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(The accompanying translated consolidated financial statements of the Cellularline Group constitute a non-official version which is not compliant with the provisions of Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Cellularline S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Cellularline Group (the "group"), which comprise the statement of financial position as at 31 December 2022, the income statement and statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Cellularline Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Cellularline S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Notes to the consolidated financial statements: note 2.3 –Basis of consolidation and scope of consolidation, note 4.2 – Goodwill and note 4.2.1 – Impairment test on goodwill

Key audit matter	Audit procedures addressing the key audit matter
The group's consolidated financial statements at 31 December 2022 include goodwill of €34.3 million, which is allocated to its sole cash-generating unit ("CGU"). Assisted by an independent advisor, the directors tested goodwill for impairment in order to identify any impairment losses resulting if the CGU's carrying amount, including the related goodwill, exceeds its recoverable amount. The directors estimated the recoverable amount based on value in use, calculated using the discounted cash flow model. This model is based on the general concept that the enterprise value of an entity is equal to the present value of the following two elements:: • the cash flows it will be able to generate within the forecast period; • the residual value, i.e., the value of the business as a whole, after the forecast period. For impairment testing purposes, the directors used the expected operating cash flows estimated on the basis of the group's 2023-2026 business plan (the "plan"), approved by the board of directors on 15 March 2023. The resulting recoverable amount (enterprise value) amounted to roughly €170.8 million, which was smaller than the reporting-date carrying amount. Accordingly, the directors recognised an impairment loss of €75.4 million, €39.9 million of which had already been recognised at 30 June 2022. Impairment testing entails a high level of judgement, in addition to the uncertainty inherent in any forecast, especially in relation to: • the expected operating cash flows, calculated by taking into account the general economic performance (including expected inflation and exchange rates) and that of the group's sector and the actual cash flows generated by the CGU in recent years; • the financial parameters to be used to discount the above cash flows. The risk of material misstatement in the estimated operating cash flows used by the directors for impairment testing will increase as a result of the higher level of uncertainty arising from the current and future economic conditions. Considering the above, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures, which also involved our own valuation specialists, included: • understanding and analysing the processes adopted for impairment testing and the preparation of the plan; • analysing the directors' review process in relation to the discrepancies between the 2022 actual data and the related previous forecasts; • analysing the reasonableness and appropriateness of i) the key assumptions used by the directors to determine the operating cash flows and ii) the valuation models adopted. Our analyses included comparing the key assumptions used to the group's historical data and external information, where available; • checking the directors' sensitivity analysis described in the notes in relation to the key assumptions used for impairment testing; • assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Recoverability of customer relationships and trademarks with a finite useful life

Notes to the consolidated financial statements: note 2.3 –Basis of consolidation and scope of consolidation and note 4.1.1 – Measurement of customer relationships and trademarks

Key audit matter	Audit procedures addressing the key audit matter
The group's consolidated financial statements at 31 December 2022 include customer relationships and trademarks with a finite useful life (the "intangible assets") of €31.3 million and €17.7 million, respectively, net of accumulated amortisation and accumulated impairment losses of €33.6 million and €9.5 million, respectively. Based on approved internal analyses, the directors did not identify any specific indicators that these intangible assets could be impaired. With reference to the customer relationships, the directors considered the long-term renewal agreements signed with the group's key customers during 2022. With reference to trademarks with a finite useful life, the directors considered: (i) the main financial indicators of the plan prepared by management and (ii) retaining a significant market share in the relevant markets. Performing internal analyses entails a high level of judgement, in addition to the uncertainty inherent in any forecast. The risk of material misstatement in the identification and assessment of the trigger events potentially affecting customer relationships and trademarks with a finite useful life has increased as a result of the higher level of uncertainty arising from the current and future economic conditions. Considering the above, we believe that the recoverability of these intangible assets is a key audit matter.	Our audit procedures included: • analysing the reasonableness of i) the key assumptions used by the directors to identify the intangible assets and determine the related residual expected cash flows, as well as the related value in use and ii) the valuation models adopted. Our analyses included comparing the key assumptions used to the group's historical data and external information, where available;; • checking the internal analyses approved by the directors to ensure there were no indicators of impairment of intangible assets; • analysing the long-term renewal agreements signed with the group's key customers during 2022; • assessing the main financial indicators of the plan prepared by management; • checking the level of market share in the relevant markets; • assessing the appropriateness of the disclosures provided in the notes about intangible assets.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 16 April 2019, the parent's shareholders appointed us to perform the statutory audit of its consolidated financial statements as at and for the years ending from 31 December 2019 to 31 December 2027.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the _Collegio Sindacale_, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Bologna, 29 March 2023

KPMG S.p.A.

(signed on the original)

Davide Stabellini
Director of Audit

(Translation from the Italian original which remains the definitive version)

[CELLULARLINEGROUP]

www.cellularlinegroup.com

2022 ANNUAL REPORT

Registered Office

Cellularline S.p.A.

Via Grigoris Lambrakis 1/a

42122 Reggio Emilia (RE) - Italy

Legal information

Share capital Euro 21,343,189 fully paid-up

VAT reg. no. and Tax Code 09800730963

Economic and Administrative Register RE-315329

Certified e-mail address: spa.cellularline@legalmail.it

ISIN: IT0005244618

Alphanumeric code: CELL

Corporate website: www.cellularlinegroup.com

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COMPANY INFORMATION OF CELLULARLINE S.p.A.

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Alphanumeric code: CELL

Corporate website: www.cellularlinegroup.com

COMPANY OFFICERS AND CONTROL BODIES

Board of Directors

Antonio Luigi Tazartes	Chairman
Christian Aleotti	Deputy Chairman and Chief Executive Officer
Marco Cagnetta	Chief Executive Officer
Giorgina Gallo	Independent Director
Alberto Grignolo	Independent Director
Paola Schwizer	Independent Director
Davide Danieli	Director
Marco Di Lorenzo	Director
Cristian D'Ippolito	Director
Gaia Guizzetti	Director
Carlo Moser	Director

Risk and Control Committee

Paola Schwizer	Chairwoman and Independent Director
Giorgina Gallo	Independent Director
Alberto Grignolo	Independent Director

Appointments and Remuneration Committee

Giorgina Gallo	Chairwoman and Independent Director
Paola Schwizer	Independent Director
Cristian D'Ippolito	Director

Committee for Transactions with Related Parties

Paola Schwizer	Chairwoman and Independent Director
Giorgina Gallo	Independent Director
Alberto Grignolo	Independent Director

