

August 2022

Second Quarter 2022 Results



Forward-Looking Statements and Financial Measures

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give our expectations or forecasts of future events and can generally be identified by the use of words such as “believe,” “expect,” “anticipate,” “estimate,” “intend,” “project,” “plan,” “likely,” “may,” “should” or other words or phrases of similar import. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding, and the guidance we give with respect to, our anticipated operating or financial results and future economic conditions, including, but not limited to, continuing impacts related to COVID-19, including variants, reductions in government economic stimulus, labor shortages, reduction in demand from clients, supply chain disruption for our reward suppliers and disruptions in the airline or travel industries; changes in geopolitical conditions, including the Russian invasion of Ukraine; execution of restructuring plans and any resulting cost savings; loss of, or reduction in demand for services from, significant clients; loss of active AIR MILES® Reward Program collectors or greater than expected redemptions by the same; unfavorable resolution of pending or future litigation matters; disruption to operations due to the separation from our former parent or failure of the separation to be tax-free; our high level of indebtedness; increases in market interest rates; fluctuation in foreign exchange rates; new regulatory limitations related to consumer protection or data privacy limiting our services; and loss of consumer information due to compromised physical or cyber security.

We believe that our expectations are based on reasonable assumptions. Forward-looking statements, however, are subject to a number of risks and uncertainties that could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, and no assurances can be given that our expectations will prove to have been correct. These risks and uncertainties include, but are not limited to, factors set forth in the Risk Factors section of both (1) our Form 10-K for the most recently ended fiscal year and (2) any updates in Item 1A, or elsewhere, in our Quarterly Reports on Form 10-Q filed for periods subsequent to such Form 10-K or any updates thereto. Further risks and uncertainties include, but are not limited to, the execution of restructuring plans and any resulting cost savings. Our forward-looking statements speak only as of the date made, and we undertake no obligation, other than as required by applicable law, to update or revise any forward-looking statements, whether as a result of new information, subsequent events, anticipated or unanticipated circumstances or otherwise.

In addition to the results presented in accordance with generally accepted accounting principles, or GAAP, we may present financial measures that are non-GAAP measures, such as adjusted EBITDA, adjusted EBITDA margin and free cash flow. Adjusted EBITDA eliminates the non-cash depreciation of tangible assets and amortization of intangible assets, the non-cash effect of stock compensation expense, goodwill impairment, strategic transaction costs and restructuring and other charges. Adjusted EBITDA margin represents adjusted EBITDA divided by revenue. Free cash flow represents cash flow from operations less capital expenditures. Free cash flow is a liquidity measure used by management to evaluate the amount of cash available for debt repayment, acquisition opportunities and other corporate purposes. No reconciliation is provided with respect to forward looking annual guidance as we cannot reliably predict all necessary components or their impact to reconcile these non-GAAP measures without unreasonable effort. The events necessitating a non-GAAP adjustment are inherently unpredictable and may have a material impact on our future results. Reconciliations to the most directly comparable GAAP financial measures are available in our earnings press release, which is posted in the Press Releases section on our website (www.loyaltyventures.com).

Q2 2022 Key Takeaways

Performance Update

- AIR MILES® Reward Program miles issued increased 8%
- BrandLoyalty is facing macro challenges, which have pressured growth and margins

Capital Structure & Priorities

- Secured flexibility through amendment to credit facility
- Executed against strategic investment imperatives across Q2
- Committed to maintaining capital priorities across second half of 2022

Q2 2022 Summary of Financial Results

Q2	\$172MM	\$27MM	(\$442MM) (\$17.95)
YTD	\$327MM	\$52MM	(\$441MM) (\$17.92)
	Revenue	Adj. EBITDA ⁽¹⁾	Net Loss / Diluted EPS ⁽²⁾

