

POINTS TO PROFIT

Interim Report Q2 2022




Erik Grohman


CEO


- CEO since 7th 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

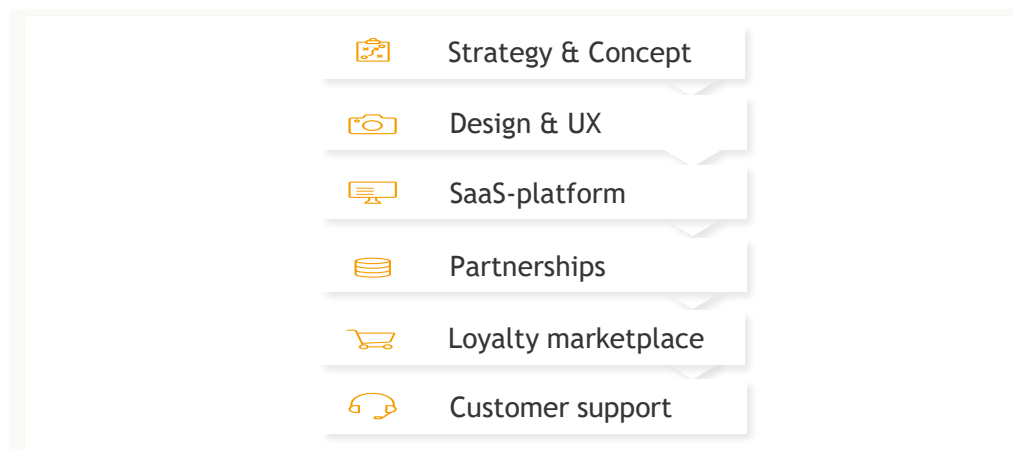
 FOUNDED IN 1999

 10 ACQUISITIONS SINCE IPO IN DEC 2017

 135 EMPLOYEES

