Promotica S.p.A.
Investor Presentation

AIM Conference
26 May 2021

Agenda

PROMOTICA
LOYAL FOR VALUE

Key people

Diego Toscani
President of the Board of Directors and Chief Executive Officer

He graduated in Economics and Commerce from the University of Brescia, and during his studies he worked as a publicist and television conductor for Brescian broadcasters and sommeliers.
In 1996 he held the role of Junior Marketing Manager at Groupe Couzon in Thiers (France). In 1997 he became Commercial Manager of Pintinox S.p.A. in Sarezzo (BS) for the management of the GDO and promotional channel. In 1998 he founded the "micro brewery" HOPS! in Desenzano del Garda. From 2000 to 2003 he was the Commercial Director of Recom S.p.A. in Trento. In 2003 he founded Promotica of which he is currently President and CEO.
From 2008 to 2014 he was Chairman of ASVT S.p.A. (multi-utility sector). Since 2009 he is President of Propris Immobiliare (real estate).
He is also founder and President of Buongusto Italiano and President of Easy Life Srl.

Gabriele Maifredi
General Manager and Vice Presidente of the Board of Directors

He graduated in Literature and Philosophy in 2004 from the Catholic University of Brescia. He began his career in 2002 as Inventory Manager at Nike Retail Italy in Brescia.
From 2004 to 2009 he was Category Manager at the company Stilnovo, of the Italmark Group, he was dealing with specialized retail in the household sector.
From 2009 to 2012 he was General Manager of the same company strengthening his duties and responsibilities in the group loyalty area, supporting CEO in the definition of the strategy.
In 2013 he was Director of the Market Proposition Area in Promotica, dealing with the design of Loyalty campaigns and the definition of supply and product development agreements. Today he is General Manager of Promotica. Since 2020 he is also *Managing Director of Easy Life Srl*.

Michele Grazioli
Board Member

Michele Grazioli is a young entrepreneur in AI applications and is considered among the top experts in AI applied to Proactive Decision making. In 2019 he entered the Forbes under 30 ranking in the top 5 of the 100 most influential Italian young innovators in Italy. He discovers the world of artificial intelligence at the age of 13, creating software for managing his father's production site. He holds a degree in Economics and Management from Bocconi University. He is today Chairman and Chief Executive Officer of Vedrai Spa, an innovative startup that deals with the development of platforms for the improvement of the decision-making process, the Director of the Divisible Group and Manager of the Mival Capital Fund, which invests in high-potential SMEs with a hybrid approach involving both the provision of technology and risk capital.

Alvise Gnutti
Board Member

He graduated in Economics and Commerce in 1991 from the University of Brescia. In 1992 he has obtained the accountant qualification. Since 1996 he became Member of the Register of Auditors and since 2012 he is member of the Register of Auditors of local authorities.
During the practice of the profession he held positions as Technical Consultant of Brescia Court Office in accounting and fiscal matters, he was also a publicist for local newspapers and a member of the Tax Observatory of the Chamber of Commerce of Brescia.
He was Chairman of the Board of Directors of companies controlled by companies listed on the Italian Stock Exchange, and member of the Board of Statutory Auditors of Italian companies and Italian branches of International companies.
He has gained extensive experience in the field of corporate restructuring, assisting the company, as a global advisor, in the process of rehabilitation and restructuring.

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Key Investment Highlights

1 Leading player in the loyalty market, resilient and counter-cyclical

2 A unique growth history thanks to best-in-class management abilities

3 Strong AI skills for the development of innovative loyalty tools

4 Important positioning in the GDO market with stable and profitable relationships with leading brands

5 Revenue growth and marginality above market

6 An unexpressed potential for the development in Italy and abroad

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Company Overview

Promotica as «Customer Engagement Provider»

> **Leading player in the loyalty market in Italy**

> **Established in Desenzano del Garda (Brescia)** in 2003

> **Ideal partner** to design, organize and manage any operation and promotional campaign aimed at customer loyalty

> **Proactive approach** acting as a Consultant for planning and promotional development

Clients and Suppliers as partners of Promotica

> **101 Clients Partners** for the 97% active in the GDO (3% is active in industrial, pharmaceutical, financial and oil sectors)

> **Promotica with its Suppliers develops and designs the products** (typically excellent manufacturing companies)

Broad portfolio of offered services

SELF LIQUIDATING

SHORT COLLECTION

CATALOG OF AWARDS

OTHER CAMPAIGNS

COMPETITION FOR PRIZES

Mission

Create engaging and performing campaigns under Made in Italy merchandise mark, capable of increasing sales and generating brand awareness.

Carefully select and choose prestigious Italian design and quality awards, unique experiences and exclusive content to create a personalized customer experience.

