

# POINTS TO PROFIT

Interim Report Q3 2023



## 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 AND GIFTCARD SOLUTIONS WITH A BROAD OFFERING TO CATER FOR ALL NEEDS

 Strategy & Concept

 Design & UX

 SaaS-platform

 Partnerships


 Loyalty marketplace

 Customer support


 FOUNDED IN 1999


 12 ACQUISITIONS SINCE IPO IN DEC 2017


 297 EMPLOYEES


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

## ATTRACTIVE FUNDAMENTALS FUELING GROWTH AGENDA

 Largest company and platform for loyalty-, incentive- and giftcard solutions 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 giftcard 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 & Giftcards

 Track record of 12 completed acquisitions. The European market remains fragmented with potential to consolidate further.

# AWARDIT TIMELINE



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 IPO PrämienServices GmbH



Dec-2017

Jan-2018

April-2018

Nov-2018

Okt-2019

Nov-2019

Dec-2019

March-20

April-21

July-21

Dec-21

Feb-23

Nov-23

Acquisition of Sponsorhuset AB

Acquisition of remaining shares in Rewardit AB

Acquisition of assets Goyada AB

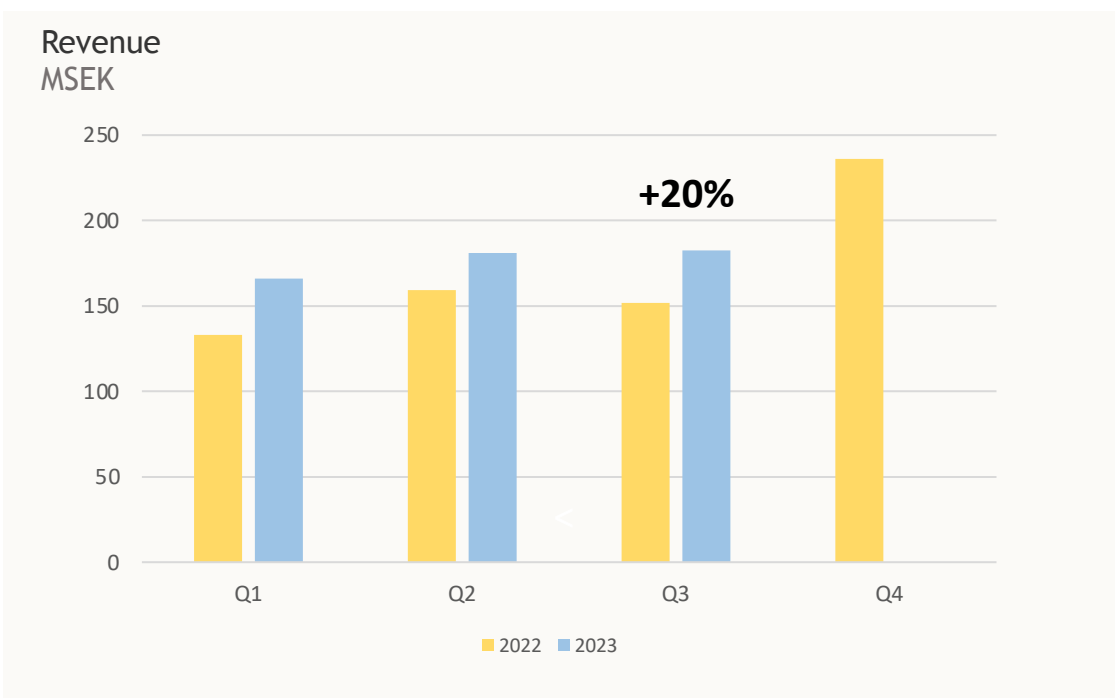
Acquisition of The Inspiration Company AB

