



Promotica S.p.A.
Finance Gala Integrae

4 November 2021



Agenda

Company Overview	page 3
Reference Market	page 7
Value Proposition	page 10
Strategic Guidelines & Growth Drivers	page 17
Financials	page 22
Appendix	page 28

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

At a glance: KPI (2020)

OPERATING KPI

101

CLIENTS

230

SUPPLIERS OF WHICH
8 EXCLUSIVE
PARTNERS

317

CAMPAIGNS

19.4M

PRIZES
AWARDED

33+5

33 EMPLOYEES
5 CONTRIBUTORS

FINANCIAL KPI

57.0
€/M

REVENUES

+52%
YOY

GROWTH

6.8
€/M

EBITDA

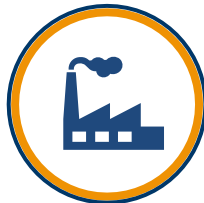
12%

EBITDA MARGIN

GROWTH STRATEGY



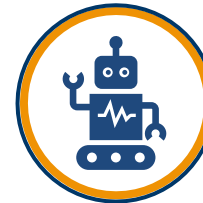
Expansions into
foreign markets



Expansion into new
industries



Kid
campaigns



Strengthening BI
capabilities

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

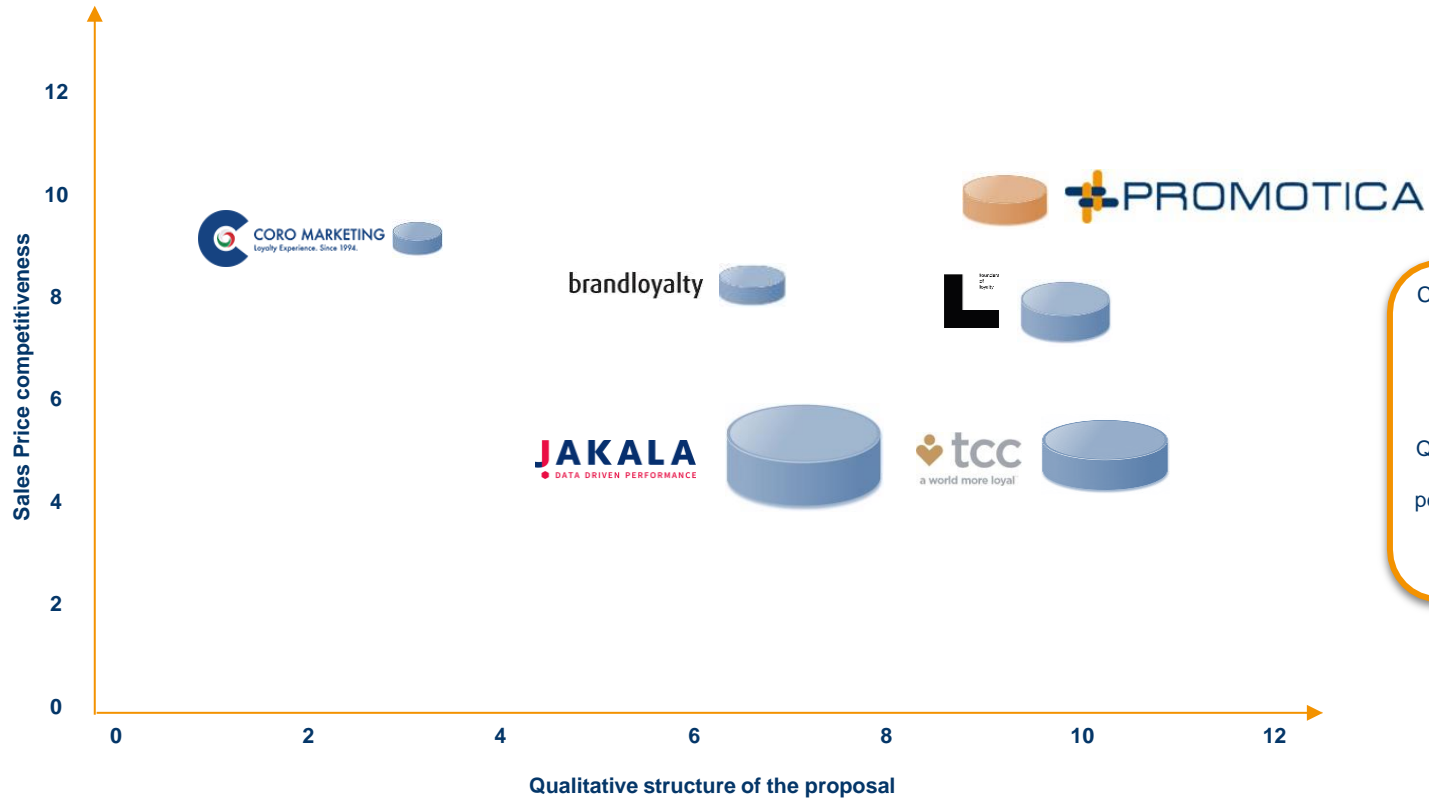




Agenda

Company Overview	page 3
Reference Market	page 7
Value Proposition	page 10
Strategic Guidelines & Growth Drivers	page 17
Financials	page 22
Appendix	page 28

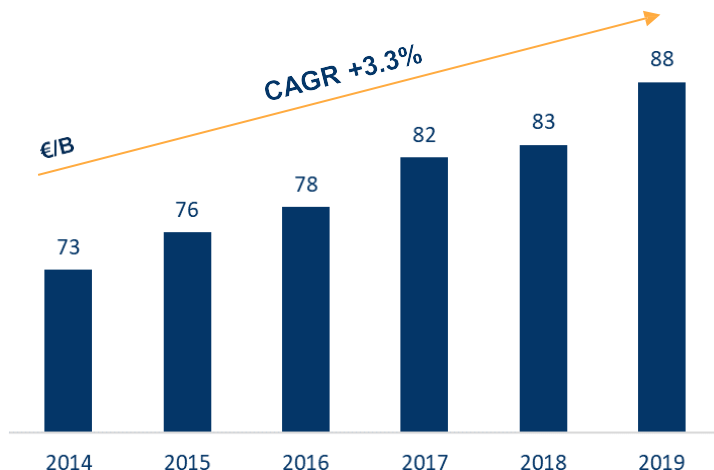
Reference Market: Competitive Context



* Source: Elaboration by Management

Dimension proportional to VoP

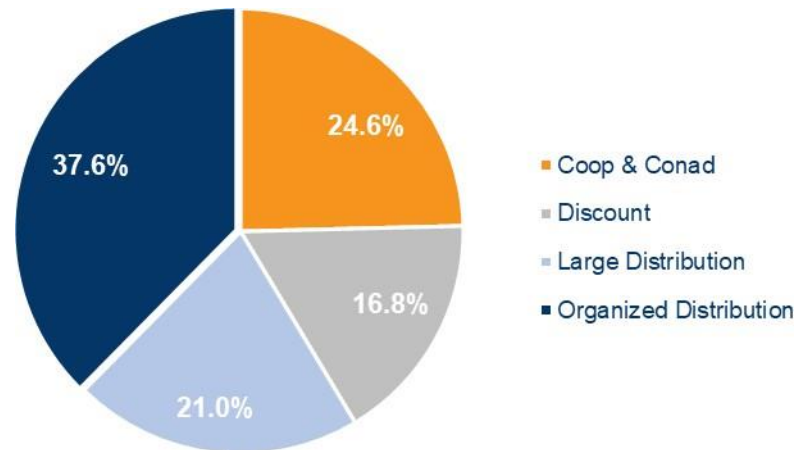
GDO: Focus on the Italian Food and Beverage Brands



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 most 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



Agenda

Company Overview	page 3
Reference Market	page 7
Value Proposition	page 10
Strategic Guidelines & Growth Drivers	page 17
Financials	page 22
Appendix	page 28

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.