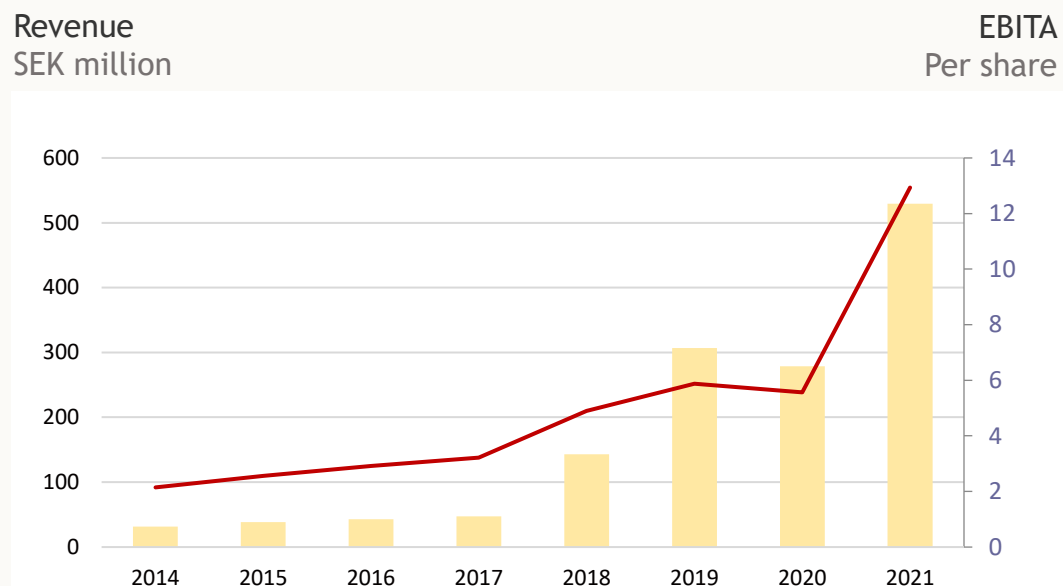
 OFFICES IN STOCKHOLM (HQ), GOTHENBURG, COPENHAGEN AND HAMBURG

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



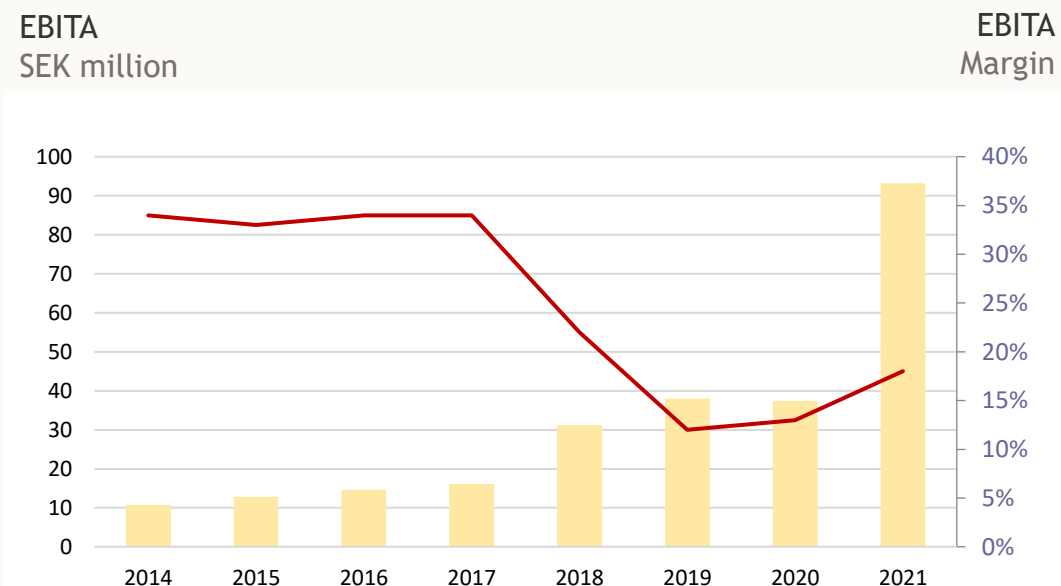
FY 2017-2021 IN BRIEF

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.