Involve the brands' clients from spectators to protagonists, to generate positive suggestions thanks to a constant WOW effect, in a continuous process of brand involvement.

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At a glance: KPI (2020)

OPERATING KPI

101
CLIENTS

317
CAMPAIGNS

180
€/K
AVERAGE CAMPAIGN

230
SUPPLIERS
OF WHICH 8 EXCLUSIVE PARTNERS

2+2
2 OFFICES (Italy)
2 AGENTS (Abroad)

33+5
33 EMPLOYEES
5 COLLABORATORS

19.4
M
PRIZES AWARDED

2.9
EURO
AVERAGE PRIZE

FINANCIAL KPI

57.0
€/M
REVENUES

+52%
YOY
GROWTH

6.8
€/M
EBITDA

12%
EBITDA MARGIN

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Governance

BOARD OF DIRECTORS

Diego Toscani
Chairman & CEO

Gabriele Maifredi
Vice President

Alvise Gnutti
Director

Michele Grazioli
Director

Michele Andreaus
Independent Director

BOARD OF STATUTORY AUDITORS

Marco Giacomo Inverardi
Chairman

Pier Federico Carrozzo
Regular Statutory Auditor

Claudio Massaroli Perani
Regular Statutory Auditor

Silvano Mombelli
Alternate Statutory Auditor

Angiolino Zanni
Alternate Statutory Auditor

STOCK FIGURES

Outstanding shares post-IPO	16,000,000	Free Float	15.00%
Date IPO	November 27, 2020	Market Cap (21/05/2021)	€ 45.8m
Issue Price (€)	€ 1.75		
Market	AIM Italia	Share Price (21/05/2021)	€ 2.86

PROMOTICA   FTSEMIB.MI   ITAIM.MI

AUDIT FIRM & NOMAD

GrantThornton   SIM INTEGRÆ

SHAREHOLDERS

Free Float 15.00%

Dieci.sette Srl* 75.00%

* Company entirely owned by Dr. Diego Toscani

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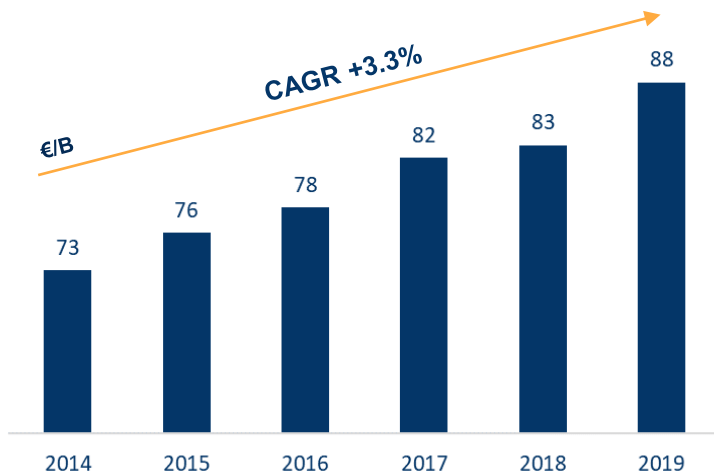
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Reference Market: Competitive Context
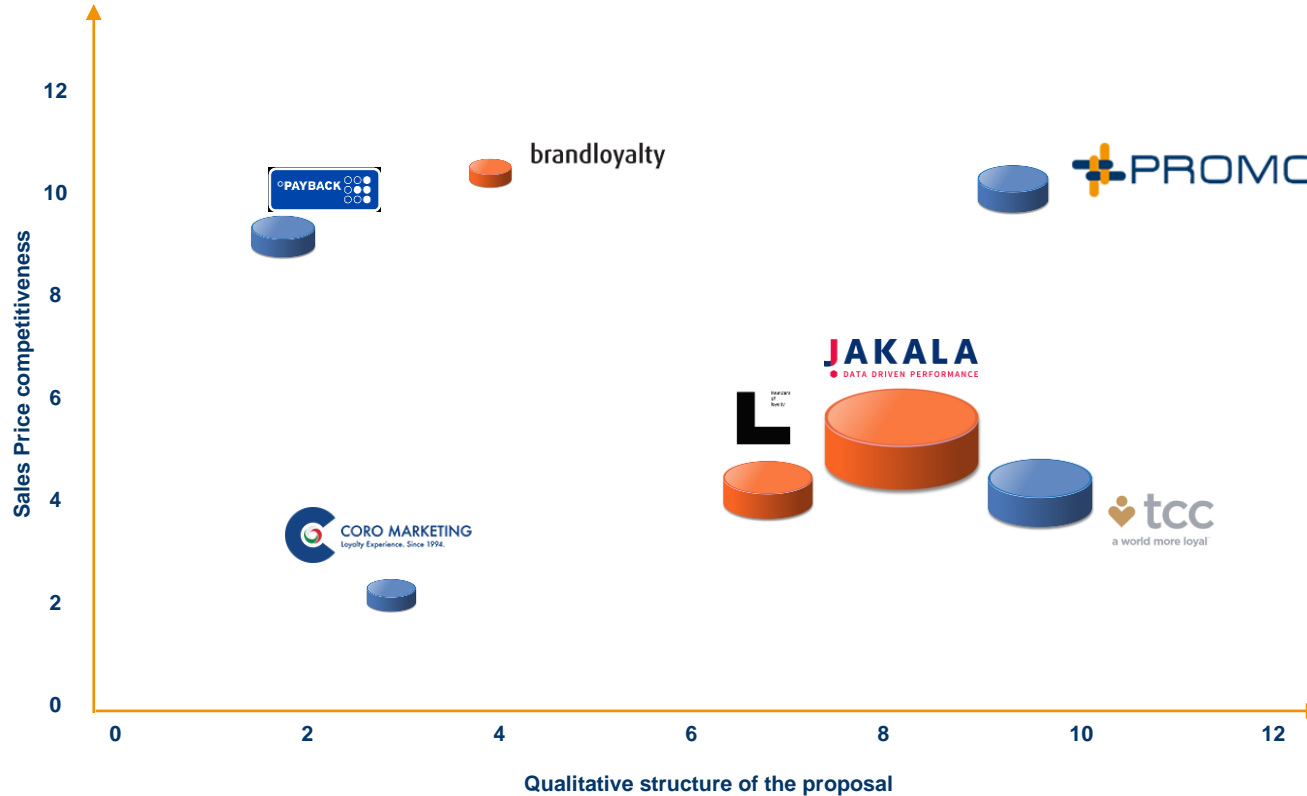
Competitive positioning of Promotica assigning values to the variables Competitiveness of the sales price (y) turnkey campaign and the Qualitative structure of the Proposal (x) in terms of personalization, brand and breadth of the offer presented.

