK
- 63% growth of which 21% organic driven by strong performance by Awardit loyalty programs and gift cards. Appr 18% organic growth in January
- Prämie Direkt back to growth in H2, and with growth in Q4 of around 8%

Continued underlying growth of “core” business in 2020–2022



- Solid growth within Awardit “core” business (excluding acquisitions made in 2021; TIC, MBXP, PrämieDirekt) of 36% in 2022
- Additional growth in “new” business; MBXP from April 2021, TIC from June 2021 and Prämie Direkt from Dec 2021 (“Awardit “new””)
- Added growth from 2021 acquisitions was 208 MSEK in 2022

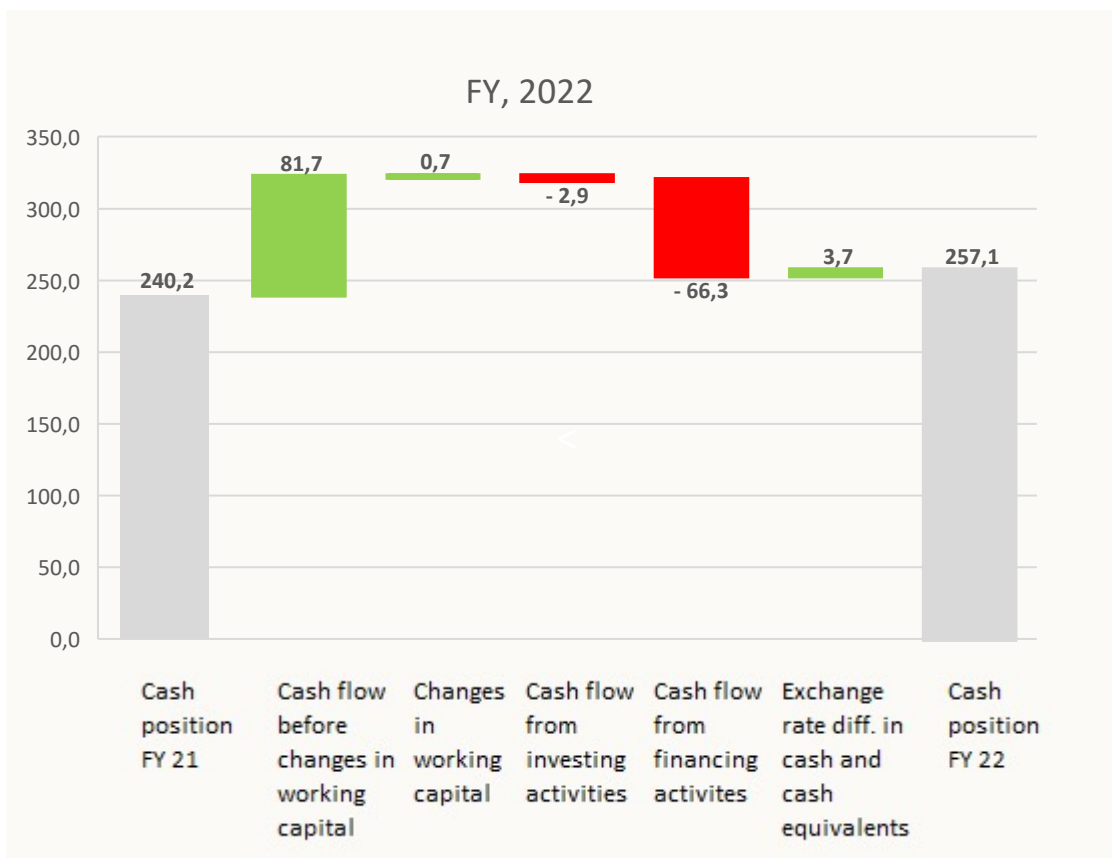
P&L DEVELOPMENT SUPPORTING SUSTAINED LEVELS OF PROFITABILITY

Amounts, TSEK	Note	2022-10-01	2021-10-01	2022-01-01	2021-01-01
		2022-12-31	2021-12-31	2022-12-31	2021-12-31
Net revenue	2	304,983	229,534	862,297	529,319
Capitalised work for own account		758	471	2,387	3,021
Other operating income		11,493	16,214	21,870	19,387
Total operating income		317,234	246,219	886,554	551,727
Operating expenses					
Commodities		-215,264	-150,233	-607,198	-356,273
Other external expenses		-15,205	-18,512	-67,377	-38,474
Personnel costs		-29,127	-19,757	-98,792	-62,925
Depreciation and amortisation of tangible and intangible assets		-12,359	-13,199	-40,557	-30,083
Other operating expenses	3		-129	-1,721	-464
Total operating expenses		-271,951	-201,830	-815,644	-488,219
Operating result		45,283	44,389	70,910	63,508