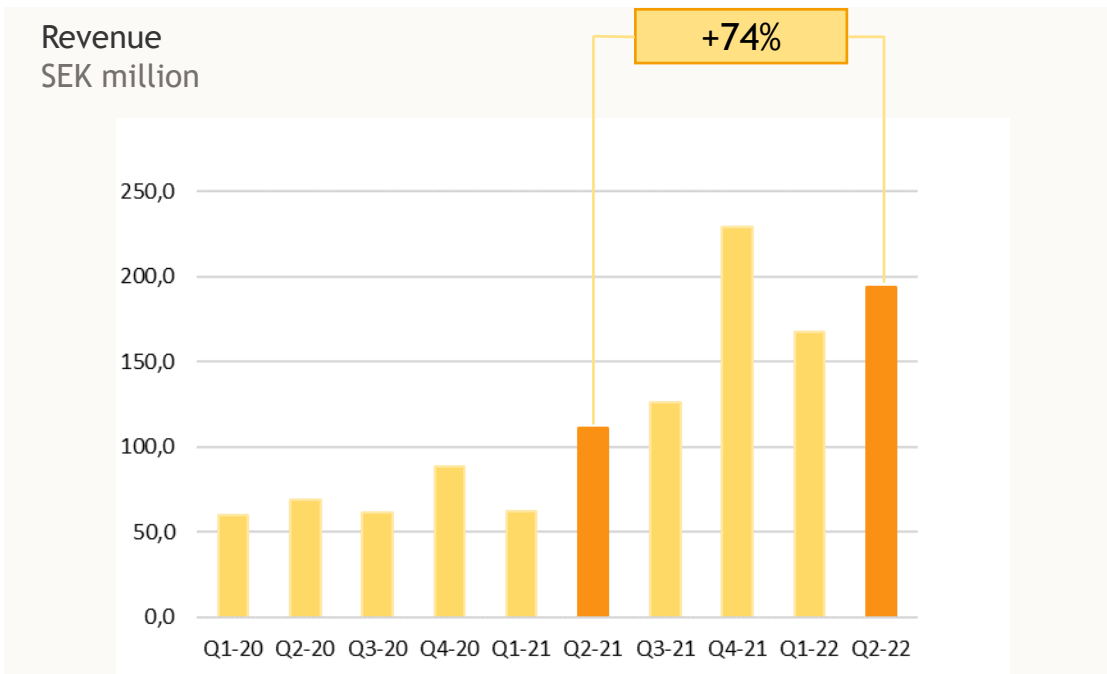
UNDISPUTABLE EARNINGS GROWTH



- 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

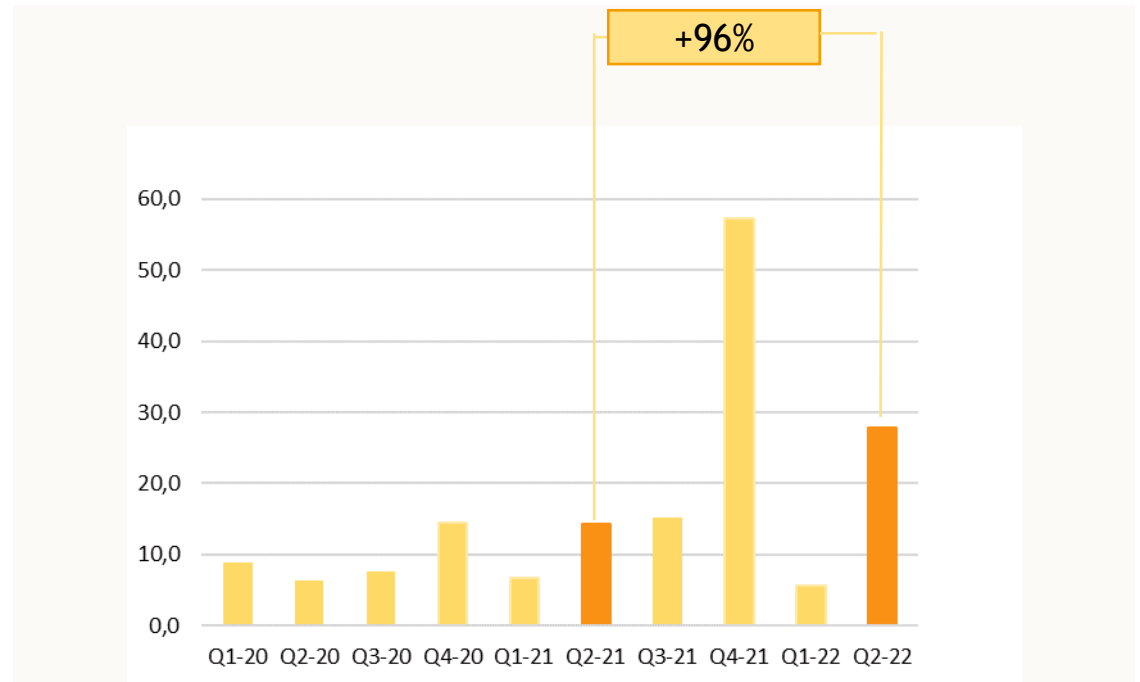
CONTINUED STRONG REVENUE GROWTH AND ACCELERATED EBITA

QUARTERLY CONTINUED REVENUE GROWTH



- 193,9 MSEK revenues; MBXP, PD and TIC contributed 86,1 MSEK
- 74% growth of which 20% organic driven by strong performance by Awardit loyalty programs and gift cards. ~23% organic growth in July
- PD back to budgeted volumes in May and June
- Many new customers in both Loyalty and Giftcards