* Source: Elaboration by Management
Dimension proportional to VoP

GDO: Focus on the Italian Food and Beverage Brands

CAGR +3.3%

€/B

2014	2015	2016	2017	2018	2019
73	76	78	82	83	88

Pie chart:
- Coop & Conad: 24.6%
- Discount: 16.8%
- Large Distribution: 21.0%
- Organized Distribution: 37.6%

ITALIAN FOOD & BEVERAGE GDO MARKET (2014-2019)

> About 97% of Promotica's VoP.

> **Market growth: CAGR 2014-19 +3.3%**

Source: Mediobanca Studies Area 2021
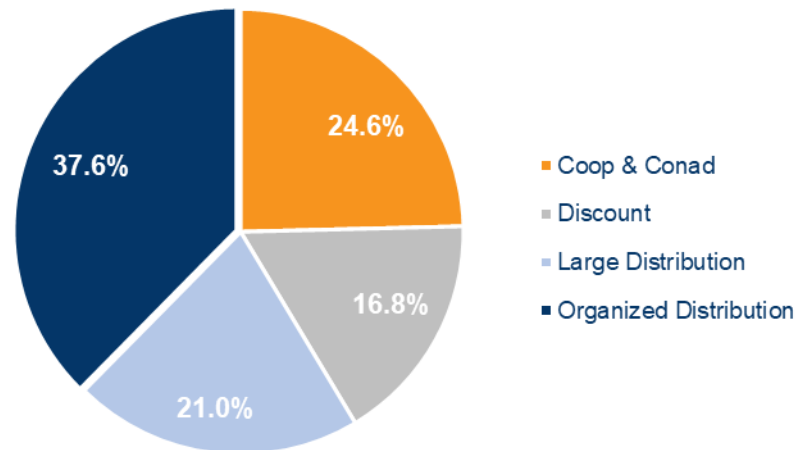
ITALIAN FOOD & BEVERAGE GDO MARKET

> Food and Beverage GDO in Italy is one of the fragmented markets in Europe: **the first five operators weigh more than half of the market (57.5%)**

> **Organized distribution (OD)**, legally separate sales points but linked by an associative relationship (includes Coop, Conad, Selex, VéGé, Despar, Agorà, Crai, C3 and D.It)

> **Large distribution (LD),** chains of sales points linked to a single legal entity (Esselunga, Carrefour, Pam Group, Finiper-Unes, Bennet)

> **Discount Stores** include Eurospin Italia, Lidl Italia, LilloMD, Penny Market, Aldi