Supervisory Body

Anna Doro	Chairwoman
Fabrizio Capponi	Member
Ester Marino	Member

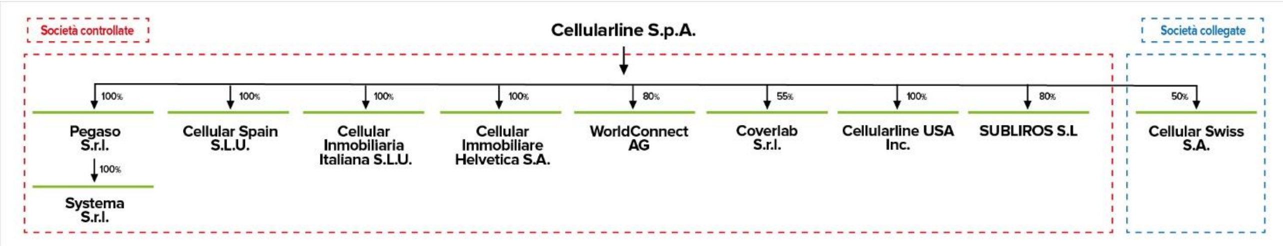
Board of Statutory Auditors

Cristiano Proserpio	Chairman
Daniela Bainotti	Standing Auditor
Paolo Chiussi	Standing Auditor
Guido Prati	Alternate Auditor
Stefania Bettoni	Alternate Auditor

Independent Auditors

KPMG S.p.A.

GROUP STRUCTURE



GROUP COMPOSITION

The Group consists of the following companies:

- Cellularline S.p.A., the parent, incorporated under Italian law with registered address at Via Lambrakis 1/a, Reggio Emilia (Italy), and operating in Italy and abroad in the sector of design, distribution (including products not under its own brand) and marketing of accessories and devices for multimedia products (smartphones, tablets, wearables, audio devices, etc.) and for mobile connectivity (in the car and on motorcycles/bikes). The parent has a permanent establishment in Paris, at 91, Rue Du Faubourg Saint Honoré (France), where three employees operate on a permanent basis, carrying out strictly commercial activities for the management of relationships with customers in the French market;
- Cellular Spain S.L.U., a company incorporated under Spanish law with registered office in C/Newton, 1 edificio 2 nave 1, Leganes (Madrid) a wholly-owned subsidiary, which distributes Cellularline brand products in the Spanish and Portuguese markets;
- Cellular Inmobiliaria Italiana S.L.U., a company incorporated under Spanish law with registered office in Cl. Industrial no. 50 Sur Edificio 2 Nave 27, Leganes (Madrid), a wholly-owned subsidiary which owns a property - formerly the headquarters of Cellular Spain - currently leased to third parties;
- Cellular Immobiliare Helvetica S.A., with registered office in Lugano, Via Ferruccio Pelli no. 9 (Switzerland), a wholly-owned subsidiary, which owns the property leased to the commercial company Cellular Swiss S.A.;
- Pegaso S.r.l., a company incorporated under Italian law with registered office in Via Brigata Reggio 24, Reggio Emilia (Italy), which was acquired on 3 April 2019 and is 100% owned. As a holding company it owns 100% of Systema S.r.l.;
- Systema S.r.l., a company incorporated under Italian law with registered office in Via della Previdenza Sociale 2, Reggio Emilia (Italy), controlled through the wholly-owned equity investment held in Pegaso S.r.l.; Systema operates in the European market for mobile phone accessories for telecommunications;
- Worldconnect AG, a Swiss-registered company based in Diepoldsau, Switzerland, an 80%-owned subsidiary, is the world market leader in premium travel adapters. Founded in 2002, Worldconnect - through its trademarks SKROSS and Q2 Power and leading OEM partnerships - operates internationally with a vast range of products comprising multiple travel adapters, specific adapters for individual countries and power peripheral devices.

- Coverlab S.r.l., a company incorporated under Italian law with registered office in via Mantova 91/A, Parma (Italy), a 55%-owned subsidiary, is an e-commerce company, operating - through its proprietary website - in the custom segment of smartphone accessories under the brand Coverlab.
- Subliros SL, a company incorporated under Spanish law with registered office in C/Jacquard 97, Sabadel (Barcelona - Spain), an 80%-owned subsidiary, is an e-commerce company, operating - through its proprietary website - in the custom segment of smartphone accessories under the brand Allogio.
- Cellularline USA Inc., a company incorporated under the laws of the United States with registered office in 350 5TH AVE FL 41, New York (US), is a wholly-owned subsidiary, which distributes Cellularline Group products in the USA and Canada.
- Cellular Swiss S.A., a company incorporated under Swiss law with registered office in Route de Marais 17, Box no. 41, Aigle (Switzerland) a 50%-owned associate, which distributes the Cellularline products in the Swiss market.

www.cellularlinegroup.com

DIRECTORS' REPORT

1. Introduction

The Cellularline Group (hereinafter the "Group" or the "Cellularline Group") is one of the main operators in the smartphone and tablet accessories sector in the EMEA area, as well as a market leader in Italy; moreover, the Group ranks, by volume, among the top operators in Spain, Switzerland, Belgium, Germany and Austria and boasts a strong competitive position in the other European countries.

The consolidating company (Cellularline S.p.A.) is the result of the merger (the "Business Combination"), that took place on 28 May 2018, of Ginetta S.p.A. and Cellular Italia S.p.A. into Crescita S.p.A., a company listed on AIM Italia, the Alternative Capital Market organised and managed by Borsa Italiana S.p.A. until 21 July 2019.

On 22 July 2019, Cellularline was transferred to the Mercato Telematico Azionario - STAR segment - of Borsa Italiana S.p.A..

2. Methodological note

This Directors' Report provides information on the financial position, performance and cash flows of the Cellularline Group relative to the year ended 31 December 2022, compared with the prior year figures as at 31 December 2021.

Amounts are expressed in thousands of euros, unless otherwise indicated.

The amounts and percentages were calculated in thousands of euros and, therefore, any differences in certain tables are due to rounding.