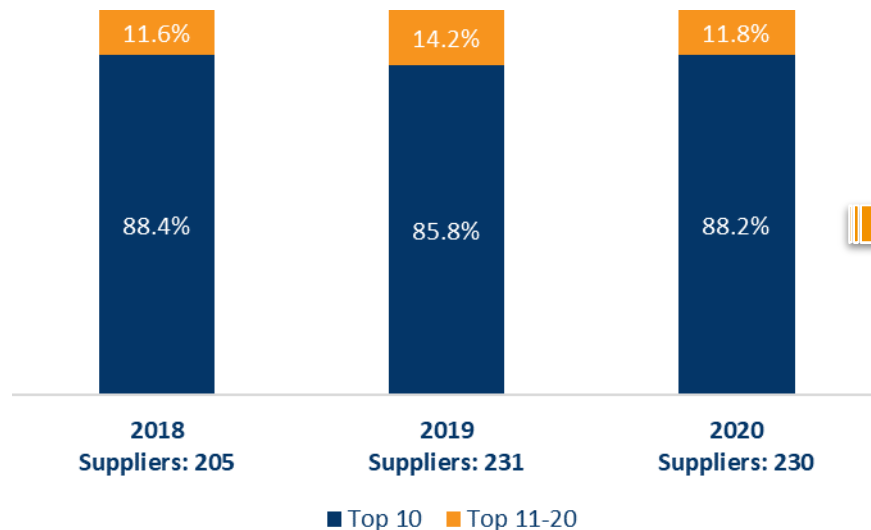
Close connection with Customers



Client:	%
coop Alleanza 3.0	21.9%
uniconop firenze	16.9%
CONAD	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. pieces	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.

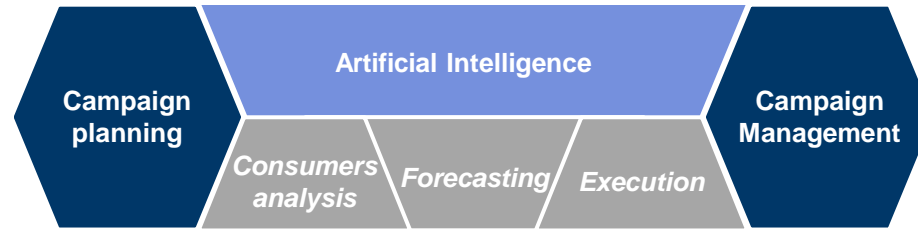
> Supply of the promoter's warehouse and invoicing of the delivered quantity.

>Guarantees the goods at any time directly to the customer.

AI investments

Investments in technology and Artificial Intelligence to refine activities, functional to:

- > Monitoring of 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.



Agenda

Company Overview	page 3
Reference Market	page 7
Value Proposition	page 10
Strategic Guidelines & Growth Drivers	page 17
Financials	page 22
Appendix	page 28

Strategic guidelines and growth drivers

STRATEGIC GUIDELINES



INTERNATIONALIZATION

1

GROWTH DRIVERS

Pursuing internationalization by:

- > Hiring a new internal sales representative for foreign markets;
- > Agreements 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.

> Expanding & Strengthening

SERBIA: First kids' program with a big International client, Delhaize.

CROATIA: Alessi Dinnerware program with SPAR, one of the most important clients in the Country.

BALTICS: 3 programs in 2021 with clients as Circle K and Viada.



> Entering in new markets

HONG KONG & BULGARIA:

Programs with Italian brand and production items.



Strategic guidelines and growth drivers

STRATEGIC GUIDELINES



**DIVERSIFICATION BY
SERVICE
AND MARKET**

2

GROWTH DRIVERS

Pursuing diversification through:

- > **Widening the offer to customers** by extending value-added marketing services offered through kid campaigns, entertainment campaigns and marketing plans;
- > **Development of new propositions;**
- > **Entering in new markets** as FMCG, Finance, Pharmaceuticals.

> Diversification by service and market

KIDS PROGRAM with Italmark with plush toys, 100% recyclable materials (running right now).



> Development of new propositions

Development of additional kid programs with **new materials** and **new licenses**.



> Entering in new markets

Food delivery
Pharmaceutical
Petroleum



STRATEGIC GUIDELINES



3

GROWTH DRIVERS

- > **Pushing commercial strategy**, with a series of tactical activities that allow prospects to test the capabilities of Promotica;
- > Improving chances to win tenders increasing the offer through **exclusive agreements** with famous brands and suppliers.

> CONAD Nationwide



Strategic guidelines and growth drivers

STRATEGIC GUIDELINES



**BUSINESS
INTELLIGENCE
ENHANCEMENT**

4

GROWTH DRIVERS

Strengthening of big data analytics processes, in order to improve knowledge of consumer purchasing decisions by:

- > **Acquisition of specific software platforms;**
- > **Hiring of new employees in the BI area;**
- > **Partnership with leading market research players**
- > **M&A activities:** Horizontal integration with active targets in the Artificial Intelligence, big data, analysis processing skills and market research.

- > Activation of the **DECIDERE** platform (by Vedrai)
- > **New tool:** system based on machine learning (AI) that will be trained to recognize the affinity of thousands of rewards with the interests of individual consumers, ranking each reward based on an approval rating.