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ACTIVITIES AND SERVICES OFFERED: PROMOTICA CAMPAIGNS

SHORT COLLECTION

- > **Stamps and possible cash contribution from the consumer**
- > Once achieved a threshold of expenses and its multiples a stamp is given
- > A reward is provided when a predetermined number of stamps is reached
- > About ten references
- > **Average duration** of **12 or 16 weeks**

SELF LIQUIDATING

- > **Immediate reward campaigns or "spend and get"**
- > Once achieved a threshold of expenses and its multiples the consumer is entitled to a prize with a cash contribution
- > Higher availability of fast delivery goods is required.
- > This type of program **has an average duration** of **4 or 8 weeks**

CATALOG OF AWARDS

- > **Mixed mechanics free/upon contribution, using the digital point**
- > Limited stock with purchases need's dedicated to the need
- > Almost always multi-category with high number of awards (100 average articles)
- > Include "burn-points" activities with now or never approach
- > **Average duration not less than one year but not more than 5 years** (legal limit)

COMPETITION FOR PRIZES

- > Similar to **a lottery**, **where a prize pool is guaranteed by the promoter, but the winnings are tied to the fate.**
- > Valued by **prize fund** and **winning frequency**
- > **Duration variable from 1 week to 1 year**

OTHER ACTIVITY

- > **Special Promotion with prizes of reduced commercial value**
- > High emotional value
- > Primarily targeting children (e.g. star wars in sachets)
- > SMU product, no return
- > **B2B incentive activities** dedicated to professionals and alongside normal business/commercial routines

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Value Proposition

CLOSE CONNECTION WITH CUSTOMERS
> Consultant for the planning and promotional development with a tailor-made approach;
> Promotica Academy to train and engage customer staff in consumer loyalty actions.

EXCLUSIVE RELATIONS WITH SUPPLIERS
> Promotica is able to provide its customers with quality products at affordable prices;
> **Portfolio of Italian Excellent suppliers**, with whom Promotica actively participates in the design of the products;
> Promotica's Business model provides for a true sharing of the supply chain with the brand.

**REAL VALUE FOR THE CLIENT**

A SUCCESFULL BUSINESS MODEL
> PUSH approach;
> Speed of execution;
> Return Management;
> Outsourced logistic.

AI INVESTEMENTS
Investments in technology and Artificial Intelligence to refine activities, functional to:
> Monitoring the campaigns;
> Users profiling in real time, also through the analysis of social profiles and the interactions between touch points, social networks pages, blogs, web and CRM;
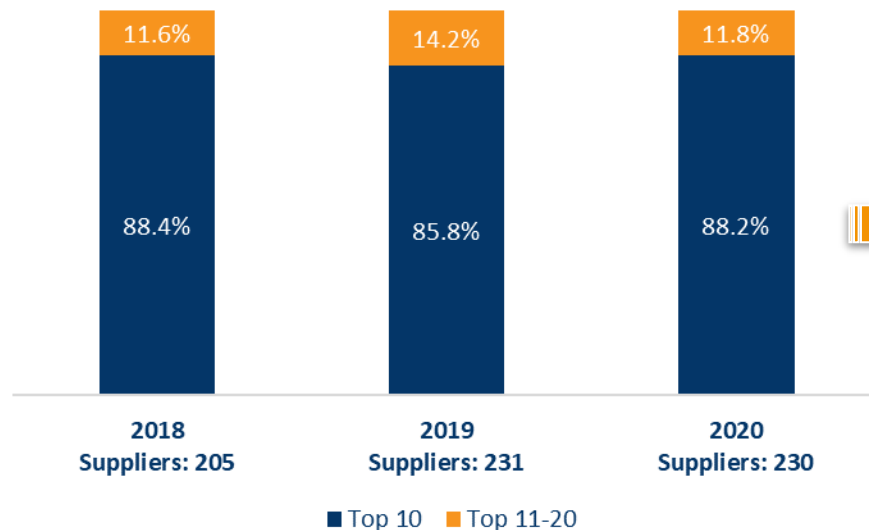> Forecast warehousing.

