

PRESS KIT

**Promotica S.p.A. is one of the main players in the loyalty market in Italy.
Long experience gained in Retail, Food, Pharmaceutical and Service
sectors.**



OVERVIEW

Promotica is one of **the leading companies in Italy in the loyalty sector**. Founded in **2003** by **Diego Toscani**, over the years, the company has gained a great experience that qualifies it today as an ideal partner to design, organize and manage all sorts of marketing operations to build customer loyalty. Promotica offers a complete consultancy service for planning and development of promotions, managing each phase: design of promotional operations, implementation of the communication campaign, award procurement, logistics services, monitoring data and finally, measuring the results. The final objective of all marketing operations is to increase sales, customer loyalty and brand advocacy.

Promotica creates "tailor made loyalty programs", aimed at obtaining concrete results which are measurable in terms of turnover and market share.

The Company had **66 active clients in 2019**, with the implementation of **325 promotional campaigns**, **22.2 million premiums** paid out, **60 thousand pallets** handled and **231 suppliers**, of which **8 have exclusive agreements**. In the course of its activity Promotica has worked with over **1800 clients**.

OUR STORY

Promotica's entrepreneurial history began in **2003**, the year in which it was founded by Diego Toscani, at **Desenzano del Garda** (Brescia). It quickly won awards for the quality of its services and in a short time important collaborations started both with industrial customers and with operators belonging to GDO (**Galbani and VeGè Group**), entrusting Promotica with the management of their loyalty programs.

One year later, in **2004**, Promotica structured itself to become a full service **Loyalty Program Provider**, no longer just a representative agency in the promotional sector. The upgrade was possible thanks to targeted investments in personnel and technological support. Therefore, it began offering promotion services, campaigns and in store communication tools.

Business development continued over the next few years, increasing the services offered and expanding the range of products. In **2011** Promotica gained national level customers by activating campaigns with **Coop and Crai** supermarkets. New headquarters were built in **2012** in **Sarezzo** (BS), dedicated to the graphic design and production of the advertising material for campaigns.

In **2015** a process of corporate **reorganization** was implemented, which led to a more structured managerial team, as well as the creation of catalogs to offer to customers, the research of exclusive brands to be supplied and the development of new complementary products.

In **2017** the development license for the "**Royalty One Experience**" platform was purchased in order to create, manage and monitor online loyalty programs.

A turning point came in **2018** with the start of the **internationalization** process, and took place through the acquisition of an external agent for the management of the **Eastern Europe** market based in Belgrade, and a dedicated agent for the development of the **Asia-Pacific** market, based in Hong Kong.

In August **2019** we purchased 11.4% of **Ceramica Phoenix Srl**, a company active in the production of tableware 100% Made in Italy. The acquisition had the objective to integrate vertically the supply of products for Loyalty campaigns.

The same year Promotica won the **Best Catalogue 2019** at the Promotion Awards for **BeAppy**, the first totally online catalogue designed for Coop Centro Italia. This award was a symbol of the company's effort to be at the forefront, taking full advantage of new technologies.

On the same occasion as the Promotion Awards 2019, Promotica won another award for the promotional campaign "**La natura ti premia - Nature rewards you**", a competition whose purpose was to raise customer awareness of eco-sustainable consumption choices.

In **2020** Promotica purchased **Kiki Lab**, a research Institute specialized in Retail Innovation and retail of the future. Kiki Lab is the Italian member of the Ebeltoft Group, an international network that groups 18 Retail consulting firms. The acquisition enabled Promotica to integrate the skills of Kiki Lab within its perimeter, to increase its target market and to foster the international scope of the Company.

In **June 2020** Promotica changed its **corporate legal form into S.p.A.** from S.r.l. This transformation represents on the one hand, an important milestone for Promotica; a natural evolution following the progressive growth of the company in recent years, and on the other hand, a starting point towards a further evolution of the business.

Since **October 2020** Promotica has also acquired the status of Innovative SME.

SERVICES

Promotica offers a **360° range of services for the production of marketing campaigns**, guaranteeing consultancy and professionalism in the management of all phases of the promotional process. The final goal is to increase customer sales through consumer loyalty, improve brand advocacy, increase wallet share and increase the consumers' frequency of visits and volume of expenditure.

Various activities of communication, graphics, web design, media planning and public relations are integrated to create a single ad-hoc campaign for the client and the relationship with the client is managed proactively. Each project is highly customized according to the needs of the individual client, identifying the most suitable product category and sales mix. Promotica also manages the logistics of the storage and distribution of the rewards and, at the end of the campaign, it reuses unsold merchandise in new campaigns, thus minimizing the amount of unsold goods.

The strength of Promotica is the fact that campaigns are developed and designed on the basis of data that, in the majority of cases, is already known to the Company thanks to the continuity of the relationship with the client.