> New national campaigns managed with the innovative internal IT platform:

2021:

- Gruppo Végé - Unici 2021
- Coop Centro Italia - Catalogo BeAPPy 2021
- Cash&Carry - Vinci Italian Style
- Coop Editrice Consumatori - A tutta salute

2020:

- Coop Centro Italia - Catalogo BeAPPy 2020
- Trust - Crea il tuo ufficio ideale a casa

2019:

- Giovanni Rana - That's my Italy
- Benetton - Treedom
- BIC - Vai a scuola con BIC
- Froneri - Esecuzione Perfetta





Agenda

Company Overview	page 3
Reference Market	page 7
Value Proposition	page 10
Strategic Guidelines & Growth Drivers	page 17
Financials	page 22
Appendix	page 28

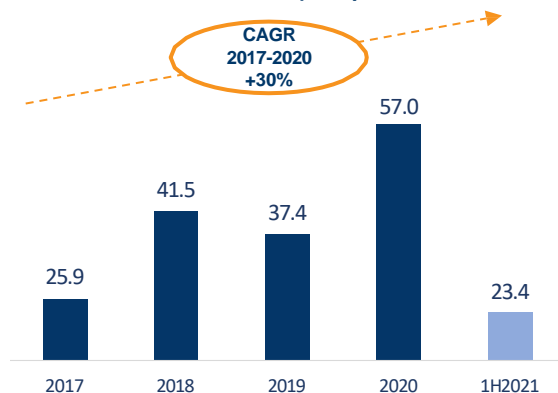
H1 2021 Key Facts



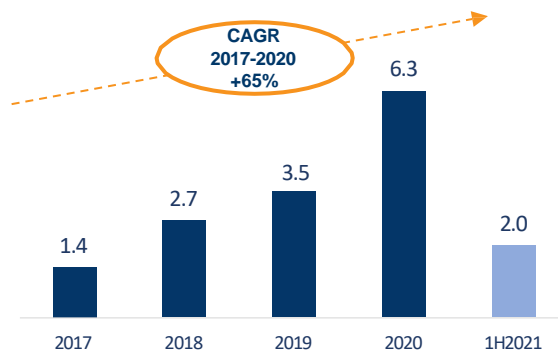
- > **209 Campaigns** for a total of 10.5 million premiums
- > New customers' acquisition increased total clients from 101 at 31 December 2020 to **155 at 30 June 2021**
- > **Accelerated expansion internationally** thanks to orders from SPAR Croatia and Delhaize Serbia
- > **Diversification into new sectors** such as pharmaceuticals and food delivery
- > **Efficiency, technology and energy saving:** signed the deed of purchase of the land in Desenzano for the **Promotica's new hub of excellence**
- > **ESG process undertaken**, aimed at eliminating the **environmental impact of Promotica's activities by the first months of 2022**

Financial Results

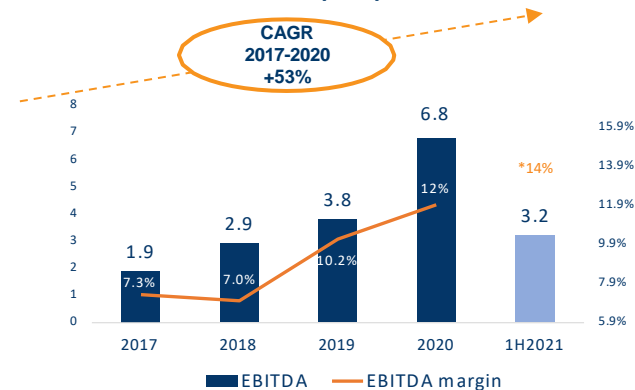
Revenues (€/m)



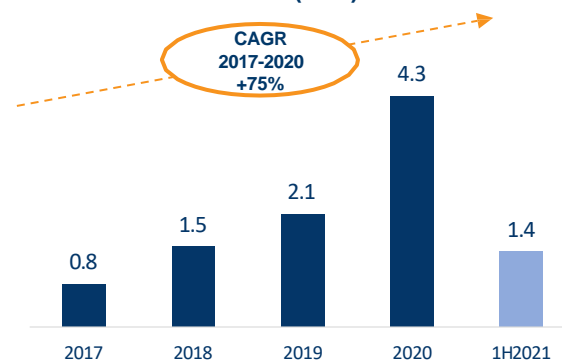
EBIT (€/m)



EBITDA (€/m)



Net Profit (€/m)