3. Accounting policies

This 2022 Director's Report was prepared in accordance with the provisions of art. 154-*ter*, paragraph 4 of Legislative Decree no. 58/98 of the T.U.F. [Consolidated Finance Law] - and subsequent amendments and additions - in compliance with art. 2.2.3 of the Stock Exchange Rules. The accounting policies and criteria adopted are consistent with those used for the annual consolidated financial statements as at and for the year ended 31 December 2021. In order to facilitate an understanding of the Group's economic and financial performance, a number of Alternative Performance Indicators ("APIs") were identified, as defined by the ESMA 2015/1415 guidelines. For a correct interpretation of these APIs, the following should be noted: (i) these indicators are based exclusively on the Group's historical data and are not indicative of its future performance, (ii) the APIs are not required by IFRS and, though derived from the consolidated financial statements, are not subject to audit, (iii) the APIs should not be considered as substitutes for the indicators provided for in the IFRS, (iv) these APIs must be read together with the Group's financial information in the annual Consolidated Financial Statements; (v) the definitions and criteria adopted to determine the indicators used by the Group, as they are not provided for by the IFRS, may not be consistent with those adopted by other companies or groups and, therefore, may not be comparable with any indicators presented by such parties, and (vi) the APIs used by the Group are drawn up according to a continuous and consistent definition and presentation for all the periods for which financial information is included in the annual Consolidated Financial Statements.

The APIs shown (adjusted EBITDA, adjusted EBIT, adjusted consolidated profit (loss) for the year attributable to owners of the parent, adjusted cash flow from operations, adjusted net financial indebtedness, adjusted net financial indebtedness/adjusted LTM EBITDA, cash generation and cash conversion ratio) are not identified as indicators under IFRS and, therefore, as explained above, should not be considered as alternative measures to those provided in the Group's financial statements for the assessment of the economic performance and the related financial position. Certain indicators defined as "adjusted" are reported in order to represent the Group's performance and financial position, net of non-recurring events, non-core operations and events linked to non-recurring transactions, as identified by the Group. These indicators reflect the main financial statements items, net of non-recurring income and expense that are not strictly correlated with the Group's core business and operations, and therefore allow a more consistent analysis of the Group's performance in the years considered in the Directors' Report.

4. Main financial and performance indicators[1]

(In thousands of Euro)	Year ended	
	31 December 2022	**31 December 2021**
Performance indicators		
Revenue	137,644	110,575
Adjusted EBITDA [2]	16,636	16,120
Adjusted EBIT [3]	10,253	10,738
Loss for the year attributable to owners of the parent	(75,166)	(3,846)
Adjusted profit/(loss) for the year attributable to owners of the parent*[4]*	5,702	7,449

(In thousands of Euro)	Balance at	
	31 December 2022	**31 December 2021**
Financial indicators		
Cash flows generated by operating activities *[*]*	4,889	19,072
Net financial indebtedness	40,384	37,351
Adjusted net financial indebtedness *[5]*	40,384	36,125
Adjusted net financial indebtedness/Adjusted LTM EBITDA[2]	2.5x	2.2x

(*) In order to provide better comparability, some items for FY 2021 have been reclassified.

[1] Adjusted indicators are not identified as IFRS indicators and, therefore, should not be considered as an alternative measure for the assessment of the Group's results. Since the composition of these indicators is not regulated by IFRS, the Group's calculation criterion applied may not be consistent with that adopted by other companies or that may be adopted in the future by the Group, or created by it, and thus not comparable.
[2] Adjusted EBITDA is the Consolidated EBITDA adjusted by (i) non-recurring expense/(income), (ii) the effects deriving from non-core events, (iii) the effects of events associated with non-recurring transactions and (iv) exchange gains/(losses).
[3] Adjusted EBIT is the operating profit adjusted by (i) non-recurring expense/(income),) (ii) the effects of non-core events, (iii) the effect of events associated with non-recurring transactions and (iv) adjustments of depreciation relating to the purchase price allocation procedure.
[4] Adjusted profit for the year attributable to owners of the parent is calculated as the loss for the year adjusted by (i) adjustments in adjusted EBITDA, (ii) the adjustments of depreciation relating to the Purchase Price Allocation, (ii) adjustments of non-recurring financial expense /(income) and (v) the theoretical tax impact of these adjustments.
[5] Adjusted net financial indebtedness is adjusted by financial liabilities for warrants.

For more details on changes in cash flows generated by operating activities, please refer to paragraph "7. Statement of Financial Position" included in this Directors' Report.

5. Market performance

The market the Group operates in is characterised by seasonal phenomena that are typical of the market of electronic products and accessories. Sales are higher in the second half of each year, with a peak in demand near and during the Christmas period.

The EMEA market context of accessories for smartphones below EUR 100 - which is the one in which the Group mainly operates - showed an upward trend in 2022 compared to the previous year, registering an increase of approximately 12%, despite the generalised adverse economic situation from the second half of 2022. The trend was positive in all major European markets, with significant increases in the French (+11% year-on-year 2021) and German (+15% year-on-year 2021) markets.

6. Group performance

The income statement tables presented in this Directors' Report were reclassified in accordance with the presentation methods that the Directors believe best represent the trend of the Group's operating profitability.

Reclassified Income Statement

(thousands of Euro)	**2022**	**Of which related parties**	**% of revenue**	**2021**	**Of which related parties**	**% of revenue**
Revenue from sales	137,644	5,120	*100%*	110,575	4,238	*100.0%*
Cost of sales	(84,218)		*-61%*	(62,363)		*-56.4%*
Gross profit margin	**53,426**		***38.8%***	**48,212**		***43.6%***
Sales and distribution costs	(30,235)		*-22.0%*	(26,334)		*-23.8%*
General and administrative costs	(101,272)	(12)	*-73.6%*	(30,407)	(11)	*-27.5%*
Other non-operating revenue	1,787		*1.3%*	3,372		*3.0%*
Operating loss	**(76,294)**		***-55.4%***	**(5,157)**		***-4.7%***
* of which PPA amortisation	6,463		*4.7%*	6,432		*5.8%*
* of which impairment losses on the customer relationship	-		*0.0%*	7,174		*6.5%*
* of which impairment of goodwill	75,425		*54.8%*	-		*0.0%*
* of which non-recurring expense	2,731		*2.0%*	1,902		*1.7%*
* of which exchange gains	1,928		*1.4%*	387		*0.3%*
Adjusted operating profit/loss (Adjusted EBIT)	**10,253**		***7.4%***	**10,738**		***9.7%***
* of which depreciation and amortisation (excluding PPA amortisation)	6,384		*4.6%*	5,382		*4.9%*
Adjusted EBITDA	**16,636**		***12.1%***	**16,120**		***14.6%***
Financial income	1,632		*1.2%*	2		*0.0%*
Financial expense	(2,287)		*-1.7%*	(2,126)		*-1.9%*
exchange gains	2,095		*1.5%*	603		*0.5%*
Gains on equity investments	38		*0.0%*	122		*0.1%*
Loss before taxes	**(74,816)**		***-54.4%***	**(6,556)**		***-5.9%***
* of which PPA amortisation	6,463		*4.7%*	6,432		*5.8%*
* of which impairment losses on the customer relationship	-		*0.0%*	7,174		*6.5%*
* of which impairment test on goodwill	75,425		*54.8%*	-		*0.0%*
* of which non-recurring expense	2,731		*2.0%*	1,902		*1.7%*
* of which fair value impact on the warrants and put / call	(1,514)		*-1.1%*	573		*0.5%*