Acquisition of Connex Marketing GmbH



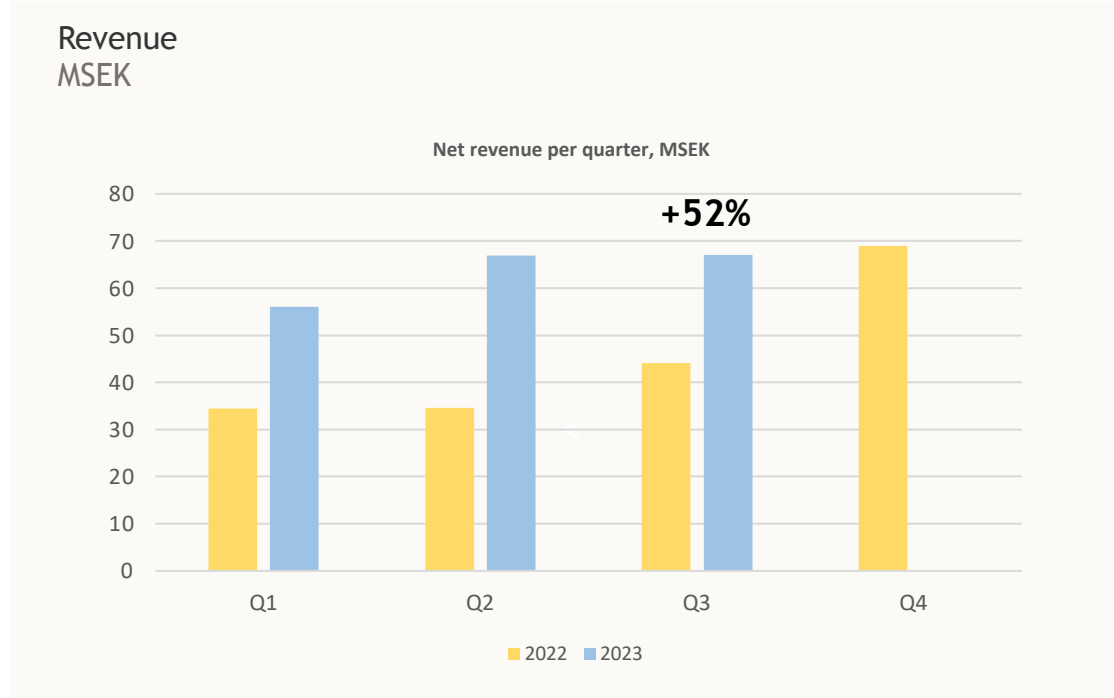
# Q3; CONTINUED GROWTH IN BOTH LOYALTY AND GIFTCARDS

## LOYALTY – NET REVENUE PER QUARTER



- MSEK 182.7 revenues; 20% growth, organic growth of 9%
- Strong development of existing customers with continued growth
- MSEK 17 additional SAS Eurobonus sales in 2022 deteriorates organic growth comp
- German market situation remained challenging throughout Q3
- Connex adds MSEK 16.5 to Loyalty revenues in Q3