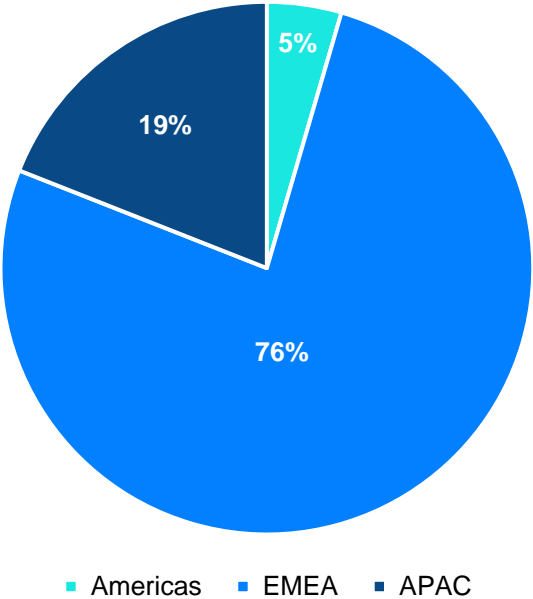
- Q2 Revenue increased 14% year-over-year despite the Collector value proposition enhancement at AIR MILES⁽³⁾ and the decline in the EUR/USD exchange rate
 - Sequential revenue improvement in both segments in Q2 compared to Q1
- Q2 Adj. EBITDA decreased 15% year-over-year due to the Collector value proposition enhancement at AIR MILES and underperforming programs in EMEA and logistics costs at BrandLoyalty
- Net loss impacted by \$423 million goodwill impairment at BrandLoyalty

Notes:

- Adj. EBITDA excludes goodwill impairment, restructuring costs and strategic transaction costs
- Loss per share ("EPS")
- In accordance with ASC 606, "Revenue from contracts with customers", redemption revenue for our AIR MILES Reward Program is presented net of cost of redemptions

BrandLoyalty Performance Update

Q2 2022 Revenue by Geography



Campaign Highlights

Retailer



Rewards Supplier



- EMEA impacted by inflation, rising rates and consumer anxiety
- APAC opening back up after long COVID lockdowns
- Americas expected to contribute to future growth

BrandLoyalty Recent Developments

Macro

- Paused operations in Russia, with an estimated direct impact of \$16 million in lost revenue in 2022
- Persistence of higher logistics costs reduced margins
- Campaign under-performance as aspirational reward merchandise planned in 2021 did not align with consumer expectations today in current macro environment

Goodwill

- Macro conditions and performance triggered goodwill review, and resulted in a goodwill impairment of \$423 million
- Assumptions impacted by market conditions at the measurement date

Path Forward

- Implementation of operational efficiency plan to offset margin impact of higher costs
- Alternative reward merchandise, with a focus on digital-first campaigns to bypass supply chain challenges
- Refocusing business development efforts towards familiar geographies and proven reward categories to reduce execution risk

AIR MILES Reward Program New Partnership Models

Grow Partner Base

AIR MILES is focused on growing its Partner base – current and prospective Partners will discover more flexible and tailored loyalty options, and Collectors will benefit with more expansive earning opportunities

New Revenue Streams

Core Sponsor renewals provide a strong foundation, but AIR MILES is also pursuing new revenue streams through non-traditional partnerships

Accelerate Growth

AIR MILES will leverage its data, digital reach and currency to accelerate Partners' growth

AIR MILES Reward Program Ecosystem Update

Open & Flexible Model Will Expand Ecosystem

- Allows brands to participate and expand the commitment to AIR MILES as value proposition is proven over time

Partner Benefits

- Access to scale – Collector base and communications channels
 - Enhanced data and insights beyond a brand's four walls
 - Instant history with loyalty linking
- Ease of integration – lessening friction to entry
 - Flexibility on term and exclusivities with preferential marketing and services available to more fully integrated Partners
 - Light-weight technology integration options
- Measurable ROI – closed loop measure and attribution
 - Consolidation of investment to high impact promotions



