



Promotica S.p.A. Investor Presentation

Integrae SIM Investor Day
8 June 2021





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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 Propri 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.



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

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



Mission



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

57.0

€/M

REVENUES

+52%

YOY

GROWTH

6.8

€/M

EBITDA

12%

EBITDA MARGIN

FINANCIAL KPI

Governance

BOARD OF DIRECTORS

 **Diego Toscani**
Chairman & CEO

 **Gabriele Maifredi**
Vice President

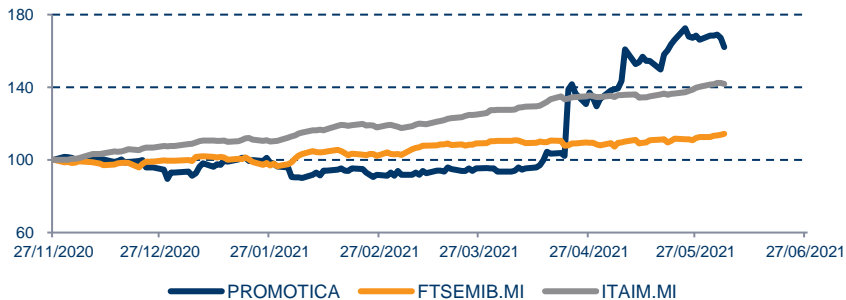
 **Alvise Gnutti**
Director

 **Michele Grazioli**
Director

 **Michele Andreus**
Independent Director

STOCK FIGURES

Outstanding shares post-IPO	16,000,000	Free Float	15.00%
Date IPO	November 27, 2020	Market Cap (04/06/2021)	€ 44.6m
Issue Price (€)	€ 1.75	Share Price (04/06/2021)	€ 2.79
Market	AIM Italia		