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Close connection with Customers
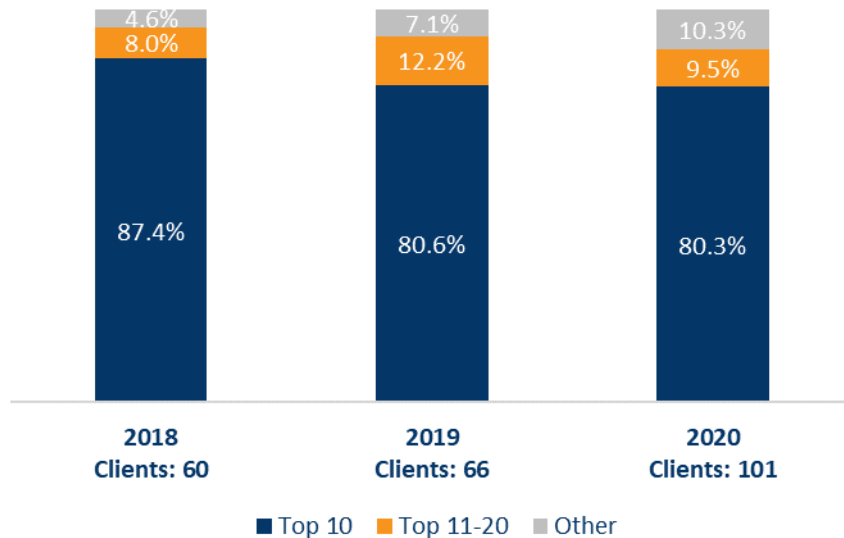
Client:	%
coop Alleanza 3.0	21.9%
unicoop firenze	16.9%
CONAD NORD OVEST	9.2%
PAC 2000A CONAD	9.1%
COMMERCIANTI INDIPENDENTI ASSOCIATI	8.5%
CONAD CENTRO NORD	5.1%
CONAD ADRIATICO	4.2%
italbrix	1.9%
az MASTER COOP Alleanza 3.0	1.8%
coop Reno	1.7%

2018 Clients: 60 — Other 4.6%, Top 11-20 8.0%, Top 10 87.4%

2019 Clients: 66 — Other 7.1%, Top 11-20 12.2%, Top 10 80.6%

2020 Clients: 101 — Other 10.3%, Top 11-20 9.5%, Top 10 80.3%

■ Top 10 ■ Top 11-20 ■ Other

> **101 clients**, up from 66 in 2019 and 60 in 2018

> **The incidence of revenues from the first 10 clients**, all active in the GDO sector, was at 80.3% in 2020

> **The first five clients, have an incidence of 65.6%** with Coop Alleanza as the first client at 21.9%

> **The concentration of clients** reflects **the limited number of large players active in the GDO that provide loyalty programs,** for such clients Promotica, acting proactively, represents an ideal partner to develop tailor made promotional campaigns with the aim to increase sales through the loyalty of its own consumer

Exclusive relations with Suppliers

Provider	Brand	Agreement	%
Tupperware	Tupperware®	Excl.	38.7
Alessi SpA	ALESSI	Excl. pces	25.6
Forma Italia S.r.l.	EGAN ITALY / PANTONE®	Excl.	8.0
Ind. Vetraria Valdarnese S. Coop	IVV	Excl.	7.3
Frontini	ALV BY ALVIERO MARTINI / BITOSSI HOME	-	2.6
Illa SpA	giannini HOME VALUES	Excl.	2.4
Mercati Srl	WD lifestyle	Excl.	2.4
Zafferano Srl	zafferano	Excl.	1.6
AR & CO	Baci	Excl.	1.1
Smartwares	PRINCESS®	-	0.9

Chart:
- 2018 Suppliers: 205 — Top 10: 88.4%, Top 11-20: 11.6%
- 2019 Suppliers: 231 — Top 10: 85.8%, Top 11-20: 14.2%
- 2020 Suppliers: 230 — Top 10: 88.2%, Top 11-20: 11.8%

■ Top 10   ■ Top 11-20

> **230 Suppliers**, up from 2019 (231)

> **88.2% of total:** the incidence of the top 10 providers in 2020

> The first 10 providers are crucial for the business model of Promotica that actively **participates in scouting and in developing and designing products**

A successful Business Model

PUSH APPROACH → **SPEED OF EXECUTION** → **OUTSOURCED LOGISTIC**

> Promotica proposes promotional campaign based on loyalty market trends analysis (including **the study of brands, the client's budget and potential VoP, territorial coverage, competitors).**

> Direct approach to potential clients to propose new promotional campaigns.

> Promotica has an **internal structure to ensure rapid campaign design.**
> Promotica is able to start the campaigns in **less time than the industry standards**, thanks to a continuous supply of products for a warehouse in immediate delivery.
> This is also possible thanks to the excellent handling and reuse of returns.
> At the end of the Campaign, they collect the unsold goods.
> Promotica sends a credit note to the customer and uses the products again in new campaigns

AWARD DELIVERY
> Purchase of products according to the campaign requirements.
> Launch of the promotional campaign.
> Supply of the promoter's warehouse and invoicing of the delivered quantity.
> Guarantees the goods at any time directly to the customer.
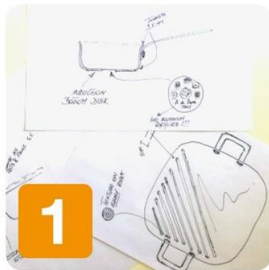
Successful partnership: Alessi case

1

The Designer Jasper Morrison produces, at the request of Alessi and Promotica, a line of tools for cooking in 100% recycled aluminum.