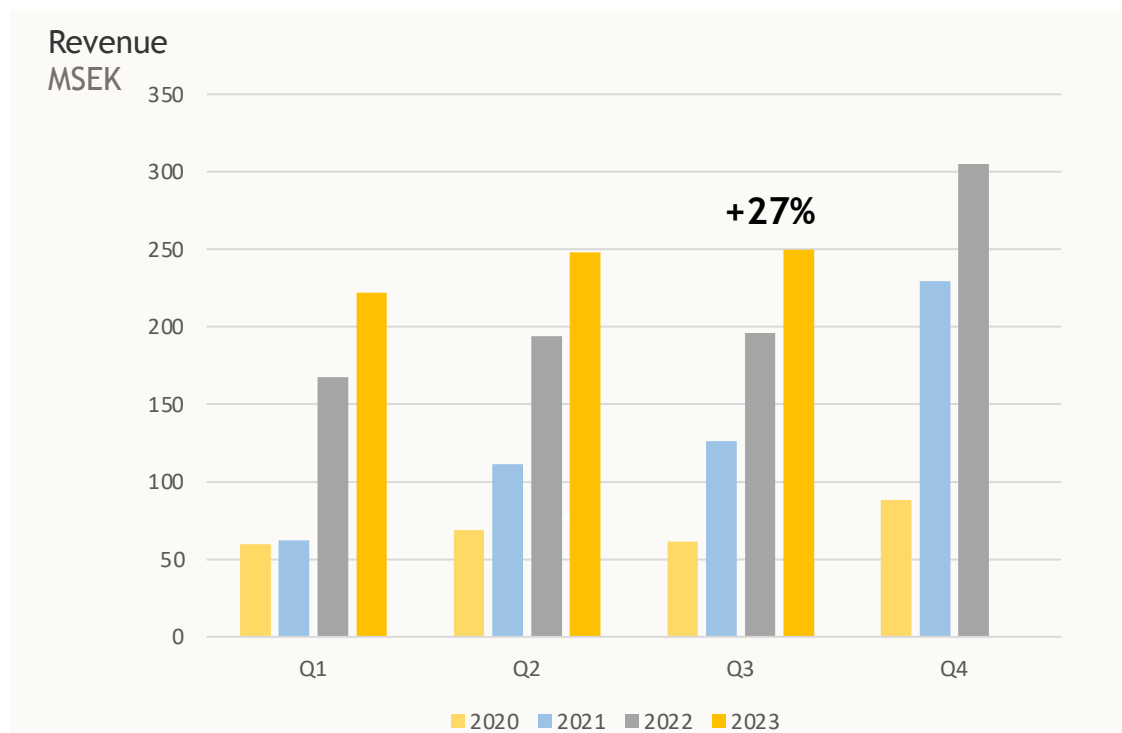
## GIFTCARDS – NET REVENUE PER QUARTER



- MSEK 66.8 revenues; 52% growth, organic growth of -2,3%
- Organic growth from new customers on our SaaS platform within Sweden giftcard
- MBXP -2,9% in Q3 compared to last year
- Connex adds MSEK 23.8 to Giftcards revenues in Q3

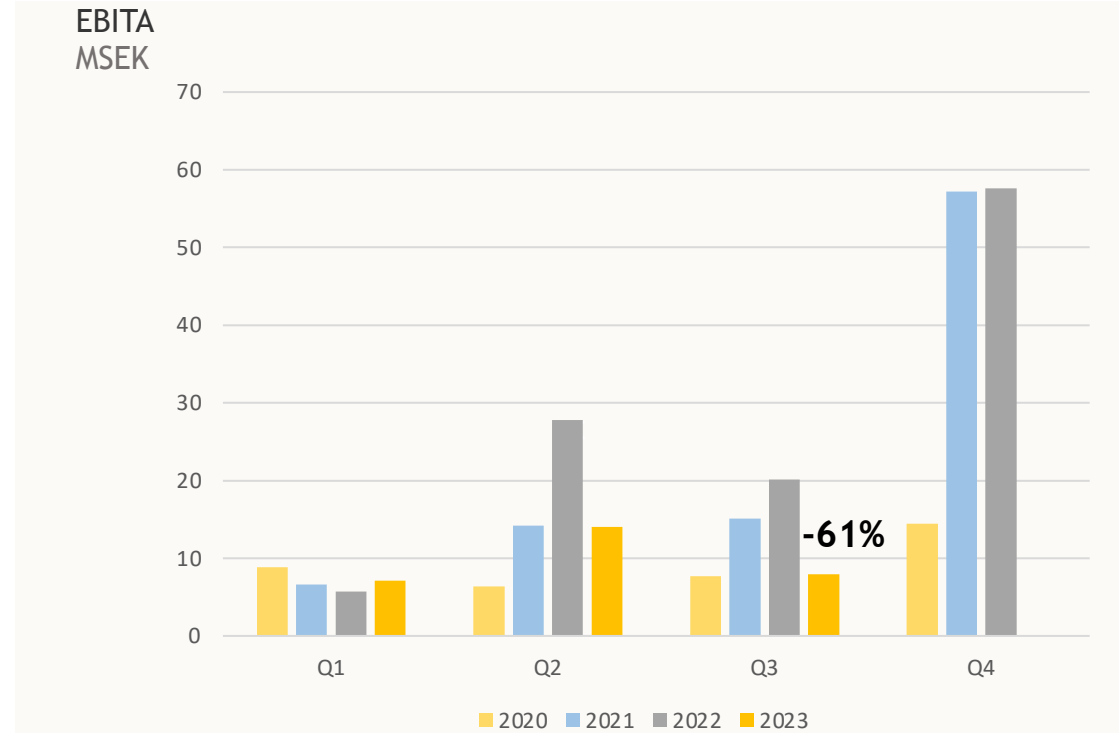
# CONTINUED GROWTH, EARNINGS CHALLENGED IN MBXP AND DACH