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

AUDIT FIRM & NOMAD



SIM
INTEGRÆ

SHAREHOLDERS



* Company entirely owned by Dr. Diego Toscani

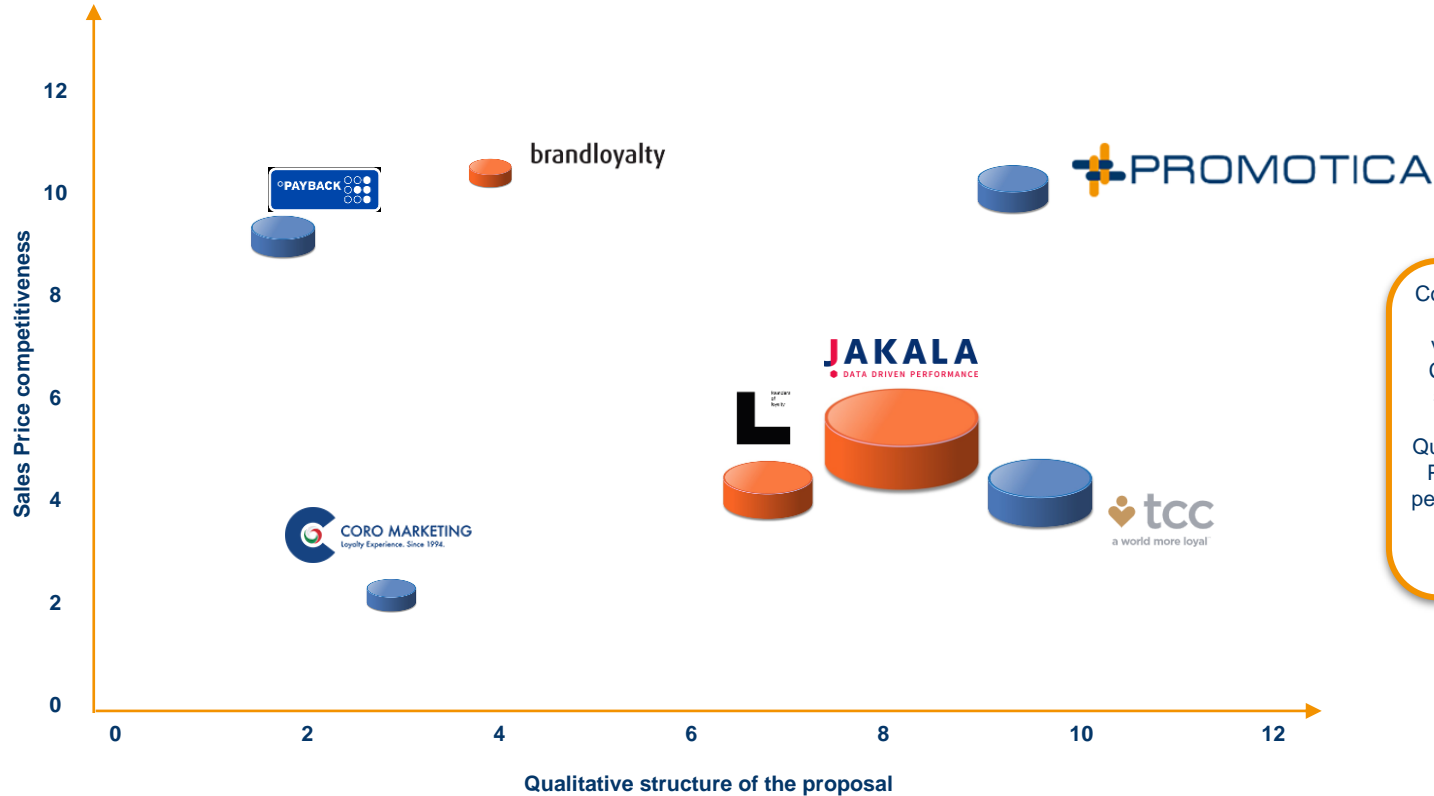




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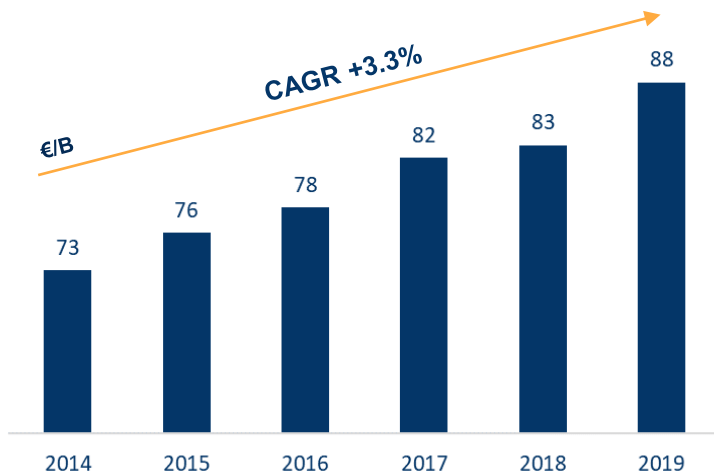
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Reference Market: Competitive Context



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.

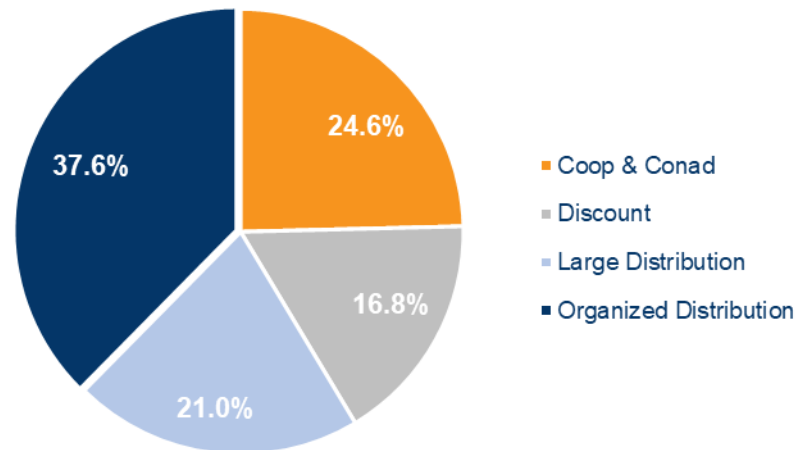
GDO: Focus on the Italian Food and Beverage Brands



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, VèGé, 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

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.