Income Statement

€/000	1H2021	2020	2019 Pro-forma*	1H2020 Pro-forma*
Sales Revenues	23,364	57,006	37,436	22,947
Cost of goods sold	(16,102)	(42,893)	(27,045)	(17,265)
Industrial Margin	7,262	14,113	10,391	5,682
Costs of services	(2,590)	(4,926)	(4,257)	(2,315)
Other operating costs	(366)	(159)	(324)	(81)
Total Operating Costs	(2,956)	(5,085)	(4,581)	(2,396)
Labour costs	(1,145)	(2,206)	(2,000)	(878)
EBITDA	3,162	6,822	3,810	2,408
Depreciation and amortisation	(1,133)	534	348	157
EBIT	2,029	6,288	3,462	2,251
Financial proceeds and charges	(89)	(231)	(132)	(76)
Value adjustments of financial assets and liabilities	(10)	(81)	(244)	(30)
EBT	1,930	5,976	3,086	2,145
Income taxes	(553)	(1,682)	(966)	(619)
Net Profit	1,377	4,295	2,120	1,525

*Promotica Individuals Pro-forma results as at 31/12/2019 and 30/06/2020

Sales revenues increased by 1.2% in 1H2021 at € 23.4 million.

The industrial margin is approximately € 7.3 million (31.1% of revenues) after charging € 16.1 million for cost of goods sold.

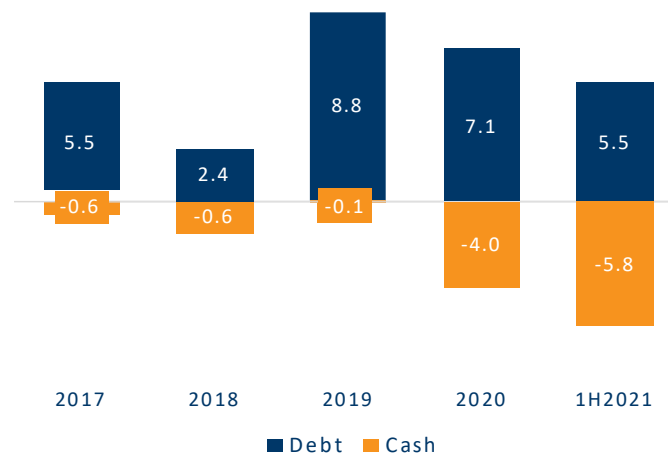
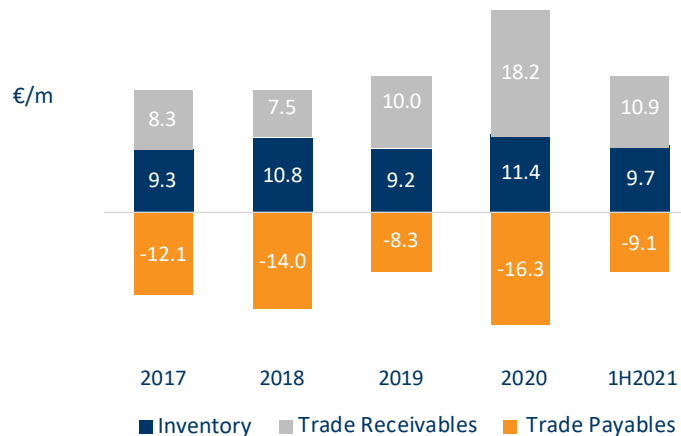
EBITDA Margin rose at 13.5% in 1H2021, due to the increased efficiency of service costs, employees' costs and costs of goods sold.

Net Profit at € 1.4 million after financial expenses of € 89 thousand, adjustments to the value of financial assets and liabilities of € 10 thousand, and taxes of approximately € 0.6 million.

Balance Sheet

€/000	1H2021	2020	1H2020*	2019*
Fixed Assets	2,780	2,776	2.597	4.179
Net Working Capital	10,702	12,688	9.941	9.941
Net Financial Position	(289)	3,057	9.575	8.334
Shareholders' equity	12,177	11,764	4.796	5.305

- > In 1H2021, **Net Working Capital** was related to inventories for € 9.7 million, trade receivables at € 10.9 million, partly offset by trade payables to suppliers of € 9.1 million.
- > The **NFP** at 1H2021 is positive (cash) for € 0.3 million, a significant improvement compared to the € 3.1 million (debt) recorded at 31 December 2020.