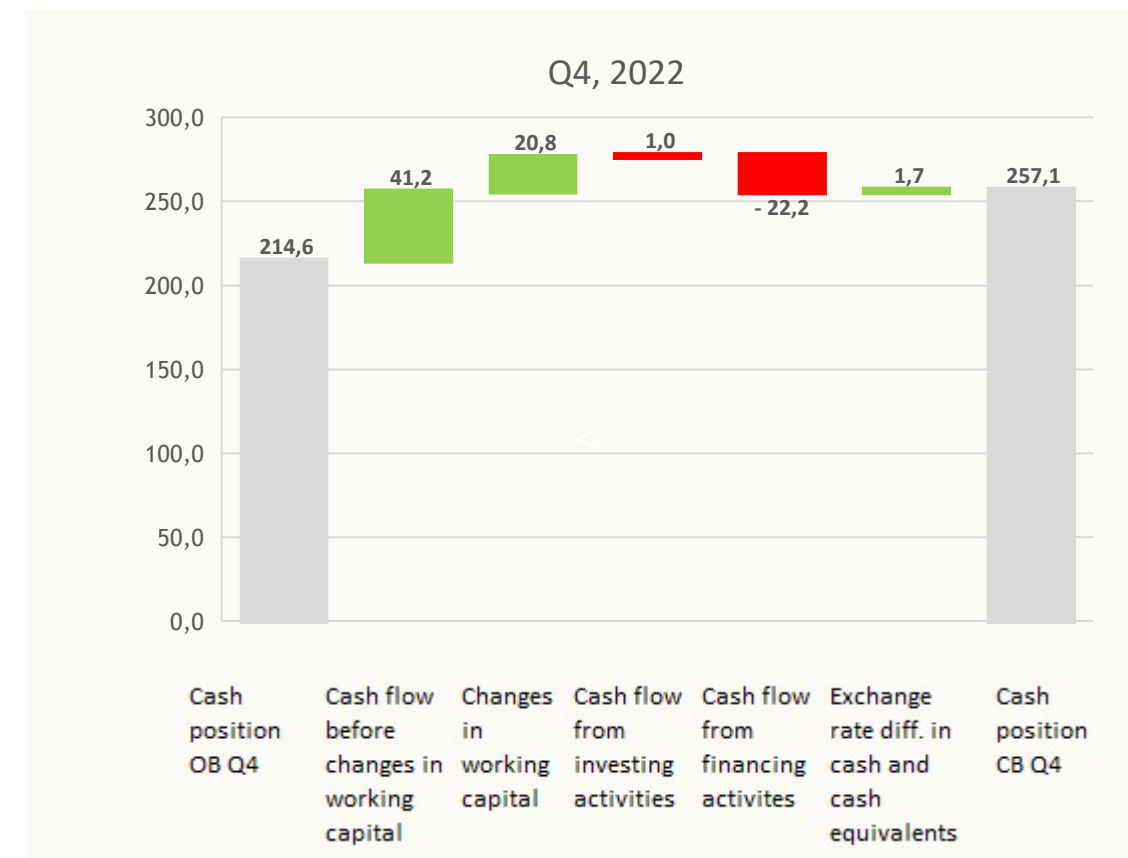
- 33% revenue growth for Q4 in 2022 vs 2021, and +63% for the full year
- Other operating income includes breakage from Zupergift of 5,5 MSEK (3,7) in Q4 and 9,9 MSEK (4,4) for the full year
- Other operating income includes Covid contribution of 9 MSEK in Q4 2021