## QUARTERLY CONTINUED REVENUE GROWTH



- MSEK 249.5 revenues; Connex contributed MSK 40.3
- 27% growth of which 7% organic driven by continued growth of largest clients in Awardit loyalty programs and giftcards.
- 82% growth in Zupergift facevalue sales (MSEK 20,6 in Q3'23 vs 11,4 in Q3'22)

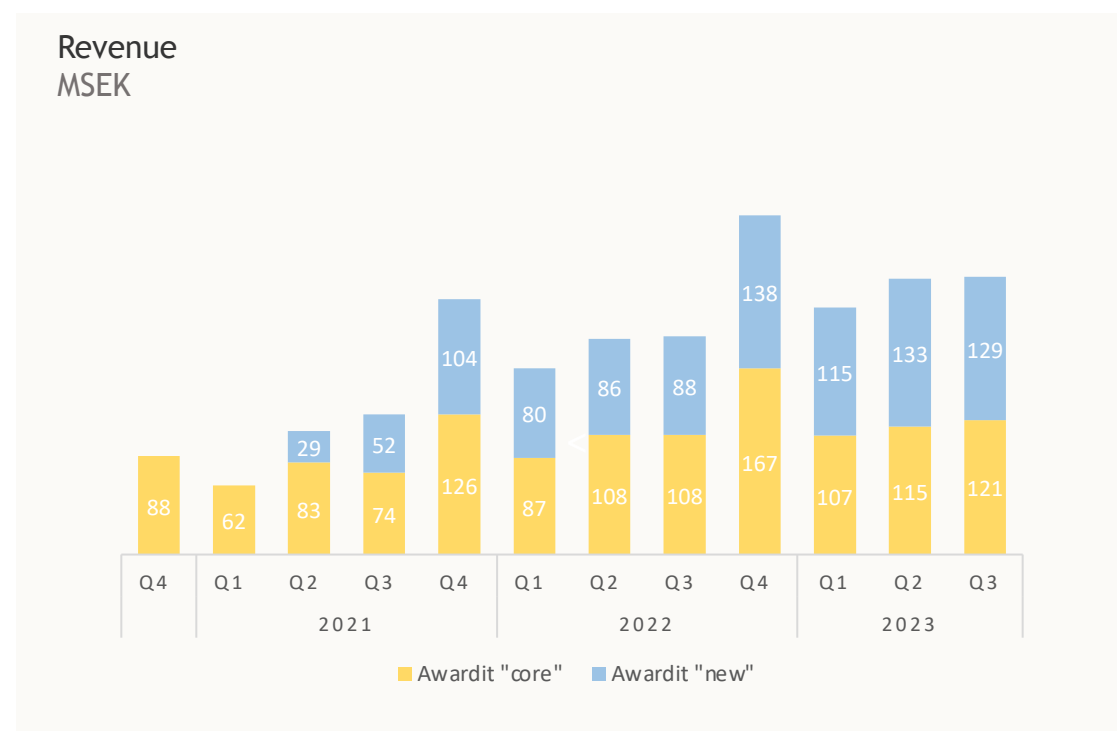
## EBITA LOWER DUE TO MBXP AND DACH



- -61% EBITA in Q3 (MSEK 7.9) vs Q3 2022 (MSEK 20.1)
- Main reasons for decline is negative result of MBXP (MSEK 5,6 lower EBITA than Q3 2022) and negative EBITA in DACH
- Contribution from Connex MSEK -3.3 for Q3
- MSEK 0.7 (MSEK 1.5) breakage from Zupergift, now included in net revenues