2

Promotica proceeds to the scouting of the industrial partner for the production and calls a tender among the main players in the sector. The first 3D resin prototypes are realized.

3

The coining molds are realized and all the equipment necessary for the production is defined.

4

The final production process begins with a double quality control, from Alessi and Promotica in order to respect also the management standards of the GDO.

5

The products are the object of photographic shooting for the realization of all the communication material necessary for the realization of the promotional campaign with the multichannel presence.

6

Products arrive at Coop. Final performance: 820,000 pieces have been supplied, with a redemption rate of 33% (medium value of 3.0+UnicoopFi).

20 years of sales volumes retailers = 3 months of sales volumes Promotica Campaign

FEBRUARY/JUNE 2020

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AI investments

Investments in technology and Artificial Intelligence to refine activities, functional to:
> Monitoring the campaigns;
> Users profiling in real time, also through the analysis of social profiles and the interactions between touch points, social networks pages, blogs, web and CRM;
> Reducing the risk of out of stock and forecast warehousing needs.
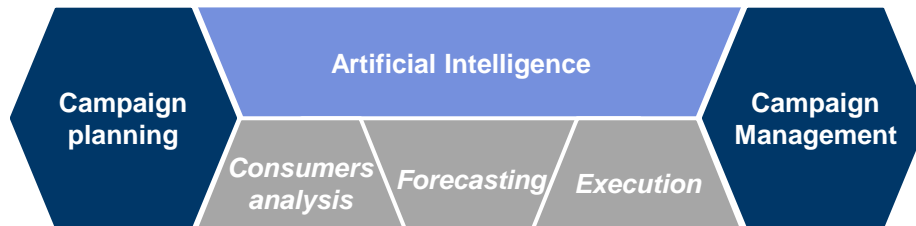
ADOPTION OF SYNETO

Promotica uses **a highly reliable, hyperconverged IT infrastructure**, to **monitor the promotional campaign.** Compared to traditional IT infrastructures, hyperconverged infrastructure enables **the combination of server, storage, and networking into a single, integrated platform**.
It also provides **always-on data protection** and geographical disaster recovery. **Syneto** allowed Promotica to virtualize all its physical servers.

ROYALTY ONE EXPERIENCE

Promotica is able to **customize the purchasing experience** of each user thanks to **business intelligence**, providing itself with tools able to collect **data from all touchpoints** (traditional as point of sale or digital as apps and social pages) by means of which to define behavioral clusters useful to start **a personalized dialog** with each individual consumer and to enrich their database.

DATA REORGANIZATION PROJECT

Since 2019 a project has been started **to rethink the methods of insertion and management of references**. **"AI/ML – Friendly"**, **a classification system,** has been created so that AI algorithms can easily find patterns and trends within them that allow **to improve the management of campaigns** by reducing the risk of out-of-stock maintaining warehouse unchanged.

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Strategic guidelines and growth drivers

STRATEGIC GUIDELINES

1

INTERNATIONALIZATION

2

DIVERSIFICATION BY SERVICE AND MARKET

GROWTH DRIVERS

Pursuing internationalization through:

> hiring **a new internal sales representative for foreign markets;**
> agreement with a new multi-tenant agent who is responsible for **the German market;**
> realization of the first agreement deriving from the marketing activity carried out on the **Balkan/Eastern Europe and Asia-Pacific markets;**
> **M&A activities : scouting for partnership with major actors in the loyalty market in North/Eastern Europe**.

Pursuing diversification through:

> diversification of the offer to customers by extending to **value-added marketing services** offered through kid campaigns, entertainment campaigns and marketing plans;

> **entering in new markets** as FMCG, Finance, Pharmaceuticals.

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Strategic guidelines and growth drivers

STRATEGIC GUIDELINES

3 SPECIALIZATION IN CAMPAIGNS OF NATIONAL IMPORTANCE

4 BUSINESS INTELLIGENCE ENHANCEMENT

GROWTH DRIVERS

Increase the offer and participation in tenders with higher importance for the loyalty market **by territorial coverage** and **type of promotion** (such as short collection), through:

> **push commercial strategy,** with a series of tactical activities that allow prospects to test the capabilities of Promotica;
> **development of brand exclusives** with which to increase its offer and increase the chances of awarding tenders.