Adjusted profit before taxes	**8,289**	***6.0%***	**9,525**	***8.6%***
Current and deferred taxes	(349)	*-0.3%*	2,710	*2.5%*
Loss for the year attributable to owners of the parent	**(75,166)**	***-54.6%***	**(3,846)**	***-3.5%***
* of which PPA amortisation	6,463	*4.7%*	6,432	*5.8%*
* of which impairment losses on the customer relationship	-	*0.0%*	7,174	*6.5%*
* of which impairment test on goodwill	75,425	*54.8%*	-	*0.0%*
* of which non-recurring expense	2,731	*2.0%*	1,902	*1.7%*
* of which fair value impact on the warrants and put & call	(1,514)	*-1.1%*	573	*0.5%*
* of which tax effect on the above items	(2,237)	*-1.6%*	(4,786)	*-4.3%*
Adjusted profit for the year attributable to owners of the parent	**5,702**	***4.1%***	**7,449**	***6.7%***

6.1 Consolidated revenue

In 2022, revenue from sales, amounting to EUR 137,644 thousand (EUR 110,575 thousand in 2021), increased by EUR 27,069 thousand (+24.5%). In this regard, the following events should be noted: 2022 was the first year in which Coverlab S.r.l., a company acquired in mid-2021, contributed the entire year to consolidated revenue with a net effect of EUR 1,244 thousand. Net of EUR 179 thousand resulting from the change in the scope of consolidation due to the additional contribution of the newly acquired Subliros S.L. (consolidated from November 2022) - of the newly established Cellularline USA (established in May 2022) - organic revenue therefore amounted to EUR 136,221 thousand. Compared to the previous year, the general trend in revenue was positive, as a result of the overperformance of the Red and Blue product lines compared to the previous year, while the Black line recorded a slight downturn. This performance, although positive mainly due to the gradual recovery of the economic environment following the overcoming of the pandemic situation in Italy, was affected during the year by the outbreak of the conflict between Russia and Ukraine, which arose at the end of February 2022. This event, of an extraordinary nature and magnitude, had direct and indirect consequences on economic activity and contributed to creating a context of general uncertainty, the effects of which on (i) supply chains, (ii) the development of demand on international markets and (iii) inflation and interest rate trends cannot be considered to be over. Considering the continuous evolution of the international context, the potential prospective economic and financial effects of these phenomena cannot be determined at present and will be constantly monitored in the near future by management.

The healthy balance of sales between Italy and abroad was confirmed, with the latter reaching 48% of total revenue (46% in 2021).

6.1.1 Revenue from sales by product line

The Group designs, distributes and markets a wide range of products divided into the following product lines:

(i) Red line, including accessories for multimedia devices (such as cases, covers, phone holders for cars, protective glass, power supply units, portable chargers, data and charging cables, headphones, earphones, speakers, wearable technology products and travel adapters);

(ii) Black line, including all products and accessories related to the world of motorcycles and bicycles (such as, for example, intercoms and supports for smartphones);

(iii) Blue line, which includes all the products marketed in Italy and abroad, not under the Group's proprietary trademarks.

The following table shows revenue, broken down by product, for the years considered:

Revenue from sales by product line

(In thousands of Euro)					Change	
	2022	**% of revenue**	**2021**	**% of revenue**	**Δ**	**%**
Red – Italy	49,290	35.8%	46,023	41.6%	3,267	7.1%
Red – International	60,764	44.1%	43,132	39.0%	17,632	40.9%
Revenue from sales - Red	**110,054**	**80.0%**	**89,155**	**80.6%**	**20,899**	**23.4%**
Black – Italy	4,059	2.9%	3,970	3.6%	89	2.2%
Black – International	3,752	2.7%	4,154	3.8%	(402)	-9.7%
Revenue from sales - Black	**7,811**	**5.7%**	**8,124**	**7.3%**	**(313)**	**-3.9%**
Blue – Italy	18,099	13.1%	9,086	8.2%	9,013	99.2%
Blue – International	1,201	0.9%	3,752	3.4%	(2,551)	-68.0%
Revenue from sales - Blue	**19,300**	**14.0%**	**12,838**	**11.6%**	**6,462**	**50.3%**
Other – Italy	478	0.3%	458	0.4%	20	4.4%
Revenue from Sales - Others	**478**	**0.3%**	**458**	**0.4%**	**20**	**4.4%**
Total Revenue from sales	**137,644**	**100.0%**	**110,575**	**100.0%**	**27,069**	**24.5%**

- the **Red Line**, which represents the Group's core business, recorded a marked increase over the previous year of 23.4% (EUR 110,054 thousand in 2022 compared to EUR 89,155 thousand in 2021). In 2022, sales of the Red line accounted for approximately 80.0% of total revenue, in line with the previous year. Growth was driven by the recovery of demand in international markets (+40.9%) thanks to the contribution of both Cellularline and SKROSS branded products;
- the **Black Line** recorded sales of EUR 7,811 thousand; a decrease compared to the previous year (Euro -313 thousand) as a result of the drop in market sales in both the online and offline channels;
- the **Blue Line** grew significantly, by 50.3%, to EUR 19,300 thousand in 2022 from EUR 12,838 thousand in 2021. The positive trend is mainly attributable to strategic distribution agreements with important players in the sector.

6.1.2 Consolidated revenue by geographic area

The following table shows revenue, broken down by geographic area, for the years considered:

Revenue from sales by geographic area

(In thousands of Euro)					Change	
	2022	**% of revenue**	**2021**	**% of revenue**	**Δ**	**%**
Italy	71,926	52.3%	59,537	53.8%	12,389	20.8%
Spain/Portugal	12,013	8.7%	11,003	10.0%	1,010	9.2%

DACH	11,313	8.2%	8,207	7.4%	3,106	37.8%
Eastern Europe	10,874	7.9%	8,298	7.5%	2,576	31.0%
Benelux	6,629	4.8%	6,954	6.3%	(325)	-4.7%
France	6,492	4.7%	6,092	5.5%	400	6.6%
Northern Europe	5,147	3.7%	5,354	4.8%	(207)	-3.9%
United Kingdom (*)	5,356	3.9%	597	0.5%	4,759	>100%
Middle East	2,233	1.6%	1,536	1.4%	697	45.4%
North America	966	0.7%	0	0.0%	966	100.0%
Others	4,694	3.4%	2,997	2.7%	1,697	56.6%
Total Revenue from sales	**137,644**	**100%**	**110,575**	**100.0%**	**27,069**	**24.5%**

(*) In 2021, the United Kingdom was classified within the 'Other' countries.