# CORE BUSINESS CONTINUES TO STAND STRONG

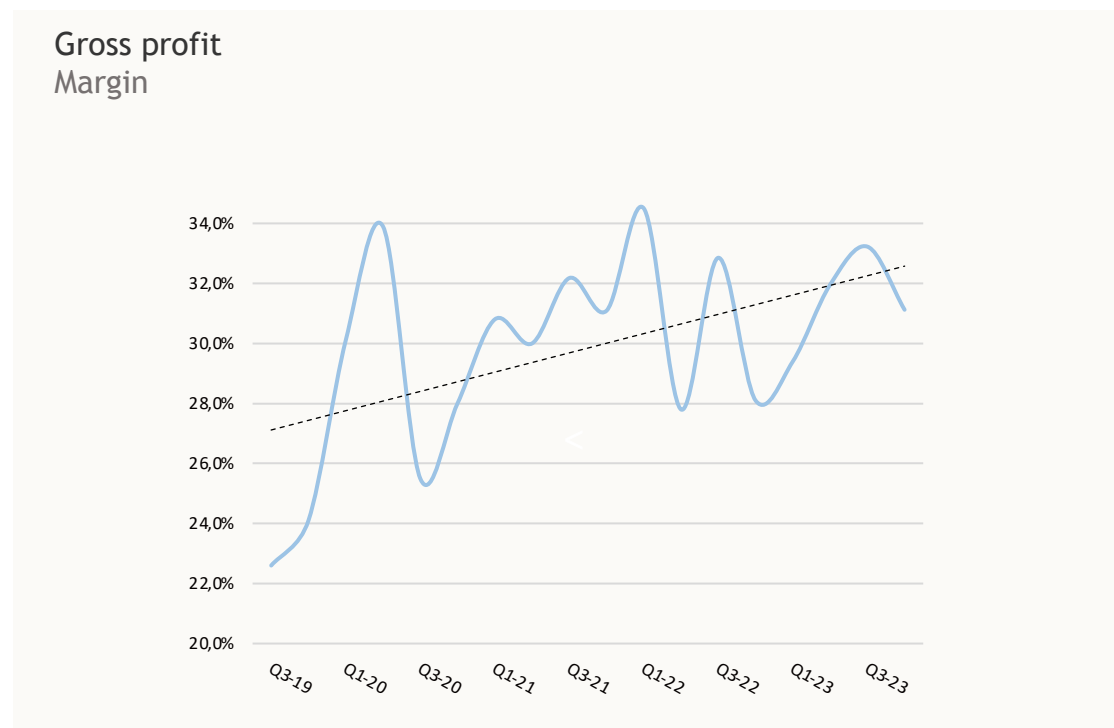
Continued underlying growth of “core” business



- Solid growth within Awardit “core” business (excluding acquisitions made in 2021 and 2023; TIC, MBXP, PrämieDirekt, Connex) +12.4% in Q3 2023
- Connex adds additional MSEK 40.3 to Awardit “new” in Q3 2023
- 0% growth in Awardit “new” excluding Connex

# GROSS MARGIN STRENGTHENED OVER TIME

## GROSS MARGIN DEVELOPMENT



- Gross margin in Q3 2023 was 31.1%, compared to 28.1% in Q3 2022
- Connex contributes with higher margin
- Lower margin at MBXP due to increased redemption of experience giftcards
- Increase in Zupergift sales deteriorates gross margins of Awardit CLS