EBITA ACCELERATED DEVELOPMENT

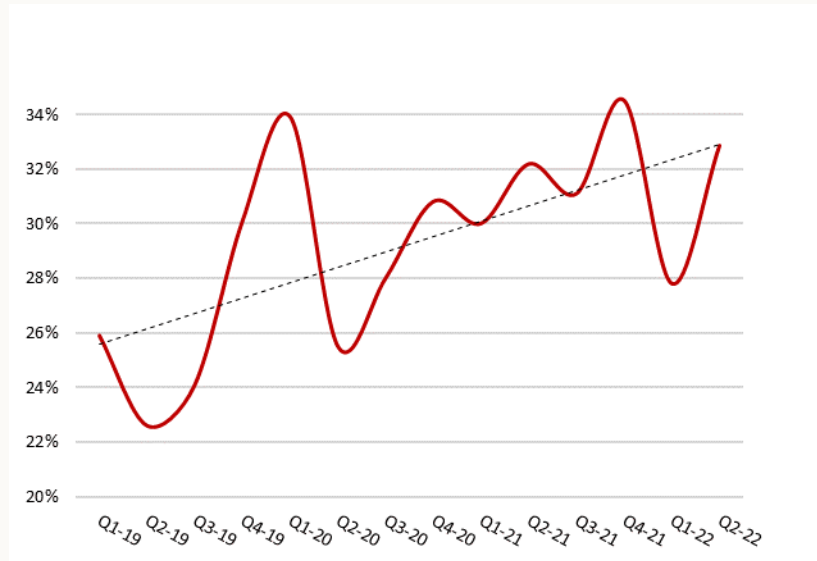


- 96% EBITA growth in Q2 2022 (27,8 MSEK) vs Q2 2021 (14,2 MSEK)
- Positive EBITA contribution for all businesses acquired in 2021 (PD, MBXP, TIC; total 7,1 MSEK in Q2)
- Positive impact from Zupergift breakage (2,5 MSEK), negative impact from pricing error resolved in May (-1,4 MSEK)

GROSS MARGIN AND EBITA MARGIN AT HISTORICAL HIGH Q2 LEVELS

GROSS MARGIN DEVELOPMENT

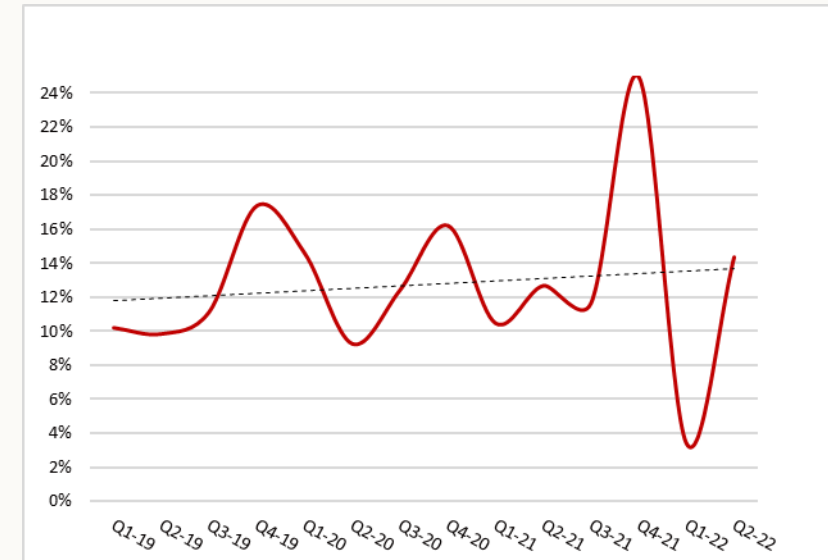
Gross profit
Margin



- Gross margin in Q2 2022 was 32,9%, up from 32,2% in 2021
- Gross margin of organic business, which includes MBXP from 15th April, in Q2 2022 was 33,9%
- Margin improvement driven by product mix in B2C and strengthened B2B program margins

EBITA MARGIN

EBITA
Margin



- EBITA margin 14,3% in Q2 2022 (27,8 MSEK) vs 12,8% in 2021 (14,2 MSEK)
- Strengthened gross margins and ZG breakage contribute positively to EBITA margin development