With regard to the analysis of sales by geographic area, it should be noted that - thanks to the growth in sales recorded in almost all countries - the share of sales in foreign markets accounted for over 47.7% of the Group's total sales, with an increase in the incidence of 1.5 percentage points.

Particularly positive performances in the markets of the DACH region, the United Kingdom driven by WorldConnect sales, and Eastern Europe, among others, are highlighted.

6.2 Cost of sales

In 2022, the cost of sales came to EUR 84,218 thousand, compared with EUR 62,363 thousand in 2021, equating to 61.2% of revenue, as compared with 56.4% of the previous year.. The increase of about 5 percentage points is mainly attributable, in addition to the mix, to two macro phenomena that occurred in 2022: the appreciation of the US dollar and the increase in transport costs (only partially offset by the greater use of sea transport at the expense of air transport). The impact of actions to mitigate the appreciation of the US dollar is reported in Section 6.7 Exchange Gains and Losses.

6.3 Sales and distribution costs

(In thousands of Euro)			Changes	
	2022	**2021**	**Δ**	**%**
Sales and distribution personnel expense	11,415	10,688	727	6.8%
Commissions to agents	6,088	5,405	683	12.6%
Transport	8,419	7,370	1,049	14.2%
Advertising and advertising consultancy expenses	2,340	1,561	779	49.9%
Other sales and distribution costs	1,972	1,310	662	50.5%
Total sales and distribution costs	**30,235**	**26,334**	**3,901**	**14.8%**

Although this item increased by EUR 3,901 thousand in absolute terms as compared to the previous year, it decreased by 1.8% as a percentage of revenue to 22.0% as compared to 23.8% in 2021. This efficiency improvement is a direct consequence of both the higher absorption of fixed costs due to the strong growth in revenue in the year, and the careful cost control policy implemented by management.

The main benefits derive from the reduction in the incidence of (i) Personnel expense (-1.4%); (ii) Commissions to Italian agents resulting from a lower weight of domestic sales compared to foreign markets (-0.5%).

6.4 General and administrative costs

General and administrative costs amounted to EUR 101,272 thousand in 2022, compared to EUR 30,407 thousand in 2021. The significant increase is mainly due to the recognition of goodwill impairment of EUR 75.4 million, for more details please refer to the notes to the consolidated financial statements in section 4.2.1 Goodwill Impairment Test.

(In thousands of Euro)			Changes	
	2022	**2021**	**Δ**	**%**
Amortisation	10,103	9,917	186	1.9%
Depreciation	2,744	1,897	847	44.5%
Impairment of customer relationships	-	7,174	(7,174)	-100.0%
Impairment of goodwill	75,425	-	75,425	100.0%
Provisions for risks and impairment losses	412	216	196	90.6%
Administrative personnel expense	5,425	5,074	351	6.9%
Administrative, legal, personnel and management consultancy	2,931	2,369	562	23.7%
Commissions and fees	215	114	101	88.6%
Directors' and Statutory Auditors' fees	946	947	(1)	-0.1%
Other general and administrative costs	3,071	2,699	372	13.8%
Total General and administrative costs	**101,272**	**30,407**	**70,865**	**>100%**

6.5 Other non-operating revenue

This item includes non-operating revenue of EUR 1,787 thousand and decreased compared to 2021 by EUR 1,585 thousand due to the lower Härtefall contribution, which was paid to Worldconnect in 2021. This item, which relates to costs and revenue for which the Group performs 'non-core' activities, can be broken down as follows:

(In thousands of Euro)			Change	
	2022	**2021**	**Δ**	**%**
(SIAE and CONAI contributions)	(118)	(663)	545	-82.1%
Recoveries of SIAE fees	(3)	475	(478)	-100.6%
Prior year (costs) and income	145	(68)	213	>100%
Other non-operating revenue	1,764	3,628	(1,867)	-51.5%
Total Other non-operating revenue	**1,787**	**3,372**	**(1,585)**	**-47.0%**

6.6 Adjusted EBITDA

The main data used to calculate adjusted EBITDA is shown below:

(In thousands of Euro)			Changes	
	2022	**2021**	**Δ**	**%**
Operating loss	**(76,294)**	**(5,157)**	**(71,137)**	**>100%**
Amortisation and depreciation	12,847	11,814	1,033	8.7%
Impairment of customer relationships	-	7,174	(7,174)	-100.0%
Impairment of goodwill	75,425	-	75,425	>100%

Non-recurring costs	2,731	1,902	829	43.6%
exchange gains	1,928	387	1,541	>100%
Adjusted EBITDA	**16,636**	**16,120**	**516**	**3.2%**

Adjusted EBITDA amounted to EUR 16,636 thousand, an increase of EUR 516 thousand compared to the previous year. The adjusted EBITDA margin as a percentage of sales decreases from 14.6% in 2021 to 12.4% in 2022. This indicator is affected by the phenomena commented on above (see par. 6.2 Cost of sales); in the absence of these phenomena, it is estimated that the EBITDA margin would have been significantly higher.

Adjustments made to EBITDA, excluding depreciation and amortisation, amounted to EUR 80,084 thousand during 2022 and mainly consisted of:

(i) Impairment of goodwill, as a result of the impairment test, an impairment loss of EUR 75,425 thousand (of which EUR 39,925 thousand already recognised in the consolidated interim financial report at 30 June 2022) was recognised in the income statement during the year; this effect can mainly be attributed to the increase in the discount rate ("Weighted Average Cost of Capital" or "WACC"), a parameter that has a decisive impact on the results of the test. The significant increase in the WACC rate used for the purpose of the impairment test within the scope of these consolidated financial statements is mainly attributable to the progressive worsening in market parameters (especially risk free and cost of debt), which increased significantly especially in the second half of 2022 compared to the same parameters found at 31 December 2021, on which the determination of this rate is based, and to the inclusion in the same WACC of a prudential corrective factor in order to consider the potential risk of not fully achieving the economic-financial objectives included in the 2023-2026 Business Plan (the "Plan"), taking into account the continuation of an extremely unstable economic scenario such as the current one. The write-down, for a residual effect, is also attributable to the update of the Business Plan compared to the one used for the impairment test at 31 December 2021, which, however, confirms the medium- to long-term objectives unchanged.