AIR MILES Reward Program Recent Developments

New Opportunities

- Grocer exit enables pursuit of Partners in key adjacent verticals
- Discussions underway with convenience stores, mass merchandise, discount and everyday low price
- Goal to expand weekly touchpoints for Collectors and increase overall transaction volume, frequency and issuance

BMO Grocery Accelerator

- Partnered with Bank of Montreal to launch a flexible and timely campaign
- Welcoming new shoppers to AIR MILES across every grocer in Canada
- Rewarding existing Collectors during a time of rising grocery prices

Renewal Update

- Active discussions underway with key long-time Sponsors

AIR MILES Reward Program Strategic Investments

Roadmap

CapEx commitment of \$20-\$25MM to drive consumer engagement, digital innovation and data & analytics capabilities

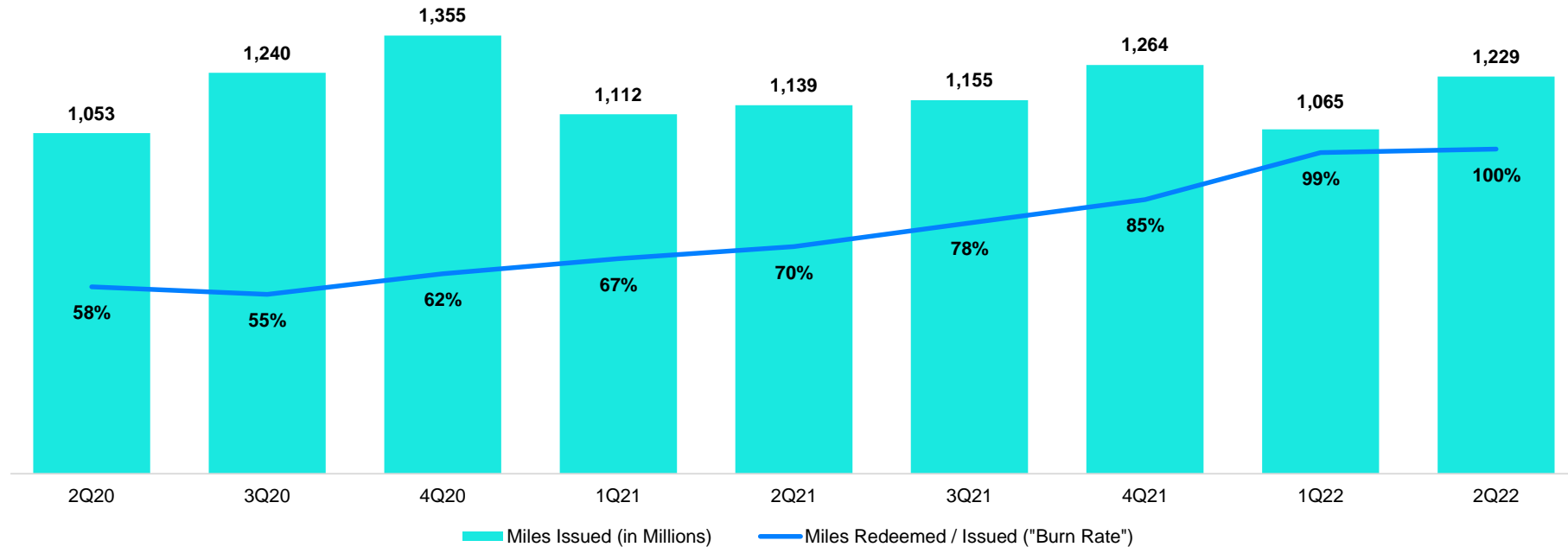
Progress

Improvements include mobile enrollment (bolsters Collector acquisition and retention) and self service (reduces call center volumes, creating a better user experience)

Success Metrics

Include monthly active app users and total active Collectors

AIR MILES Reward Program Recent Performance



- Miles issued in Q2 up 8% year-over-year with particular strength in credit cards and fuel
- Burn rate remained elevated due to pent-up demand for travel as pandemic restrictions have abated
- Redemption Settlement Assets (held in trust) fund future redemptions