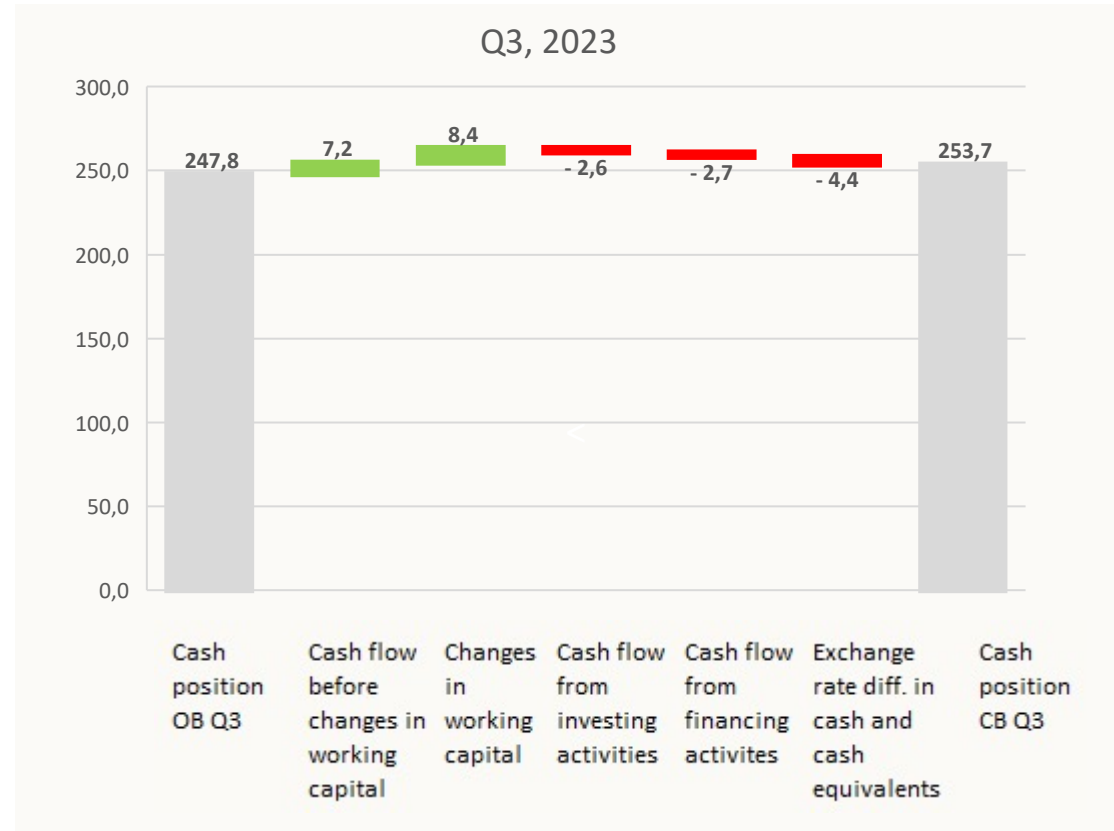


# P&L Q3 AND YTD 2023 VS 2022

<b>Amounts, TSEK</b>	<b>Note</b>	<b>2023-07-01</b>	<b>2022-07-01</b>	<b>2023-01-01</b>	<b>2022-01-01</b>	<b>2022-01-01</b>
		<b>2023-09-30</b>	<b>2022-09-30</b>	<b>2023-09-30</b>	<b>2022-09-30</b>	<b>2022-12-31</b>
Net revenue	3	249,523	195,986	719,350	557,314	862,297
Capitalised work for own account		2,937	868	5,450	1,629	2,387
Other operating income	5	2,327	2,505	9,777	10,377	21,870
<b>Total operating income</b>		<b>254,787</b>	<b>199,359</b>	<b>734,577</b>	<b>569,319</b>	<b>886,554</b>
<b>Operating expenses</b>						
Commodities		-171,865	-140,875	-488,409	-391,934	-607,198
Other external expenses		-25,136	-16,124	-76,345	-52,172	-67,377
Personnel expenses		-44,503	-20,968	-128,252	-69,665	-98,792
Depreciation and amortisation of tangible and intangible assets		-13,839	-9,554	-41,836	-28,198	-40,557
Other operating expenses		-1,998	-1,185	-3,548	-1,724	-1,721
<b>Total operating expenses</b>		<b>-257,341</b>	<b>-188,705</b>	<b>-738,391</b>	<b>-543,694</b>	<b>-815,644</b>
<b>Operating result</b>		<b>-2,553</b>	<b>10,654</b>	<b>-3,813</b>	<b>25,625</b>	<b>70,910</b>