P&L DEVELOPMENT SUPPORTING SUSTAINED LEVELS OF PROFITABILITY

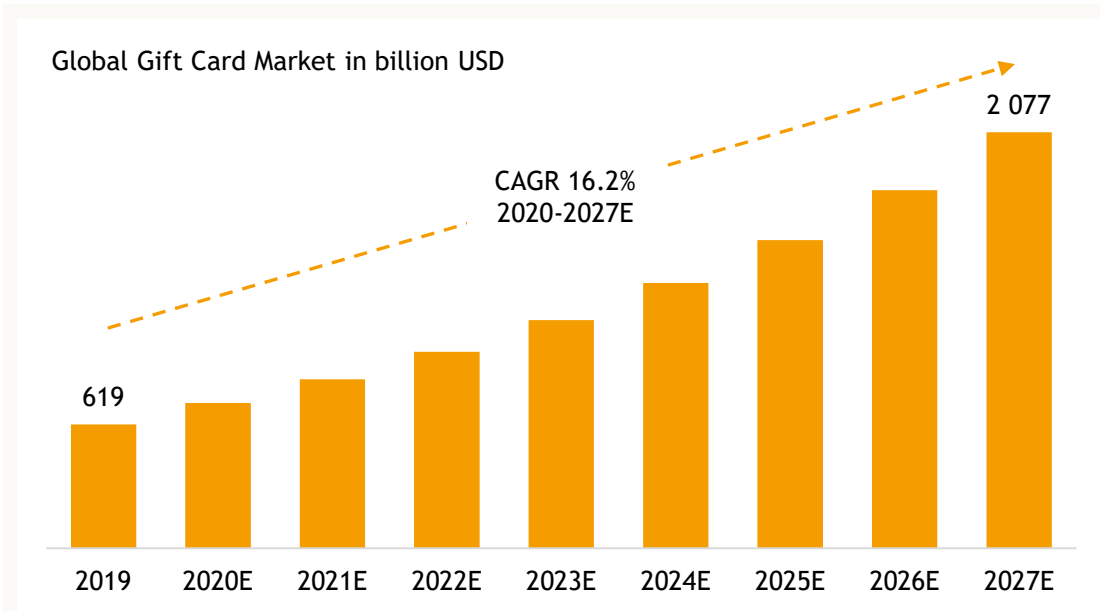
	2022-04-01	2021-04-01	2022-01-01	2021-01-01	2021-01-01
Amounts, TSEK	2022-06-30	2021-06-30	2022-06-30	2021-06-30	2021-12-31
Net revenue	193,925	111,277	361,328	173,574	529,319
Capitalised work for own account	380	680	760	680	3,021
Other operating income	5,393	426	7,872	1,213	19,387
Total operating income	199,698	112,382	369,960	175,467	551,727
Operating expenses					
Commodities	-130,212	-75,470	-251,060	-119,067	-356,273
Other external expense	-15,447	-6,008	-36,049	-8,594	-38,474
Personnel costs	-26,104	-16,268	-48,697	-26,510	-62,925
Depreciation and amortisation of tangible and intangible assets	-9,339	-6,358	-18,644	-8,275	-30,083
Other operating expense	-79	-401	-539	-421	-464
Total operating expenses	-181,181	-104,505	-354,989	-162,866	-488,219
Operating result	18,517	7,876	14,971	12,599	63,508


- >100% revenue growth for H1 in 2022 vs 2021, and +74,3% in Q2
- Other operating income includes breakage from Zupergift




- Commodities increase mainly driven by higher turnover
- Other external expenses increase of 2,5 MSEK from ongoing, 6,9 MSEK acquired businesses
- Personnel costs in Q2 at 13,5% of revenues, compared to 14,6% in 2021