A SUCCESFULL BUSINESS MODEL

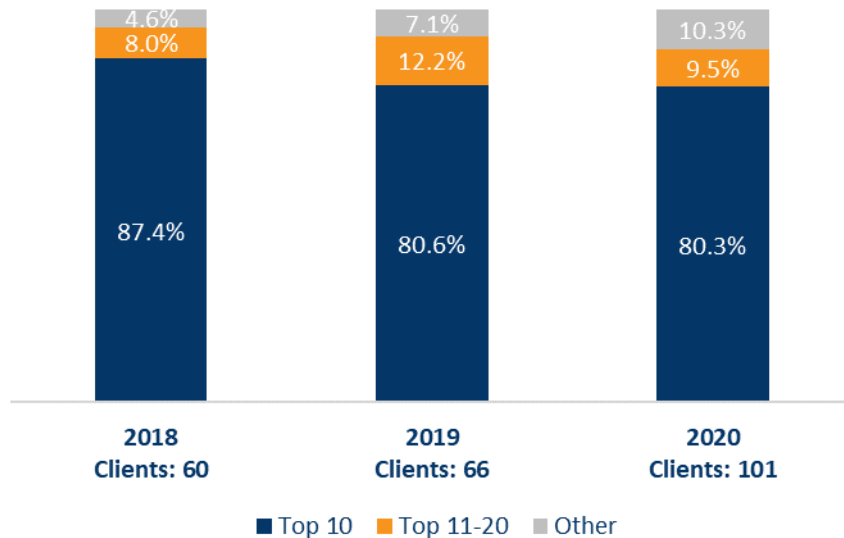
- > PUSH approach;
- > Speed of execution;
- > Return Management;
- > Outsourced logistic.

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.

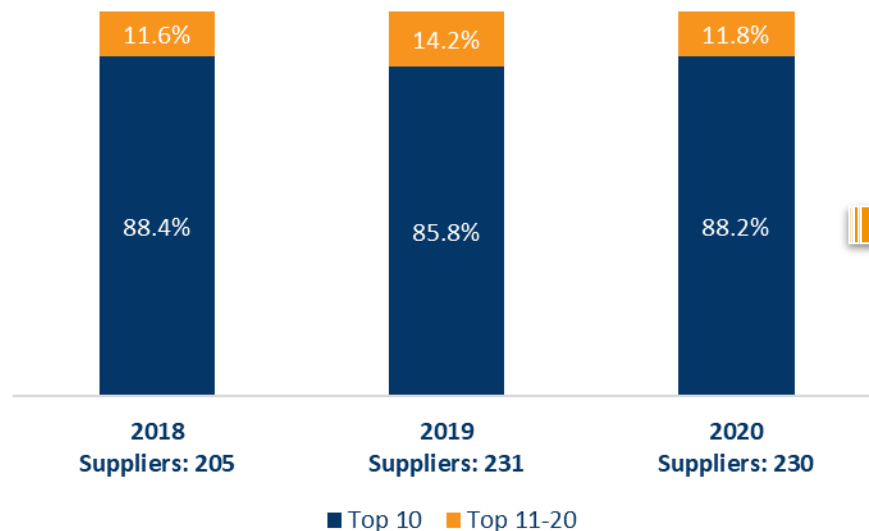
Close connection with Customers



Client:	%
coop Alleanza 3.0	21.9%
uniconop firenze	16.9%
CONAD NORD OVEST	9.2%
CONAD	9.1%
COMMERCIANTI INDIPENDENTI ASSOCIATI	8.5%
CONAD	5.1%
CONAD ADRIATICO	4.2%
italbrix	1.9%
az coop	1.8%
coop Reno	1.7%

- > **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.	 	Excl.	8.0
Ind. Vetraria Valdarnese S. Coop		Excl.	7.3
Frontini	 	-	2.6
Illa SpA		Excl.	2.4
Mercati Srl		Excl.	2.4
Zafferano Srl		Excl.	1.6
AR & CO		Excl.	1.1
Smartwares		-	0.9

- > **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

- > 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.

SPEED OF EXECUTION

- > 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

OUTSOURCED LOGISTIC

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

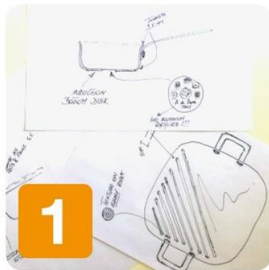
The Designer Jasper Morrison produces, at the request of Alessi and Promotica, a line of tools for cooking in 100% recycled aluminum.

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).