- Commodities increase in Q4 mainly driven by higher turnover, product mix and sales through seldom-recurring campaign channel
- Other external expenses decrease in the quarter, while full year increase is driven mainly by acquired businesses
- Personnel costs in Q4 at 9,6% (8,6%) of revenues, affected by Prämie Direkt and a strengthened central organization

FY AND Q4 2022; CASH FLOW



- Cash movement for the FY is positive with MSEK 16.9
- Inventory movement is -MSEK 0.8 compared to FY-21
- Receivables are higher compared to LY due to higher sales, deposits and prepaid income
- Liabilities are higher compared to LY due to higher sales, purchase of giftcards, reseller commissions and VAT



- Cash movement for the quarter is positive with MSEK 42.4
- Receivables + inventory is higher compared to Q3 due to higher sales, deposits and prepaid income
- Liabilities are higher compared to Q3 due to higher sales, purchase of giftcards, reseller commissions and VAT
- Cash conversion FY 2022: 71% (46%)

AWARDIT AND CONNEX - A WIN-WIN

- Background and process
 - Purchase price 10,7 MEUR (7,2 cash + 3,5 shares). No earn-out.
 - Expected turnover 2022 15,6 MEUR with EBIT of min 1,4 MEUR = 7,6X
 - Purchase priced based on "locked box" mechanism per 31 May balance sheet
 - 10,7 MEUR in cash and cash-like assets per 31 May. No interest bearing debt.
 - SPA contains guarantee with respect to forecasted EBIT
-
- We aim to provide pro forma group financials when the closing balance sheet and PPA is ready
-
- M&A priorities going forward

CONNEX - THE DACH EXPERTS IN REWARDS AND LOYALTY PROGRAMS

- **Established in 1986** - decade-long expertise in sales promotions, customer retention and employee motivation
- Products and systems ranging from **voucher-based reward & incentive solutions** to **next-gen loyalty programs**
- Very strong and **established market position in German-speaking markets**, growing impact in many **CEE countries** and the UK
- **Distinct focus on B2B clients**, covering all major industries and brands (e.g. financial services, automotive, wholesale, manufacturing and construction industry, retail, etc.)
- **Market-leading B2C position in packaged travel gift products** in retail in Germany and Austria, in addition to strong strategic partnerships with online / offline resellers





Gift Cards & Boxes / Rewards / Incentives

Innovative voucher-based solutions

- Hotel / travel vouchers
- Restaurant / experience vouchers
- Multi-select reward vouchers
- Gift cards & multi-store gift cards

Systems and software based on and around our voucher solutions and gift card products are developed in-house and tailored to customers' needs