EXPOSED TO MASSIVE GLOBAL MARKETS

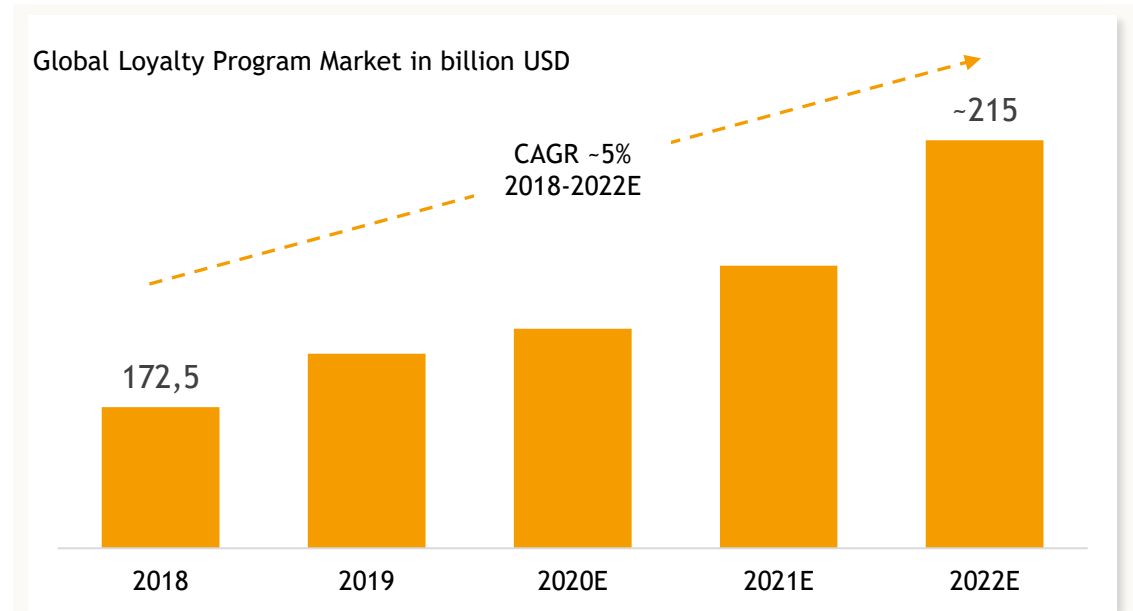
STABLE DOUBLE DIGIT GROWTH








-  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








DIGITAL LOYALTY PROGRAM GROWTH UNDERPINNED BY DIGITAL TRANSITION









-  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

BUSINESS FUNDAMENTALS

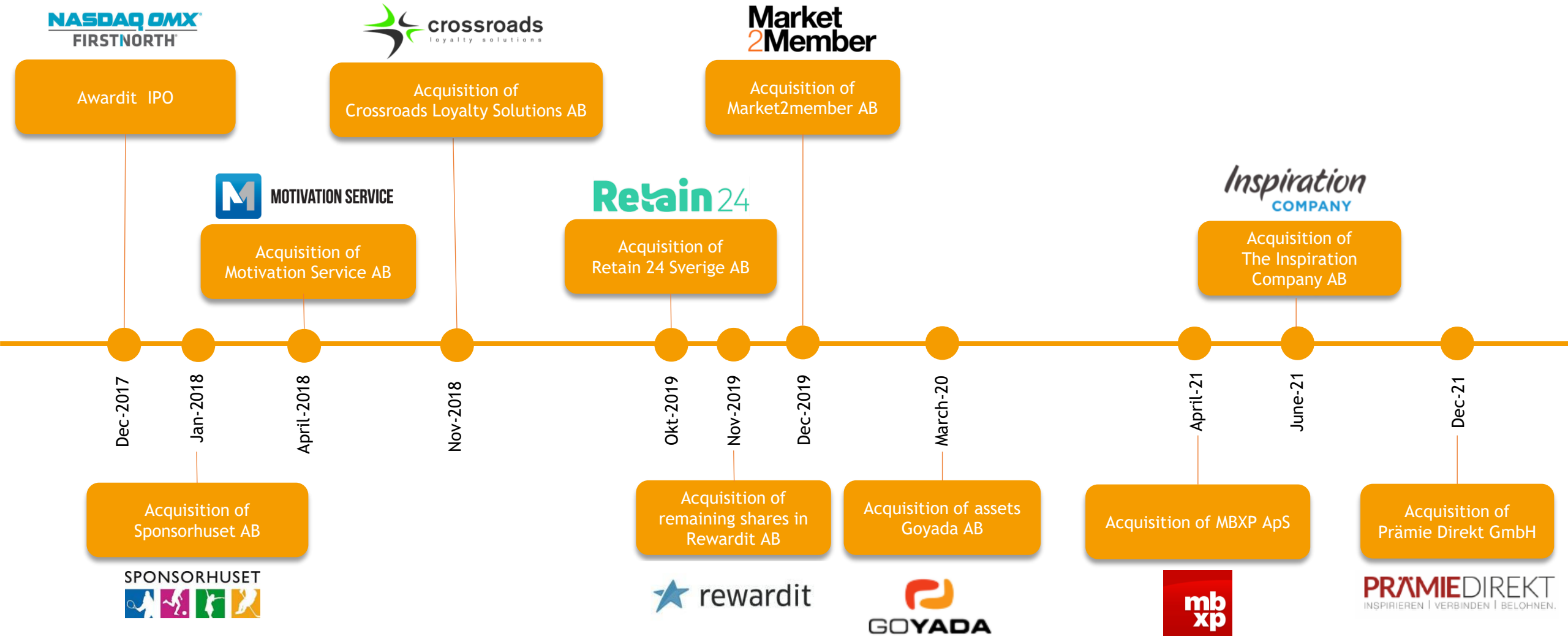
STRONG FUNDAMENTALS FUELING GROWTH

-  Largest company and platform for loyalty-, incentive- and gift card programs in the Nordics.
-  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.