(ii) exchange gains (EUR 1,928 thousand) attributable to currency risk hedging transactions on commercial transactions in USD (with this adjustment the Group intends to represent operating performance net of currency effects);

(iii) non-recurring expense /(revenue) (EUR 2,731 thousand); these are revenue and expense related to non-recurring, non-core events or related to non-recurrent transactions.

6.7 Financial income and expense

Net financial expense amounts to EUR 655 thousand (expense of EUR 2,124 thousand in 2021):

(In thousands of Euro)			Change	
	2022	**2021**	**Δ**	**%**
Fair value gains	1,630	-	1,630	>100%
Interest income	2	2	-	0.0%
Total Financial income	**1,632**	**2**	**1,630**	**>100%**
Fair value losses	(1,064)	(949)	(115)	12.1%
Interest expense on medium/long-term loans	(958)	(1,091)	133	-12.2%

Other interest expense	(265)	(86)	(179)	>100%
Total Financial expense	**(2,287)**	**(2,126)**	**(161)**	**7.6%**
Total Financial (expense)	**(655)**	**(2,124)**	**1,469**	**-69.2%**

The change in the item is mainly attributable to the fair value measurement of outstanding warrants, which in 2021 had generated a cost of EUR 573 thousand, while in 2022 it had a positive effect on the income statement of EUR 1,226 thousand.

Financial expense for 2022 comes to EUR 2,287 thousand and mainly refers to:

- EUR 958 thousand relative to interest to banks relating to the outstanding loan signed in October 2020 for an original amount of EUR 50,000 thousand (at 31 December 2022 the outstanding portion is EUR 25,000 thousand);
- EUR 1,064 thousand for bank commission costs and premiums paid for currency exchange rate risk hedging transactions;
- EUR 265 thousand for other interest expense.

6.8 Exchange gains

Exchange gains showed a balance of EUR 2,095 thousand (EUR 603 thousand in 2021):

(In thousands of Euro)			**Change**	
	2022	**2021**	**Δ**	**%**
Exchange gains	1,928	387	1,541	>100%
Net exchange gains/(losses) on financial transactions	168	216	(48)	-22.3%
Total exchange gains	**2,095**	**603**	**1,492**	**>100%**

The increase of EUR 1,492 thousand is mainly due to the hedges implemented on the EUR/USD exchange rates.

6.9 Adjusted EBIT

The main data used to calculate adjusted EBIT is shown below:

(In thousands of Euro)			**Changes**	
	2022	**2021**	**Δ**	**%**
Operating loss	**(76,294)**	**(5,157)**	**(71,137)**	**>100%**
PPA amortisation	6,463	6,432	31	0.5%
Impairment of customer relationships	-	7,174	(7,174)	-100.0%
Impairment of goodwill	75,425	-	75,425	>100%
Non-recurring expense	2,731	1,902	829	43.6%
exchange gains	1,928	387	1,541	>100%
Adjusted EBIT	**10,253**	**10,738**	**(486)**	**-4.5%**

Adjusted EBIT was positive for EUR 10,253 thousand (in 2021, it was EUR 10,738 thousand). The adjustments made to the Group EBIT refer to the factors mentioned in the section on adjusted EBITDA, and to the depreciation of purchase price allocation of EUR 6,463 thousand. Adjusted EBIT in 2022, down from the previous year's figure, was impacted by the aforementioned negative effects related to transport costs and the appreciation of the US dollar.

6.10 Adjusted profit for the year attributable to owners of the parent

The main data used to calculate the adjusted profit for the year attributable to owners of the parent is shown below:

(In thousands of Euro)			Changes	
	2022	2021	Δ	%
Loss for the year attributable to owners of the parent	**(75,166)**	**(3,846)**	**(71,340)**	**>100%**
Non-recurring expense	2,731	1,902	829	43.6%
PPA amortisation	6,463	6,432	31	0.5%
Impairment of customer relationships	-	7,174	(7,174)	-100.0%
Impairment of goodwill	75,425	-	75,425	>100%
Fair value warrants and put & call	(1,514)	573	(2,087)	<100%
Tax effect of the above items	(2,237)	(4,786)	2,549	-53.3%
Adjusted profit for the year attributable to owners of the parent	**5,702**	**7,449**	**(1,747)**	**-19.6%**

The adjusted profit for 2022 attributable to owners of the parent amounted to EUR 5,702 thousand, a decline on 2021 by EUR 1,747 thousand. In addition to the factors mentioned in the section on adjusted EBIT, the adjustments made to this item mainly relate to the change in the fair value of warrants and the tax effects of the items adjusted.

7. Capital and financial position

Statement of financial position

(In thousands of Euro) **ASSETS**	31 December 2022	Of which related parties	%	31 December 2021	Of which related parties	%
Intangible assets	54,826		25.4%	61,355		21.8%
Goodwill	34,272		15.9%	108,773		38.7%
Property, plant and equipment	7,726		3.6%	7,487		2.7%
Equity investments in associates and other companies	71		0.0%	58		0.0%
Right-of-use assets	4,388		2.0%	1,774		0.6%
Deferred tax assets	5,122		2.4%	4,748		1.7%
Financial assets	-		0.0%	-		0.0%
Total non-current assets	**106,405**		**49.4%**	**184,195**		**65.5%**
Inventories	41,400		19.2%	30,518		10.9%
Trade receivables	53,291	3,707	24.7%	52,117	4,702	18.5%
Current tax assets	970		0.5%	1,214		0.4%
Financial assets	75		0.0%	60		0.0%
Other assets	3,371		1.6%	4,948		1.8%
Cash and cash equivalents	9,916		4.6%	8,138		2.9%
Total current assets	**109,023**		**50.6%**	**96,995**		**34.5%**
TOTAL ASSETS	**215,428**		**100.0%**	**281,190**		**100.0%**

Share capital	21343	9.9%	21343	7.6%
Other reserves	168,737	78.3%	159,174	56.6%
Retained earnings	15,554	7.2%	28,688	10.2%
Loss for the year attributable to owners of the parent	(75,166)	-34.9%	(3,846)	-1.4%
Equity attributable to owners of the parent	**130,468**	**60.6%**	**205,359**	**73.0%**
Equity attributable to non-controlling interests	-	0.0%	-	0.0%
Total Equity	**130,468**	**60.6%**	**205,359**	**73.0%**
LIABILITIES				
Bank loans and borrowings and loans and borrowings from other financial backers	15,709	7.3%	25,642	9.1%
Deferred tax liabilities	2,762	1.3%	2,349	0.8%
Employee benefits	524	0.2%	772	0.3%
Provisions for risks and charges	1,356	0.6%	1,616	0.6%
Other financial liabilities	9,457	4.4%	7,494	2.7%
Total non-current liabilities	**29,808**	**13.8%**	**37,873**	**13.5%**
Bank loans and borrowings and loans and borrowings from other financial backers	23,788	11.0%	10,129	3.6%
Trade payables	23,580	10.9%	19,825	7.1%
Current tax liabilities	772	0.4%	1,230	0.4%
Provisions for risks and charges	-	0.0%	-	0.0%
Other liabilities	5,591	2.6%	4,489	1.6%
Other financial liabilities	1,421	0.7%	2,285	0.8%
Total current liabilities	**55,152**	**25.6%**	**37,958**	**13.5%**
TOTAL LIABILITIES	**84,960**	**39.4%**	**75,831**	**27.0%**
TOTAL EQUITY AND LIABILITIES	**215,428**	**100.0%**	**281,190**	**100.0%**