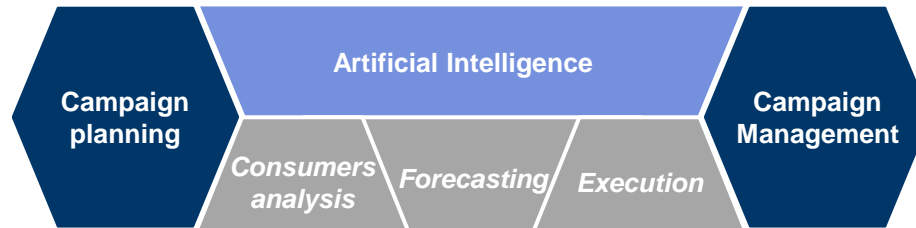
20 years of sales volumes retailers =
3 months of sales volumes Promotica Campaign

FEBRUARY/JUNE 2020

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



INTERNATIONALIZATION

1



DIVERSIFICATION BY
SERVICE
AND MARKET

2

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.

Strategic guidelines and growth drivers

STRATEGIC GUIDELINES



**SPECIALIZATION
IN CAMPAIGNS OF
NATIONAL
IMPORTANCE**

3



**BUSINESS
INTELLIGENCE
ENHANCEMENT**

4

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.

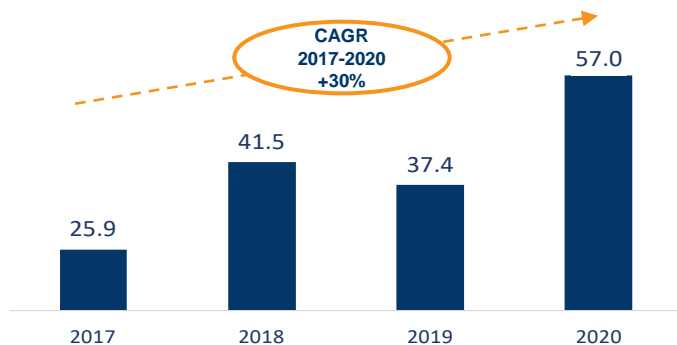


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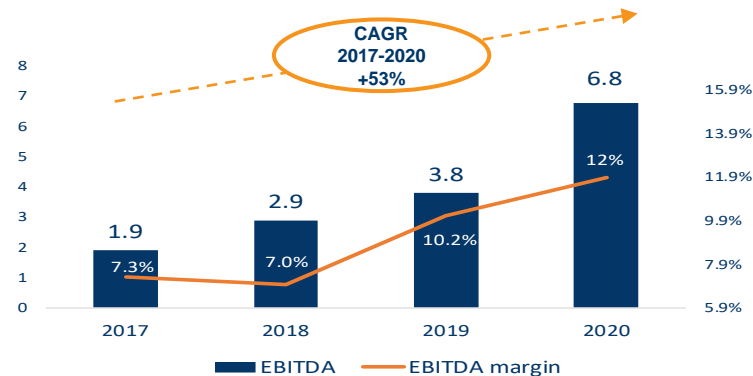
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Financial Results

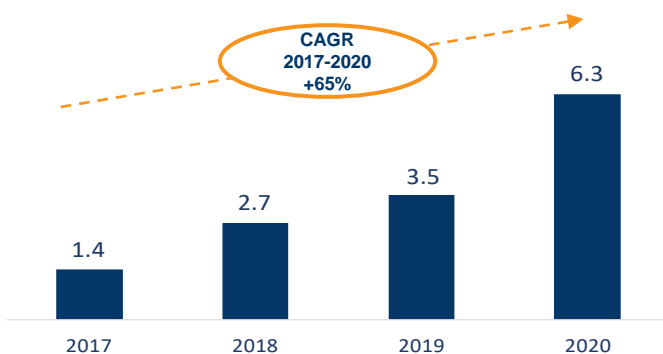
Revenues (€/m)



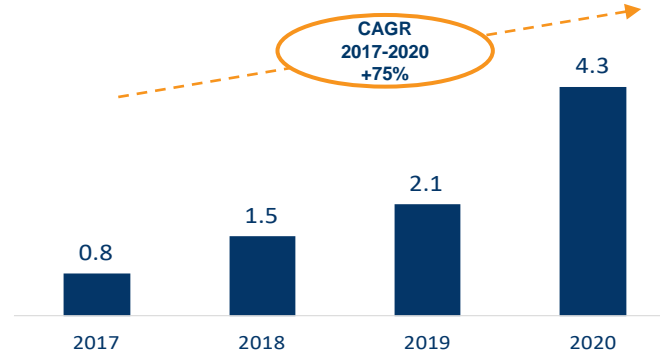
EBITDA (€/m)



EBIT (€/m)



Net Profit (€/m)



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 adjustments 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%

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.