Strengthening of big data analytics processes, in order to improve knowledge of consumer purchasing decisions (customer engagement), to increase the capacity for campaigns' designing and monitoring through:
> **acquisition of specific software platforms;**
> **hiring of new employees in the BI area;**
> **partnership with leading market research players** (e.g. recent acquisition of Kiki Lab).
> **M&A activities:** Horizontal integration with active targets in the so-called collateral services or Artificial Intelligence, big data, analysis processing skills and market research.
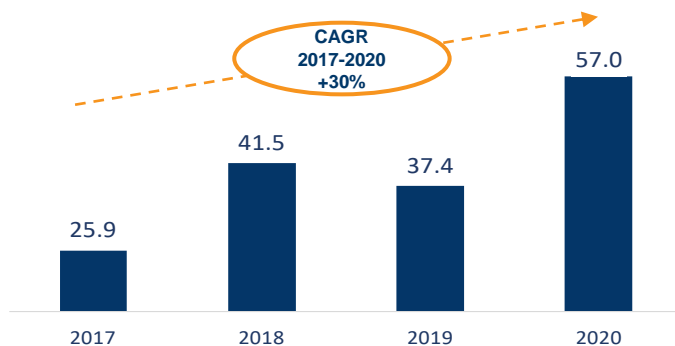
PROMOTICA
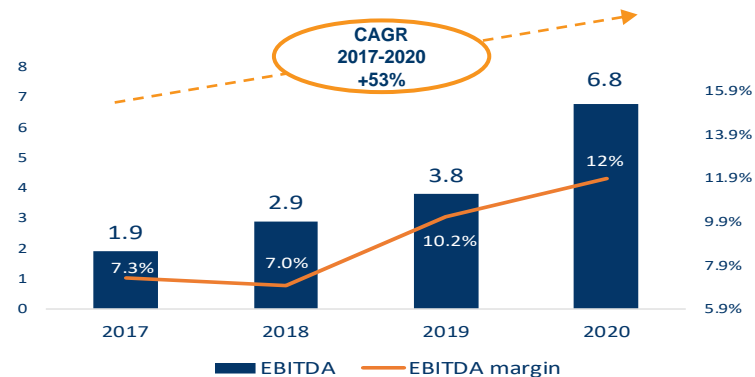LOYAL FOR VALUE

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Financial Results

Revenues (€/m)

CAGR 2017-2020 +30%

- 2017: 25.9
- 2018: 41.5
- 2019: 37.4
- 2020: 57.0

EBITDA (€/m)

CAGR 2017-2020 +53%

- 2017: 1.9 — 7.3%
- 2018: 2.9 — 7.0%
- 2019: 3.8 — 10.2%
- 2020: 6.8 — 12%

Legend: ■ EBITDA — EBITDA margin

EBIT (€/m)

CAGR 2017-2020 +65%

- 2017: 1.4
- 2018: 2.7
- 2019: 3.5
- 2020: 6.3

Net Profit (€/m)

CAGR 2017-2020 +75%

- 2017: 0.8
- 2018: 1.5
- 2019: 2.1
- 2020: 4.3

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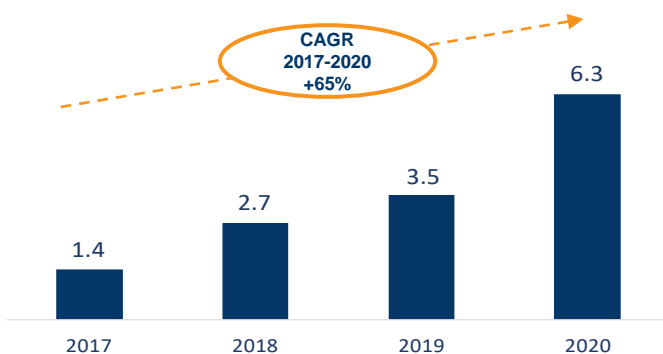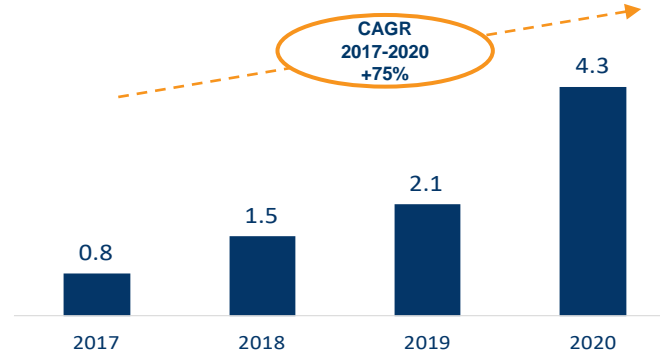
Income Statement

