



**Promotica S.p.A.**  
Grani&Partners Acquisition

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10 December 2021



# Grani&Partners – Executive Summary



**Grani&Partners**, is one of the **main players** at a **global level** in the promotional market for products dedicated to the world of children.



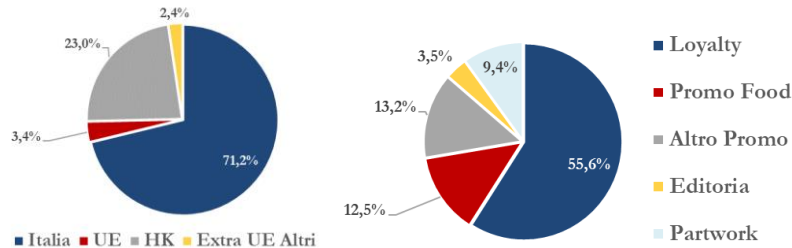
It acts as a strategic consultant in the **conception and realization of every kind of promotional operation** conceived to increase sales and loyalty, offering a turnkey project based for specific customers' needs.



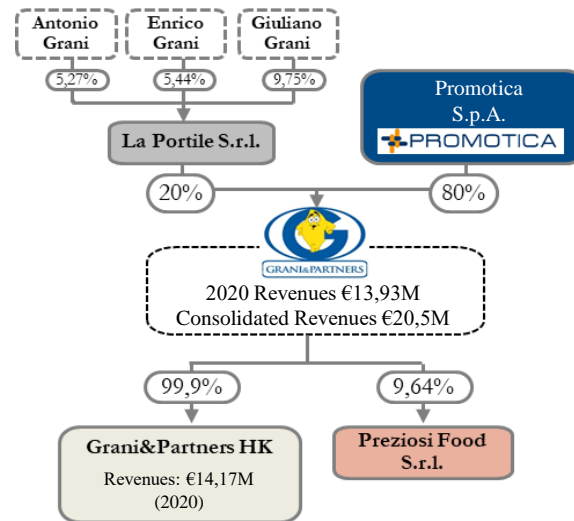
Grani&Partners develops 46% of its turnover abroad through **63 clients, in 19 countries** and about 800 new articles managed every year.



The company is headquartered in Bastiglia, in the province of Modena and has an operating office in Hong Kong, through its subsidiary.



## Post-acquisition Corporate Structure



## Revenue Breakdown (2020)



# Grani&Partners – Investment Opportunity



1

A success story thanks to best-in-class management skills

2

**Ability to invent and develop products, especially for children, both under license and with brands created ad hoc**

3

Point of reference in Licensing: the deep knowledge of the underlying logics and the global and integrated network guarantee complete solutions and the ability to identify trends in the sector

4

**Transversality: presence in multiple business areas allows the integration of expertise gained in specific sectors**

5

Important positioning in the market with stable and profitable relationships with prestigious brands belonging to different sectors

6

**Presence on international markets through the Hong Kong office and a network of loyal customers around the world**

# Grani&Partners – Main Successes



## Kids Promotion

Expansion of Promotica's portfolio of promotional campaigns, relying on the best marketing and manufacturing skills currently available on the market in the children's field. **Kids Promotions allow Promotica to integrate the offer currently addressed mainly to the Adult market.**

## Automotive Loyalty Campaigns

Leverage on direct relationships with all the **car manufacturers** for which Grani&Partners is licensee, through which to develop **campaigns that are currently carried out in the Asian market** and that guarantee several million euros of turnover to international loyalty agencies.

## Customer portfolio Industry sector

Growth of the client base by leveraging on the historical relationships of Grani&Partners with **numerous international players belonging to different industrial sectors.** This opportunity would allow Promotica to extend its promotional campaigns and activities into the industry.

## Internationalization

Leverage the sales structure of Grani&Partners present in America and Asia, and in particular the twenty-year history of relationships with **Asian customers developed through the Hong Kong office**, to accelerate Promotica's ongoing internationalization process.

## Integration of the sourcing structure

**Leverage relationships with suppliers** in multiple business areas **and established partnerships with the best factories** in Asia of Grani&Partners to strengthen the process of product scouting and selection of producers by Promotica.