Financial Results – Consolidated

(\$ in millions, except per share)

	Q2 2022	Q2 2021	% Change	YTD 6/30/22	YTD 6/30/21	% Change
Total revenue	\$171.8	\$150.9	14%	\$326.7	\$327.5	-%
Operating expenses						
Cost of operations (exclusive of goodwill impairment and restructuring costs below)	\$155.3	\$130.4	19%	\$298.8	\$279.0	7%
Goodwill impairment	422.9	-	nm	422.9	-	nm
Restructuring and other charges	4.3	-	nm	4.3	-	nm
Total operating expenses	\$582.5	\$130.4	nm	\$726.0	\$279.0	nm
Operating (loss) income	(\$410.7)	\$20.5	nm	(\$399.3)	\$48.5	nm
Interest expense (income), net	9.4	(0.1)	nm	18.4	(0.2)	nm
(Loss) income before income taxes and loss from investment in unconsolidated subsidiary	(\$420.1)	\$20.6	nm	(\$417.7)	\$48.7	nm
Provision for income taxes	\$21.8	\$6.1	nm	\$23.2	\$15.1	nm
Loss from investment in unconsolidated subsidiary – related party, net of tax	-	0.0	nm	-	0.0	nm
Net (loss) income	(\$441.9)	\$14.5	nm	(\$440.9)	\$33.5	nm
Net (loss) income per share - Diluted	(\$17.95)	\$0.59	nm	(\$17.92)	\$1.36	nm
Weighted average shares - Diluted	24.6	24.6	0%	24.6	24.6	0%

Financial Results – Segments

(\$ in millions)						
	Q2 2022	Q2 2021	% Change	YTD 6/30/22	YTD 6/30/21	% Change
AIR MILES Reward Program ⁽¹⁾	\$66.6	\$71.9	(7%)	\$132.3	\$142.2	(7%)
BrandLoyalty	105.3	79.0	33%	194.6	185.3	5%
Eliminations	(0.0)	-	nm	(0.1)	-	nm
Total Revenue	\$171.8	\$150.9	14%	\$326.7	\$327.5	-%
AIR MILES Reward Program	\$31.6	\$36.8	(14%)	\$61.0	\$73.2	(17%)
BrandLoyalty	(0.5)	(1.1)	(59%)	(0.2)	4.6	(105%)
Corporate/Other	(3.7)	(3.4)	8%	(8.6)	(6.7)	29%
Total Adj. EBITDA	\$27.4	\$32.2	(15%)	\$52.1	\$71.1	(27%)

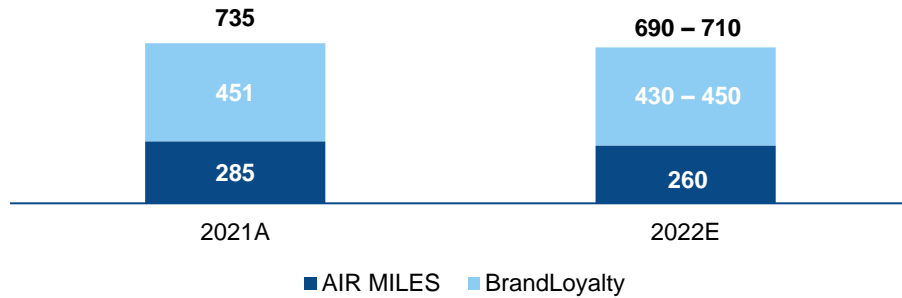
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2022 Consolidated Outlook