In addition, the Company has an internal **Business Intelligence structure**: constituted by the **Royalty One Experience** platform, from the **Syneto IT** system and big data analysis, to improve the design and progress of the campaigns as well as to profile users and customize their experiences with the aim of supporting brand awareness and the engagement of the consumer.

TYPES OF CAMPAIGN



- **Short collection:** Mini collection awards reachable after collecting stickers and possibly a cash contribution by the consumer. Reward campaigns with duration between 12 and 16 weeks.
- **Self liquidating:** Immediate reward campaigns also called "spend and get", with duration between 4 and 8 weeks. At the time of payment and on reaching a certain minimum threshold of expenditure, the consumer immediately receives a reward in exchange for a minimum contribution.
- **Rewards catalog:** Mixed mechanics with redemption exclusively through digital points or with digital points and the addition of a contribution. Almost always multi-category with high number of awards (on average 100 references available to the customer). Average duration is never less than a year but not more than 5 years.
- **Competitions with prizes:** Similar to a lottery, i.e. a jackpot is guaranteed by the promoter and the winnings are linked to the fate or skill of the participant. Variable duration, usually from a week to a year.
- **Other:** Special Promotion of goods that have a low commercial - high emotional value, especially for children; also B2B incentive activities dedicated to professionals.

CLIENTS

Promotica's clients are some of the biggest brands in the **food retail** sector (97% of turnover) and leading companies in both national and international **pharmaceutical, banking/insurance** and **oil** sectors (3% of turnover). Below are some of the most important:



KEY FINANCIALS

Promotica closed the first half of 2020 with **revenues** from sales and services of **€22.9 million**, up from last year, and a **profit** of **€1.5 million**. The turnover is generated about 97% by clients of the large-scale retail trade, while the remaining 3% are represented by clients operating in the pharmaceutical, financial, industrial sectors.

EBITDA is **€2.4 million** and **EBITDA margin** is **10.5%**, a notable improvement compared to the value of previous years due to the effect of greater cost efficiency for services, labor and cost of sales.

The **Net Financial Position** (NFP) as of 30 June 2020 is equal to **€9.6 million** (payable debt), and increase compared with the Pro-Forma figure as of 31 December 2019, equal to €8.3 million (payable debt)¹. Finally, shareholders' **equity** for the period in question is **€4.8 million**, stronger compared to the €3.3 million of the Pro-Forma figure as of 31 December 2019.

COMPANY STRUCTURE AND SHAREHOLDERS

Diego Toscani



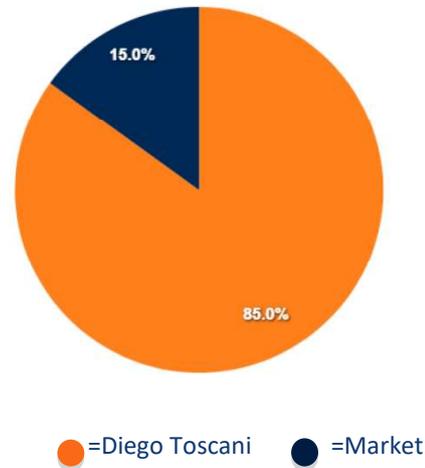
¹ The Pro-Forma data consider i) the sale of the shares held in Propris Immobiliare S.r.l. equal to 51%, the purchase of the land of ownership of Propris by offsetting the financial credit boasted by Promotica, ii) the demerger of the shareholding in Easy Life S.r.l. (shares equal to 90%) with previous extinction of the balance due from Promotica for the purchase of the above mentioned shareholding, represented as if they had occurred in the 2019 financial year

Significant Shareholders

Diego Toscani: 13.600.000,00 Stock (85%)

Market: 2.400.000,00 Stock (15%)

Total: 16.000.000,00 Stock (100%)



MANAGEMENT

Diego Toscani, CEO and Chairman of the board of Directors



After graduating in Economics and Commerce at the University of Brescia Diego Toscani started working as an employee in the commercial sector, gaining experience in Italian and foreign companies. In 1996 he was Junior Marketing Manager at **Groupe Couzon in Thiers** (France) until 1997, when he became **Sales Manager of Pintinox S.p.A. in Sarezzo** (BS) for the management of the GDO and promotional channel. Afterwards, from 2000 to 2002 he was **Commercial Director of Recom S.p.A.** in Trento.

In **2003** he founded Promotica, a company that thanks to his managerial strategy has been able to grow significantly over the years, reaching 33 employees and 5 collaborators and invoicing approximately €40 million in 2019. In parallel, from 2008 to 2014, he was also **President of ASVT S.p.A.** (multi-utility sector), and since 2009 he has been **President of Propriis Immobiliare** (Real Estate) and member of the Board of Directors of the Company **Better Side S.r.l** (renewable resources sector). He is also the President of **Easy Life S.r.l.** (production and commerce of household articles).