- Commodities increase mainly driven by higher turnover, GM strengthened y.o.y from 28,21% to 31,1%
- Other external expenses increase in the quarter from the addition of Connex with MSEK 5.8, comparable other expenses increase with MSEK 3.2 of which the largest part comes from PD (MSEK 2.1) due mostly to increased costs of logistics.
- Personnel costs in Q3 at 17.8% (10.7%) of revenues, affected primarily by Connex and to some extent a strengthened central organization

# Q3 2023; POSITIVE CASH FLOW MSEK 15.6 FROM OPERATING BUSINESS



- Operating business generated positive cash flow of MSEK 15.6
- Investing activities: Negative MSEK 2.6 due to investments in intangible assets
- Financing activities: Negative MSEK 2.7 due to amortisation of right-of-use assets
- After exchange rate difference in cash and cash equivalents (MSEK -4.4), cash movement for Q3 is positive with MSEK 5.9
- Cash conversion R12 months: 76% (71% FY 2022)

# IPO ACQUISITION STRENGTHENS DACH POSITION

Amounts, TSEK	IPO Proforma 12m	Connex Proforma 12m	Awardit R12m	Total Proforma 12m
Net revenue	202,144	217,136	907,847	1,327,127
Capitalised work for own account	-	2,747	3,919	6,666
Other operating income	1,144	2,097	15,627	18,867
<b>Total operating income</b>	<b>203,288</b>	<b>221,980</b>	<b>927,392</b>	<b>1,352,660</b>
<b>Operating expenses</b>				
Commodities	-143,743	-96,013	-653,822	-893,579
Other external expenses	-21,322	-24,120	-77,067	-122,508
Personnel expenses	-25,847	-74,750	-106,209	-206,806
Depreciation of tangible assets	-1,028	-6,986	-6,237	-14,252
Other operating expenses	-	-0,111	-3,467	-3,579
<b>Total operating expenses</b>	<b>-191,941</b>	<b>-201,981</b>	<b>-846,802</b>	<b>-1,240,724</b>
<b>EBITA</b>	<b>11,347</b>	<b>19,999</b>	<b>80,590</b>	<b>111,936</b>
Gross profit	58,401	121,123	254,025	433,548
Gross margin	28,9%	55,8%	28,0%	32,7%

- IPO is a leading company within rewards management
- EBITDA result adjusted for various owner-related costs of approx. MEUR 1
- Strategic acquisition to continue to build our position in DACH - great fit with our existing people, capabilities and offers
- Awardit now one of the largest players in DACH
- Appr 52 MEUR turnover in DACH pro forma (~50% of Awardit Group), >50% of employees now in DACH



## 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.



Acquisitions of Connex and IPO provide a strong position in DACH. Perfect fit with Prämie Direkt and potential to continue growing in the region, and to benefit from synergies of scale.



Projects ongoing to realize procurement savings, cross selling opportunities and other business oriented synergies within the group. Cost savings of MSEK 15-20 to be realized within 2023-24.



Potential to launch Supergift and other own brand giftcards in additional variants and in new markets, Supergift launched in DACH through Connex sales channels



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 MSEK 254 at end of Q3 provides buying power.



Ongoing internal audit at MBXP to ensure correct valuation and earn-out payment that is yet to be completed.



Vision to become the leader on the European market.

# CONTACT DETAILS

Erik Grohman

President & CEO

[erik.grohman@awardit.com](mailto:erik.grohman@awardit.com)

076-1805512

X (former Twitter) (of founder Niklas Lundqvist): @PointmanAwardit