€/000	2020	2019	YoY %
Sales Revenues	**57,006**	**37,436**	**52%**
Cost of goods sold	(42,893)	(27,045)	59%
Industrial Margin	**14,113**	**10,391**	**36%**
Costs of services	(4,926)	(4,332)	14%
Other operating costs	(159)	(249)	(36%)
Total Operating Costs	**(5,085)**	**(4,581)**	**11%**
Labour costs	(2,206)	(2,000)	10%
EBITDA	**6,822**	**3,810**	**79%**
Depreciation and amortisation	534	347	54%
EBIT	**6,288**	**3,463**	**82%**
Financial proceeds and charges	(231)	(132)	75%
Value adjustements of financial assets and liabilities	(81)	(244)	(67%)
EBT	**5,976**	**3,087**	**94%**
Income taxes	(1,682)	(966)	74%
Net Profit	**4,295**	**2,121**	**102%**

2020 consolidated the results of **Kiki Lab S.r.l.,** which became part of the Promotica Group after the acquisition in April 2020.

Sales revenues registered a strong increase in 2020 (+52%) due to the launch of relevant loyalty campaigns in the second half of the year.

Campaigns average value increased from €113 thousand to €180 thousand.

EBITDA Margin rose from **10.2% in 2019 to 12% in 2020**, due to the increased efficiency of service costs, employees' costs and costs of goods sold.

Net Profit almost doubled from the previous year to € 4.3 million.

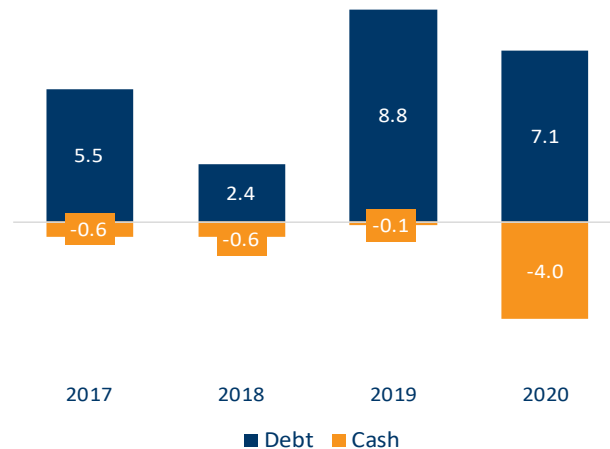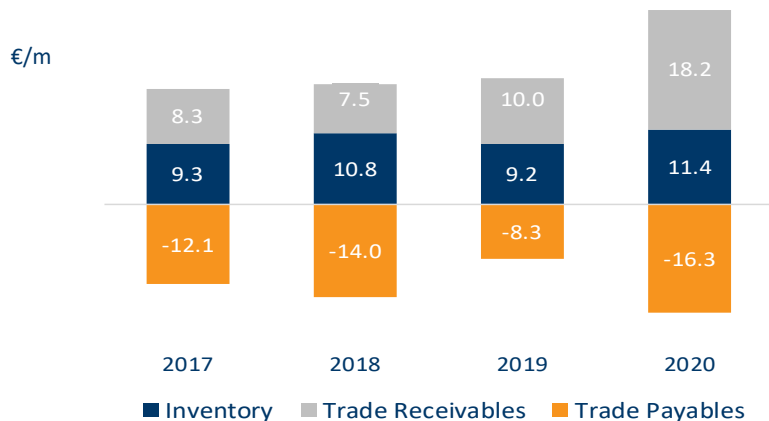The 2019 pro-forma consolidated financial statements have been prepared from the separate pro-forma financial statements of **Kiki Lab S.r.l.** (whose 100% stake was acquired on 23 April 2020), considering the effects of the acquisition of the company in the 2019 financial year.

Balance Sheet

€/000	2020	2019
Fixed Assets	2,776	2,496
Net Working Capital	12,688	10,067
Net Financial Position	3,057	8,763
Shareholders' equity	11,764	3,270

> In 2020, the change in the **Net Working Capital** was related to the growth in volumes of the campaigns, which led to an increase in inventories of €2.2 million and in trade receivables of €8.2 million, partly offset by higher trade payables to suppliers of €8.0 million.

> The **NFP** improved in 2020 by € 5.7 million mainly due to the resources obtained during the IPO and the cash generation. In addition, during 2020 a seven-year bond loan has been fully subscribed by Banca Intesa San Paolo for € 4.0 million.

€/m

	2017	2018	2019	2020
Trade Receivables	8.3	7.5	10.0	18.2
Inventory	9.3	10.8	9.2	11.4
Trade Payables	-12.1	-14.0	-8.3	-16.3

■ Inventory   ■ Trade Receivables   ■ Trade Payables

	2017	2018	2019	2020
Debt	5.5	2.4	8.8	7.1
Cash	-0.6	-0.6	-0.1	-4.0

■ Debt   ■ Cash

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Thank you!