

## MBXP – write-down of reserved earn-out, goodwill and other intangible fixed assets due to completed internal audit

**As previously communicated, an internal audit of the subsidiary MBXP ApS has been initiated due to the company's poor performance during the first half of 2023. The internal audit, which was carried out in close cooperation with the company's auditors and legal advisors, has now been completed and shows that a number of serious errors in the company's accounting for the period 2021-2023 have been committed under the previous management. As a consequence of the internal audit, Awardit has decided to write down the reserved expected earn-out of approximately MSEK 125 as well as the group's goodwill attributable to MBXP of approximately MSEK 115 in its entirety. The board has also decided to write down other intangible fixed assets with approximately MSEK 20 linked to technology and customer relations. In total, corrections of inaccuracies in previous periods and during 2023 negatively affect the EBITA for 2023 with approximately MSEK 32, while the write-down of the earn-out and goodwill, in its entirety as well as parts of other intangible fixed assets regarding MBXP negatively affect the earnings after financial items by approximately MSEK 11, which gives a total negative effect on earnings after financial items in the group of approximately MSEK 43.**

In the internal audit it has been discovered, among other things, incorrect accruals of income and costs between 2022 and 2023, incorrectly handled customer and supplier invoices, payment to a partner that was made outside the company's books and that parts of the granted covid support were received on incorrect grounds and will likely have to be repaid. A large number of corrections have been made based on the completed internal audit, where the net effect of these affects the group's EBITA negatively with a total of approximately MSEK 32 in the fourth quarter of the year. Regarding the covid support, the result for 2021 has been adjusted by MDKK 2.6, which is the support amount, and the result for 2022 has been adjusted, by MDKK 7.7, which is the potential fine amount. If these reservations are materialized, they will have a corresponding impact on liquidity. A reservation has also been made of a total of MDKK 13.4 attributable to an ongoing VAT case, with the Danish Tax Agency, concerning 2021-2022. For 2023 the corresponding provision is estimated to MDKK 8.2. As the VAT case is not a correction of an error, but a new assessment as part of the internal audit, the full effect, i.e. MDKK 21.6 for the years 2021-2023, will affect EBITA negatively for the group in the fourth quarter of this year. This reservation also has a corresponding liquidity impact if it is materialized. The internal audit itself and related costs are estimated to amount to approx. MDKK 4 and will affect the fourth quarter of this year.

In addition to the above-mentioned EBITA effect of corrections, the year's result after financial items is negatively affected by approx. MSEK 11 due to write-downs. The reserved expected earn-out of approx. MSEK 125 and the group's goodwill of 115, attributable to MBXP, is written down in its entirety and part of other intangible fixed assets linked to technology and customer relations are written down with MSEK 20 (which include deferred tax by MSEK 6). Since the

amount is booked in the groups balance sheet in DKK, there is also a positive impact of exchange rate differences of MSEK 4. The total effect on the group's result after financial items will therefore be negative by approximately MSEK 43 and after tax the effect on the result for the year will be negative with approximately MSEK 38.

MBXP has held a general shareholders meeting and adopted the final annual report for 2022 which has been registered with the Danish Business Authority. The report also contains adjusted comparative figures for 2021. In summary, the EBITDA result of MBXP for 2022 was MDKK -16.0 and for 2021 MDKK -0.6. MBXP is expected to deliver a positive EBITA result for the fourth quarter excluding the effect of the ongoing tax case and cost of internal audit. Awardit's assessment is that MBXP, after implemented changes, corrections and savings, can be managed profitably within the framework of Awardit's operations and deliver a positive contribution to the group's EBITA result for the full year 2024.

MBXP was acquired by Awardit in April 2021 at which time a preliminary purchase price of MDKK 5 was paid to the sellers in the form of Awardit shares. The company was also refinanced by Awardit with MDKK 19. An earn-out of nine times MBXP's average EBITDA result for 2021 and 2022 with deductions for the preliminary purchase price and interest-bearing liabilities was agreed. In light of the corrected results for the period 2021-2022 and in accordance with the share purchase agreement, no earn-out shall be paid and therefore the board of Awardit has decided to write down the reserved debt for earn-out in its entirety. After a customary impairment test, it has also been decided to write down the entire goodwill amount and part of other intangible fixed assets linked to technology and customer relations. The value of the other intangible fixed assets, has after the write-down, decreased from MSEK 67 to MSEK 47, which is considered to still be defendable. The write-down of the debt for the earn-out and the remaining value of intangible assets will be subject to review in connection with the audit of the annual accounts and may thus be reconsidered.

In spite of the above the sellers have called for arbitration and claim the right to an earn-out. The risk of Awardit losing this dispute is considered to be very small. The dispute with the sellers of MBXP will for the time being be reported as a contingent liability off the balance sheet. The issue of liability and legal action on basis of the errors discovered in the internal audit, which have led to great financial damage for Awardit, will be decided upon by Awardit's board in consultation with legal advisors. Regarding the incorrectly received covid support, the company's auditor has submitted a request for self-correction to the Danish Business Authority and MBXP has filed a police report, with the aim of protecting the company to the furthest extent possible.

**For further information, contact:**

CEO: Erik Grohman

Phone: +46 761 80 55 12

E-mail: [erik.grohman@awardit.com](mailto:erik.grohman@awardit.com)

**About Awardit**

Awardit helps businesses increase revenue and profitability by implementing and operating loyalty programs, incentive programs and gift card programs targeting B2B & B2C customers. Awardit provides customers with program platforms on SaaS-basis, content in the form of commerce opportunities, partner networks as well as third party distribution of gift cards. The programs are normally provided on white label basis but Awardit also operates several private labels. Awardit is the largest company and platform in the Nordics in the sector.

The company's shares trade on Nasdaq First North Growth Market (AWRD). The company's Certified Adviser is Aqurat Fondkommission AB, reachable at [ca@aqurat.se](mailto:ca@aqurat.se) or 08-684 05 800.

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