Revenue

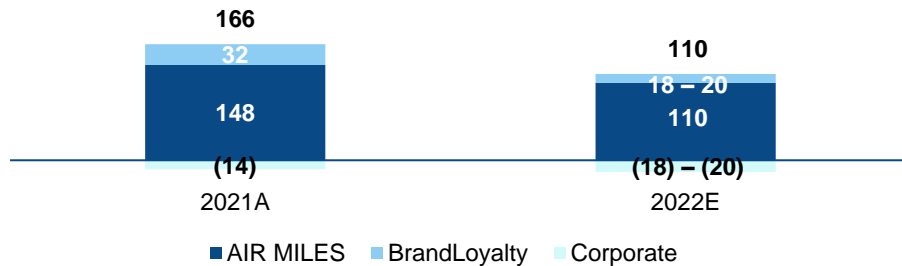
\$MM



■ AIR MILES ■ BrandLoyalty

Adj. EBITDA

\$MM



■ AIR MILES ■ BrandLoyalty ■ Corporate

Key Commentary



Based on our current visibility, we expect full year 2022 revenue to range from \$690 to \$710 million



Growth in issuance and redemptions balanced with uncertainty on regional timing of grocer exit



Persistence of higher logistics costs, mismatch of previously planned campaigns with luxury/aspirational rewards and consumers' economic concerns are heavily impacting 2022 performance

Financial Results – Recent Developments

Operational Efficiency Program



Reduce Expense Base



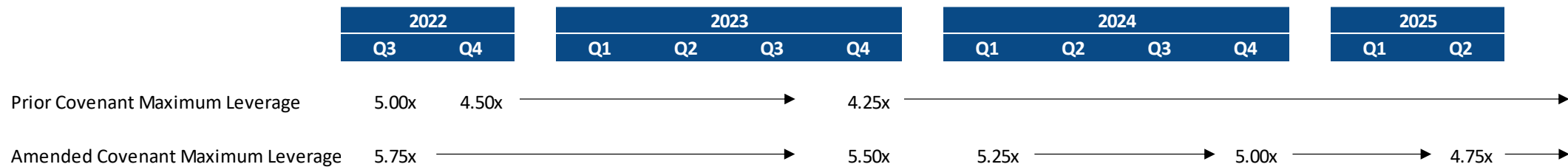
\$15 Million in Expected Run-Rate Annual Savings



Mitigate Short-Term Risk & Position for Long-Term

Debt Covenant

- Modified leverage covenant to provide flexibility to transform the business



Liquidity & Capital Structure

Q2 2022 Liquidity

(\$ in millions)

Cash and Cash
Equivalents⁽¹⁾ \$97

Revolver Capacity⁽²⁾ \$127

Liquidity \$224

Capital Structure

(\$ in millions, figures do not total due to rounding)

Gross Debt at 3/31/22 \$662

Less: Q2 Debt Reduction (\$13)

Gross Debt at 6/30/22 \$650

Less: Cash at 6/30/22 (\$97)

Net Debt at 6/30/22 \$552

2022 Free Cash Flow priorities include reinvesting in the business and deleveraging

Notes:

1. Redemption Settlement Assets, which include restricted cash, are presented separately on the balance sheet
2. \$150MM revolver; no amounts borrowed, but adjusted for letters of credit

Summary

- 1 More flexibility after Operating Efficiency Plan and covenant adjustments
- 2 BrandLoyalty developing new solutions in response to macro challenges
- 3 AIR MILES introducing new ways to participate in the Program for both Sponsors and Collectors
- 4 Fortifying the business for uncertain economic climate while positioning Loyalty Ventures for expected growth in 2023 and beyond

APPENDIX

2022 Taxes

- AIR MILES Reward Program and BrandLoyalty tax rates estimated to range from ~25% to ~28%⁽¹⁾
- Currently non-deductible U.S. expenses, including interest expense, corporate overhead and Canadian withholding taxes will negatively impact our effective tax rate
 - Non-deductible expenses have an unlimited carryforward period to be used against future U.S. taxable income
- Non-deductible goodwill impairment and write-down of BrandLoyalty deferred tax assets negatively impacted the effective tax rate in Q2
- Estimated cash taxes of \$25MM to \$30MM

Notes:

1. Excluding write-down of BrandLoyalty deferred tax assets and goodwill impairment