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

AWARDIT TIMELINE



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





WELL POSITIONED FOR CONTINUED SUCCESS



Continued strong organic growth of 23% in July. 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. Pricing error resolved, no future impact on margins. Organizational integration finalized.



Projects initiated to identify procurement savings, cross selling opportunities and other business oriented synergies within the group.



Launch of Zupergift on additional markets, Germany planned for Q4.



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. 200 MSEK at end of Q2 provides buying power.



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

PROFIT & LOSS STATEMENT

	2022-04-01	2021-04-01	2022-01-01	2021-01-01	2021-01-01
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BALANCE SHEET

Amounts, TSEK	2022-06-30	2021-06-30	2021-12-31
Assets			
Fixed assets			
Goodwill	368,761	234,197	360,604
Customer relations	124,510	88,790	129,905
Platform	67,835	65,786	71,470
Brand	44,170	-	42,210
Other intangible assets	-	10	-
Equipment, tools and fittings	383	510	510
Right-of-use assets	6,599	5,060	7,764
Interests in associated companies	8,498	169	6,081
Deferred tax assets	445	762	47
Total fixed assets	621,201	395,284	618,591
Current assets			
Inventory	45,469	28,539	52,664
Advances to suppliers	4,587	8,042	223
Accounts receivable	132,545	128,459	181,414
Current tax receivable	5,018	1,310	10,742
Other receivable	37,603	21,791	56,002
Prepaid expenses and accrued income	8,572	5,691	8,619
Cash and cash equivalents	199,291	84,779	240,221
Total current assets	433,085	278,610	549,885
TOTAL ASSETS	1,054,286	673,894	1,168,476

Amounts, TSEK	2022-06-30	2021-06-30	2021-12-31
Total Equity	519,790	249,885	505,595
Total long-term liabilities	258,484	215,677	269,601
Total short-term liabilities	276,012	208,332	393,280
TOTAL LIABILITIES AND EQUITY	1,054,286	673,894	1,168,476

CASH FLOW STATEMENT

	2022-04-01	2021-04-01	2021-01-01
Amounts, TSEK	2022-06-30	2021-06-30	2021-12-31
Cash flow from operations			
Profit before tax	18,517	7,876	63,508
Adjustments for non-cash items			
Reversal of depreciations	9,339	6,358	30,083
Other items not affecting cash flow	-3,293	-183	2,246
Interest received	-	9	9
Interest paid	-714	-2,050	-5,084
Paid income tax	-2,986	-2,186	-16,750
Cash flow from operations before change in working capital	20,863	9,824	74,012
Change in working capital	-18,786	-56,601	-25,322
Cash flow from operations	2,077	-46,778	48,690
Cash flow from investing activities	-1,150	-1,900	-170,959
Cash flow from financing activities	-11,762	99,688	333,786
Cash flow for the period	-10,835	51,010	211,517
Cash and cash equivalents, opening balance	209,283	33,769	28,308
Cash and cash equivalents, ending balance	199,291	84,779	240,221

SEGMENT REPORTING

Group revenue by geography

Amounts, TSEK	2022-04-01	2021-04-01	2021-01-01
	2022-06-30	2021-06-30	2021-12-31
Sweden	108,517	80,713	380,413
Norway	17,232	11,961	52,807
Denmark	12,917	13,952	52,440
Finland	6,328	3,725	15,433
Germany	48,417	391	25,764
Other	514	535	2,461
Total	193,925	111,277	529,319

Group revenue by segment

Amounts, TSEK	2022-04-01	2021-04-01	2021-01-01
	2022-06-30	2021-06-30	2021-12-31
B2B	136,316	63,329	316,797
B2C	57,609	47,948	212,522
Total	193,925	111,277	529,319

Operating profit after depreciations

Amounts, TSEK	2022-04-01	2021-04-01	2021-01-01
	2022-06-30	2021-06-30	2021-12-31
B2B	13,836	8,349	57,000
B2C	4,681	-473	6,508
Total	18,517	7,876	63,508

CONTACT DETAILS

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