*Promotica Individuals Pro-forma results as at 30/06/2020

Short-term targets

- > **The demand from the Group's customers in the reference sectors continues to be robust**, but shortage of components, increase in logistic and freights costs **could postpone the start of new campaigns** with an extension of the lead time from 4 to 6/7 months to ensure the correct start of the loyalty activities
- > In 2H of 2021 focus on the enhancement of the **warehouse stock** to carry out on going campaigns activities, with a foreseeable reduction and monetization of the same
- > Commitment to enhance Italian productions with the **launch of new products made in Italy and Europe** to offset the above-mentioned shortage from Far East and China
- > Develop foreign markets, **like Eastern and Northern Europe**, both organically and through M&A and partnerships



Agenda

Company Overview	page 3
Reference Market	page 7
Value Proposition	page 10
Strategic Guidelines & Growth Drivers	page 17
Financials	page 22
Appendix	page 28

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 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. for the management of the GDO and promotional channel. In 1998 he founded the "micro brewery" HOPS!. 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 Propriis Immobiliare (real estate). He is also founder and President of Buongusto Italiano and President of Easy Life Srl.

Gabriele Maifredi

Vice President 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, and From 2009 to 2012 he was General Manager of the same company strengthening his duties and responsibilities in the group loyalty area. 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 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 at Brescia Court Office in accounting and fiscal matters. 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. 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.



Michele Andreaus

Independent Director

He graduated in Economics and Business in 1990 from the University of Trento and obtained a PhD in Business Administration in 1994. Since 2006 he has been Full Professor of Business Administration at the Faculty of Economics of the University of Trento, where he was also Director of the Department of Computer Science and Business Studies until 2012. In parallel to his academic activities, he has been a member of the Board of Directors and of the Executive Committee of Banca di Trento e Bolzano, as well as a director and vice-president of Cassa del Trentino and Casa Girelli S.p.A.. He is currently a director of La Finanziaria Trentina S.p.A., Fratelli Poli S.p.A., and Banca Fide, as well as a member of the board of statutory auditors of the San Patrignano Foundation.

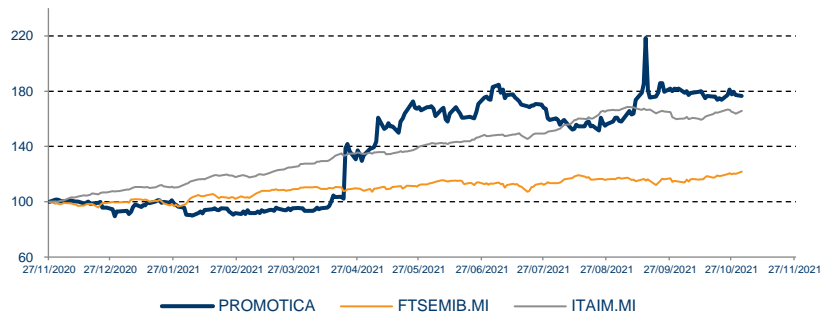
Governance

BOARD OF DIRECTORS

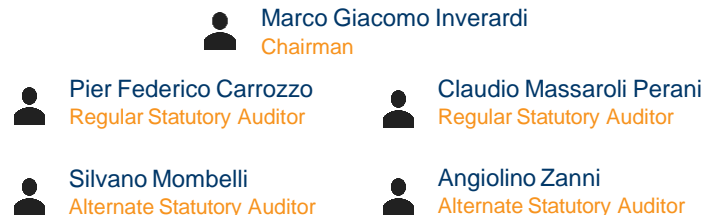


STOCK FIGURES

Outstanding shares post-IPO	16,000,000	Free Float	15.00%
Date IPO	November 27, 2020	Market Cap (01/11/2021)	€ 48.6m
Issue Price (€)	€ 1.75	Share Price (01/11/2021)	€ 3.04
Market	AIM Italia		



BOARD OF STATUTORY AUDITORS



AUDIT FIRM & NOMAD



SHAREHOLDERS



* Company entirely owned by Dr. Diego Toscani



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.



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



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).

FEBRUARY/JUNE 2020

Disclaimer policy

“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.

This Presentation is not an offer, or a solicitation of an offer, to buy, sell or exchange any securities in Italy, pursuant to Section 1, letter (t) and letter (v) of Legislative Decree no. 58 of February 24, 1998, or in any other Country or State and is not a prospectus or an offer document within the meaning of Italian laws and regulations.”



Thank you!