Financial Position

(In thousands of Euro)	31 December 2022	31 December 2021
Available cash/(Financial liabilities):		
Cash	7	26
Bank deposits	9,909	8,112
Cash and cash equivalents	**9,916**	**8,138**
Current financial assets	75	60
Current bank loans and borrowings	(23,788)	(10,129)
Other financial liabilities	(1,421)	(2,285)
Current financial indebtedness	**(25,134)**	**(12,354)**
Net current financial indebtedness	**(15,218)**	**(4,216)**
Non-current bank loans and borrowings	(15,709)	(25,642)
Other financial liabilities	(9,457)	(7,494)
Non-current financial indebtedness	**(25,166)**	**(33,135)**
Net financial indebtedness	**(40,384)**	**(37,351)**
Other financial liabilities - warrants	-	1,226
Adjusted net financial indebtedness	**(40,384)**	**(36,125)**

The composition of the Group's net working capital and net invested capital as at 31 December 2022 and 31 December 2021 is detailed below:

(In thousands of Euro)	31 December 2022	31 December 2021
Inventories	41,400	30,518
Trade receivables	53,291	52,117
Trade payables	(23,580)	(19,825)
Net trade working capital	**71,111**	**62,810**
Other working capital items	(2,022)	443
Net working capital	**69,089**	**63,253**
Non-current assets	106,405	184,195
Non-current provisions and other liabilities	(4,642)	(4,738)
Net invested capital	**170,852**	**242,710**
Net financial indebtedness	40,384	37,351
Equity	130,468	205,359
Total equity and financial liabilities	**170,852**	**242,710**

The Group's net trade working capital as at 31 December 2022 amounted to EUR 71,111 thousand with an increase in absolute value of EUR 8,301 thousand compared to the previous year end, brought about by several variables. The main factors that contributed to the increase in net trade working capital were, firstly, the increase in volumes for the year and the encouraging sales projections for 2023 and, secondly, the aforementioned appreciation of the US dollar and a new worsening of freight rates. Changing market conditions led to an increasing focus by management, which resulted in a reduction of the incidence on sales for the period to 52% from 57% in 2021. Non-Current Assets decreased mainly as a result of the following changes: (*i*) Impairment of goodwill in the amount of EUR 75,425 thousand (ii) decrease in Intangible Assets in the amount of about EUR 6,529 thousand mainly due to amortisation related to Purchase Price Allocation (iii) increase in Rights of use for EUR 2,614 thousand, mainly due to the effect of the accounting of a new lease agreement in accordance with IFRS 16. The Group's Net Invested Capital amounted to EUR 170,852 thousand at 31 December 2022, a decrease from the previous year end due to the impairment of goodwill (EUR 242,710 thousand at 31 December 2021). Below is a reconciliation of the net financial indebtedness at 31 December 2022, of EUR 40,384 thousand, and at 31 December 2021, of EUR 37,351 thousand, according to the scheme envisaged by ESMA Guidance 32-382-1138 dated 4 March 2021 and indicated in the Consob Note 5/21 dated 29 April 2021:

(In thousands of Euro)			Changes	
	31 December 2022	**31 December 2021**	**Δ**	**%**
(A) Cash	9,916	8,138	1,778	21.8%
(B) Other cash and cash equivalents	-	-	-	0.0%
(C) Other current financial assets	75	60	15	25.0%
(D) Cash and cash equivalents (A)+(B)+(C)	**9,991**	**8,198**	**1,793**	**21.9%**
(E) Current financial indebtedness	1,421	2,285	(864)	-37.8%
(F) Current portion of non-current indebtedness	23,788	10,129	13,659	>100%
(G) Current financial indebtedness (E) + (F)	**25,209**	**12,414**	**12,795**	**>100%**
- of which guaranteed	-	-		
- of which not guaranteed	*25,209*	*12,414*	*12,795*	*>100%*
(H) Net current financial indebtedness (G) - (D)	**15,218**	**4,216**	**11,002**	**>100%**
(I) Non-current financial indebtedness	25,166	33,135	(7,969)	-24.1%
(J) Debt instruments	-	-	-	0.0%
(K) Trade payables and other non-current liabilities	-	-	-	0.0%
(L) Non-current financial indebtedness (I)+(J)+(K)	**25,166**	**33,135**	**(7,969)**	**-24.1%**
- of which guaranteed	-	-		
- of which not guaranteed	*25,166*	*33,135*	*(7,969)*	*-24.1%*
(M) NET FINANCIAL INDEBTEDNESS (H) + (L)	**40,384**	**37,351**	**3,033**	8.1%
Other financial liabilities - warrants	-	(1,226)	1,226	-100.0%
Adjusted net financial indebtedness	**40,384**	**36,125**	**4,259**	**11.8%**

Net Financial Indebtedness of EUR 40,384 thousand includes, in addition to cash and cash equivalents of EUR 9,916 thousand, medium/long-term bank loans (EUR 25,166 thousand), short-term bank loans (EUR 1,421 thousand), a payable related to the valuation of put/call options for the purchase of minorities, and lease liabilities in accordance with IFRS 16 (EUR 4,388 thousand). The increase in Adjusted Net Financial Indebtedness at 31 December 2022, compared to 31 December 2021, amounting to EUR 4,259 thousand is mainly attributable to the increase in bank loans and borrowings (+EUR 3,726 thousand) and the increase in lease liabilities (+EUR 2,664 thousand) following the accounting of a new lease contract under IFRS16.

Eliminating these accounting effects deriving from the recognition of right-of-use assets (IFRS 16), the Company's Net Financial Debt (M) is substantially unchanged from the previous year end (EUR 35,882 thousand at 31 December 2022 and EUR 35,512 thousand at 31 December 2021); the Net Financial Position is sufficiently covered by existing financing sources.