# Grani&Partners – Synergies



€/000	2020 Grani S.p.A.	2020 Consolidated
Sales Revenues	13,939	20,500
Gross Margin	555	2,219
EBITDA	(1,900)	(1,780)
Net Profit	(3,133)	(2,820)

€/000	2020 Grani S.p.A.	2020 Consolidated
Net financial position	4,121	4,291

> In addition to the negative impact of the Covid-19 pandemic, 2020 was affected by the **knock-on effects of the exit from the direct newsstand business**

> **Work in progress for cost restructuring** in terms of reduction of overhead and personnel costs

> NFP shows a significantly **improving trend** and it can be financed with the existing bank credit lines

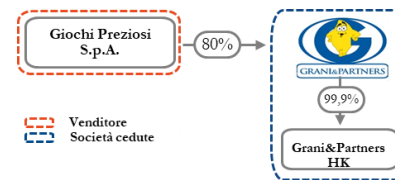
# Grani&Partners – Operation Term Sheet



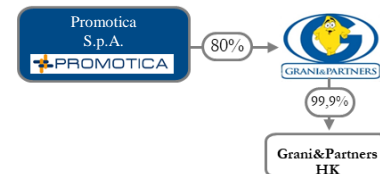
The transaction concerns the purchase by Promotica S.p.A. of **80% of the equity investment held by Giochi Preziosi S.p.A. in Grani&Partners S.p.A., equal to 400,000 shares** with a nominal value of **Euro 1.00 each**, as part of an agreement defined below:

1. Payment for a total of **€ 2,000,000** paid by Promotica to Giochi Preziosi S.p.A.; the valuation is around 1X 2020 Consolidated Revenues and reflects the strategic value of the acquisition
2. The above price will be subject to potential adjustment, only upwards, if the conditions provided for in the Earn-Out Sales and/or Earn-Out Exit PF clauses occur. In particular, by virtue of the Earn-Out Sales clause, if, by 31 December 2024, the turnover ("Net Sales") of Grani & Partners S.p.A., at the end of each financial year reaches or exceeds for the first time the thresholds of (i) Euro 25,000,000, (ii) Euro 30,000,000 and (iii) Euro 35,000,000, the Initial Price will be increased by:
  1. Euro 250,000, if the threshold referred to in point i) above has been reached;
  2. Additional Euro 250,000, if the threshold set out in point ii) above is reached;
  3. A further € 250,000, if the threshold referred to in point iii) above is reached, and therefore for a maximum total amount of EUR 750,000.

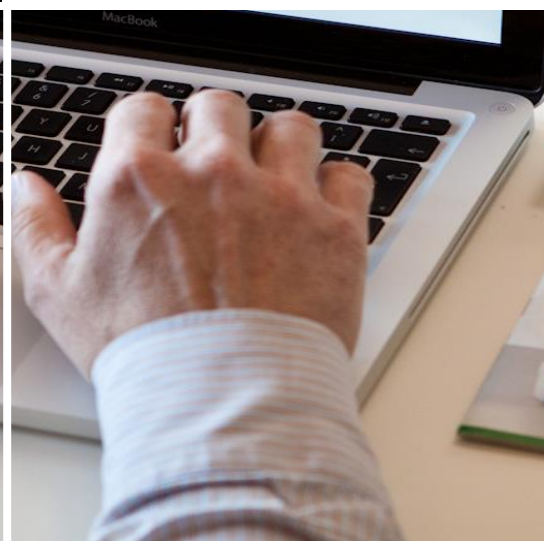
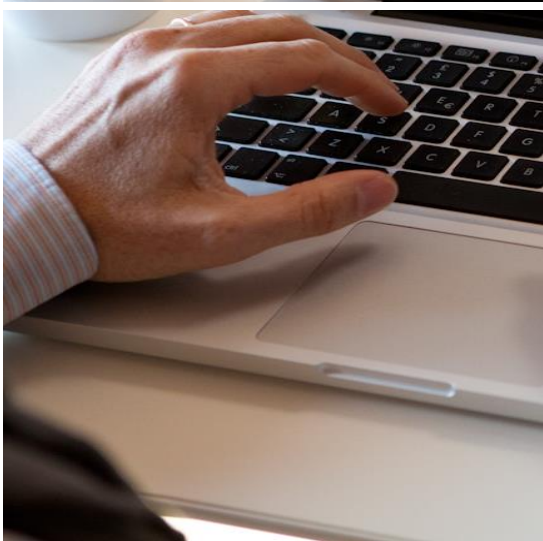
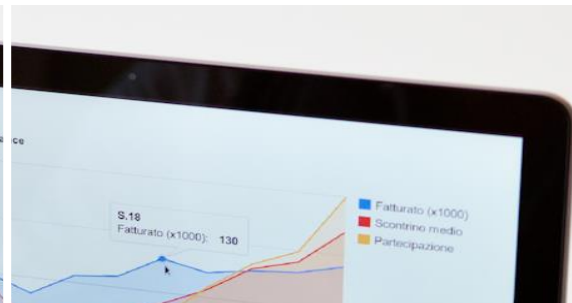
## Pre-acquisition Corporate Structure



## Post-acquisition Corporate Structure







## Promotica Strategy





# 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



## 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

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