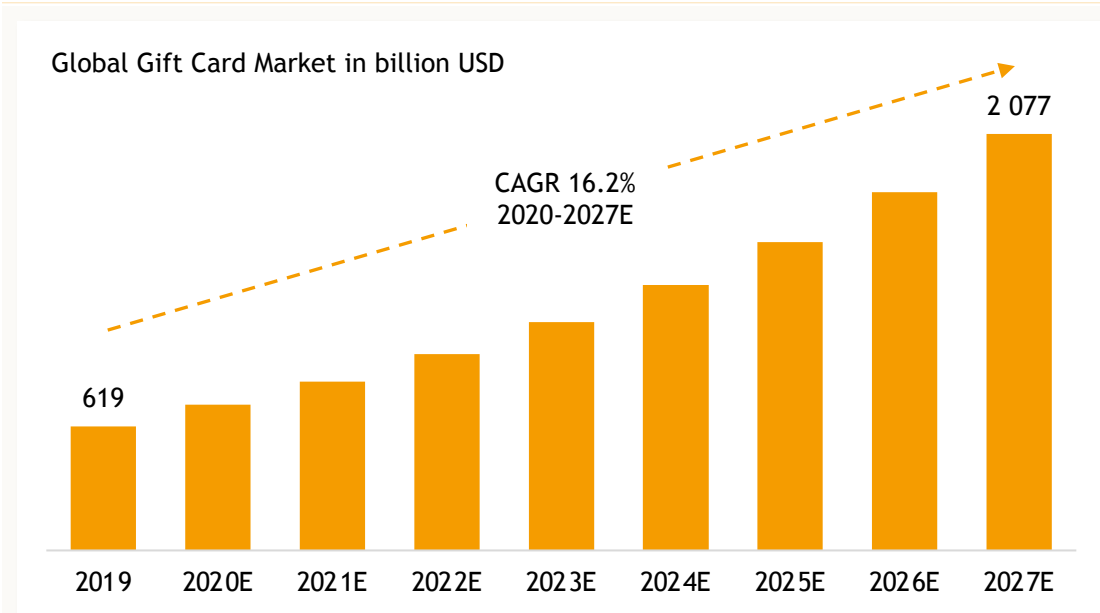
Loyalty Programs & Systems

Unique full service approach to loyalty

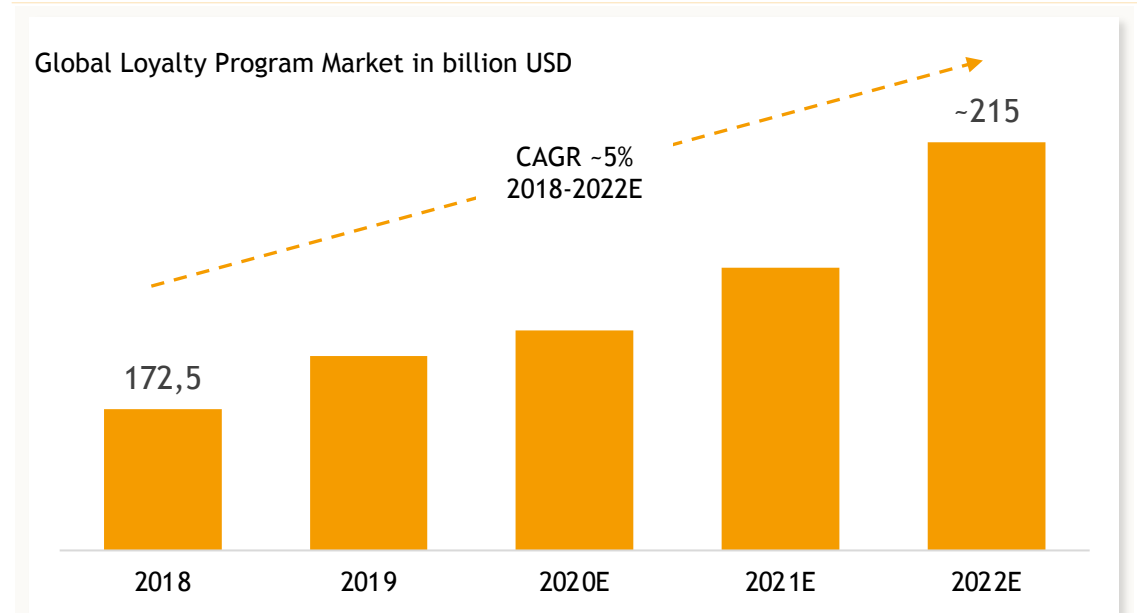
- **Delivered in-house and in full-service:** from strategy and consulting to software and implementation, as well as operations
- **Unique capability to onboard new clients / customers over all market segments** due to a highly adaptable business model
- Ability to **deliver loyalty systems, services and value throughout all of Europe**





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



WELL POSITIONED FOR CONTINUED SUCCESS



Continued strong organic growth of the existing business lays the foundation for higher revenues and improved results in 2023 and beyond. Strong start to 2023 with appr 18% organic growth in January.



Acquisition of Connex provides a strong position in DACH. Perfect fit with Prämie Direkt and potential to continue growing in the region, both organically and through further acquisitions.



Projects ongoing to realize procurement savings, cross selling opportunities and other business oriented synergies within the group. Integration of TIC customers to Awardit's tech platform ongoing, to be finalized in Q1.



Potential to launch Supergift in additional variants and in new markets, with DACH launch being reviewed in light of Connex acquisition



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 more than 250 MSEK at years end provides buying power.



Proposal for reintroduced dividend payments in accordance with ambitions communicated in Spring 2020.



Vision to become the leader on the European market.

CONTACT DETAILS

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