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.

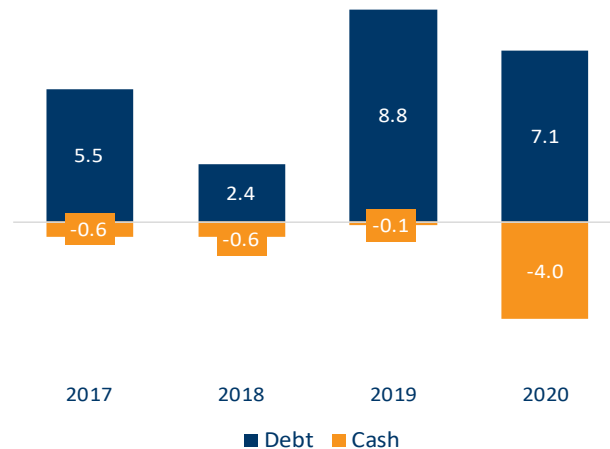
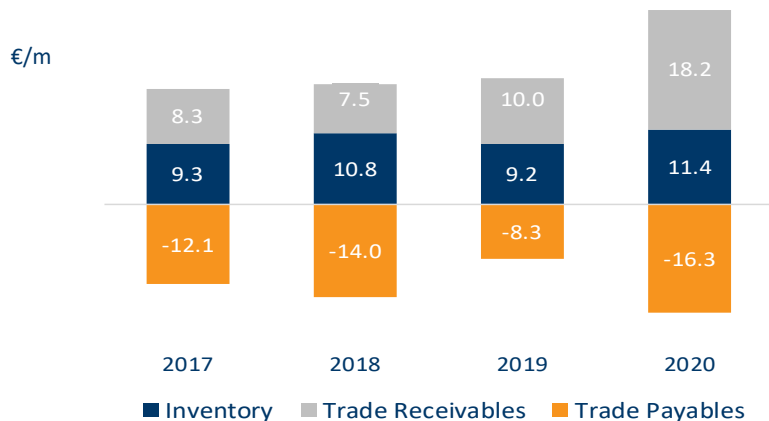
Net Profit almost doubled from the previous year to € 4.3 million.

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.



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“This Presentation contains certain forward-looking statements. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words "believes," "expects," "predicts," "intends," "projects," "plans," "estimates," "aims," "foresees," "anticipates," "targets," and similar expressions. Forward-looking statements contained in this Presentation, including assumptions, opinions and views of Promotica S.p.A. (**“Promotica”** or the **“Company”**) or cited from third party sources, are solely opinions and forecasts reflecting current views with respect to future events and plans, estimates, projections and expectations which are uncertain and subject to risks. Market data used in this Presentation, which are not attributed to a specific source, are estimates made by the Company and have not been independently verified. These statements are based on certain assumptions that, although reasonable at this time, may prove to be erroneous. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events which materially differ from those expressed or implied by the forward-looking statements. If certain risks and uncertainties materialize, or if certain underlying assumptions prove incorrect, the Company could be unable to achieve its financial targets and strategic objectives. A multitude of factors which are in some cases beyond the Company’s control can cause actual events differ significantly from any anticipated development. Forward-looking statements contained in this Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. No one undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements refer only as of the date of this Presentation and are subject to change without notice. No representations or warranties, express or implied, are given as to the achievement or reasonableness of, and no reliance should be placed on, any forward-looking statements, including (but not limited to) any projections, estimates, forecasts or targets contained herein. Promotica does not undertake to provide any additional information or to remedy any omissions in or from this Presentation. Promotica does not intend, and does not assume any obligation, to update industry information or forward-looking statements set forth in this Presentation. This Presentation does not constitute a recommendation regarding the securities of the Company.

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Thank you!