The main factor that influenced cash flow trends in the years considered are summarised below.

Net cash flows generated by operating activities

(In thousands of Euro)	**2022**	**2021**
Cash flows from operating activities		
Loss for the year	(75,166)	(3,846)

Adjustments for:		
- Current and deferred taxes	349	(2,710)
- Net accruals and impairment losses	397	124
- Gains on equity investments	(38)	(122)
- Accrued financial expense	549	2,124
- Amortisation, depreciation and impairment losses	88,070	18,988
- Other non-monetary changes	80	59
Changes in:		
- Inventories	(11,654)	2,563
- Trade receivables	(1,170)	527
- Trade payables	3,755	4,340
- Other changes in operating assets and liabilities	3,474	487
- Payment of employee benefits and change in provisions	(136)	(186)
Cash flows generated by operating activities	**8,511**	**22,349**
Taxes paid/offset	(1,334)	(2,352)
Interest and other net charges paid	(2,287)	(925)
Cash flows generated by operating activities	**4,889**	**19,072**
Net charges from COVID-19/M&As/Others	-	1,902
Adjusted Net cash flow generated by operating activities	**4,889**	**20,974**

Net cash flow generated by operating activities records a decrease of EUR 14,183 thousand, mainly due to the performance of working capital, explained previously.

Cash flows used in investing activities

(In thousands of Euro)	2022	2021
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired and other costs	(786)	(2,365)
Purchase of property, plant and equipment and intangible assets	(4,609)	(4,997)
Cash flows used in investing activities	**(5,395)**	**(7,362)**

In 2022, the investing activity mainly concerned:

- investments in intangible assets of about EUR 2,880 thousand (including the effect of converting financial statements carried in foreign currencies), mainly related to the evolution of the main company software and R&D on new products/brands;
- investments in property, plant and equipment in the amount of about EUR 1,395 thousand (including the effect of converting financial statements carried out in foreign currencies);
- investments in subsidiaries for Euro 341 thousand.

Cash flows generated by/(used in) financing activities

(In thousands of Euro)	2022	2021
Cash flows from financing activities		
Increase/(decrease) in bank loans and borrowings and loans and borrowings from other financial backers	3,811	(9,597)

Decrease in other financial liabilities	(1,827)	(3,447)
(Dividends distributed)	(1,012)	-
Payment of transaction costs relating to financial liabilities	106	151
Other changes in equity	400	-
Net cash flows generated by / (used in) financing activities	**1,478**	**(12,893)**

The cash flows generated by financing activities in 2022 mainly reflect:

- The increase of EUR 3,811 thousand in bank loans and borrowings as a result of the payment of instalments on the existing non-current bank loan with Banco BPM S.p.A. and Intesa Sanpaolo S.p.A. for EUR 10,000 thousand and the utilisation/opening of new current financing lines for EUR 13,788 thousand;
- the payment of the 2021 dividend, as resolved by the Shareholders' Meeting in April 2022, equal to EUR 0.05 per eligible share for a total outlay of EUR 1,012 thousand;
- the change in the item Other financial liabilities for EUR 1,827 thousand is mainly attributable to the change in lease liabilities recognised in accordance with IFRS16 and the change in warrants.

8. Investments and research and development activities

During 2022 – as in previous years – the Group carried out constant research and development activities, focusing its efforts on selected projects deemed to be of particular importance:

- technological product innovation, with the aim of achieving ecological transition targets (accessories, cases, packaging solutions, etc.);
- aesthetic and design innovation of the main product lines;
- technological process innovation in the main business areas, including supply chain, information technology and e-commerce, the project of which is developed in-house.

9. Information on transactions with related parties and non-recurring, atypical or unusual transactions

Information on transactions with related parties is presented in Note 5 to the Consolidated Financial Statements.

10. Atypical and/or unusual transactions

During the year, there were no atypical and/or unusual transactions, as defined in CONSOB Communication no. DEM/6064293 of 28 July 2006.

11. Share-based payments

Information on share-based payment plans is presented in Note 4.13 to the Consolidated Financial Statements.

12. Treasury shares and shares of the parent

During 2022, 632,240 treasury shares were assigned on the occasion of the distribution of the extraordinary dividend resolved by the shareholders' meeting of 27 April 2022; in the same year, the parent implemented a treasury share purchase programme and therefore, due to the combined effect of the two actions, the number of treasury shares held in portfolio at 31 December 2022 was 1,038,174 (1,636,505 at 31 December 2021), or 4.74% of the share capital.

13. Main risks and uncertainties to which the Group is exposed

This section provides information on the Group's exposure to each of the risks and uncertainties, the objectives, policies and processes for managing these risks and the methods used to assess them, as well as the Group's management of capital. The overall responsibility for creating and supervising a Group risk management system lies with the parent's Directors, who are responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are designed to identify and analyse the risks to which the Group is exposed, to establish appropriate limits and controls and to monitor risks and compliance with these limits. These policies and related systems are reviewed regularly to reflect any changes in market conditions and the Group's activities. Through training, standards and management procedures, the Group aims to create a disciplined and constructive control environment in which its employees are aware of their roles and responsibilities. In this context, the Parent Cellularline S.p.A. has adopted the Code of Ethics and the Organisation and Management Model pursuant to Legislative Decree no. 231 of 8 June 2001, giving appropriate notice to all the parties concerned, and keeps it updated according to regulatory developments and corporate activity.

13.1 Risks related to competition and competitiveness

The mobile device (smartphones and tablets) accessories market is characterised by a high level of competitiveness, which could also increase further with the possible entry of potential new Italian or foreign competitors. The Group's current or future competitors may be able to implement marketing and commercial development policies that will enable them to gain market share to the detriment of those operators that use multiple sales channels. In this case, the Group could be forced to reduce its sales prices without any corresponding reduction in the purchase costs of its products, thus achieving a lower margin on the sale of its products. One of the Group's main threats is the sale of competing products by producers located in the Far East, often through the on-line channel and with low quality and/or non-certified product offerings. If the Group, in the event of an increase in the number of direct and/or indirect competitors, is not able to maintain its competitive strength on the market, there could be negative effects on its business and growth prospects as well as on its financial position and performance. Further risks are linked to possible changes in consumer purchasing behaviour in the light of demographic changes, increasing digitalisation, changing economic conditions and purchasing power. Any misinterpretation of developments in consumer behaviour, trends in terms of prices and product ranges may result in the risk of failed or delayed adoption of appropriate sales models and in the failed or delayed exploration of new sales channels, with possible negative effects on the Group's financial position and performance.

13.2 Risks related to seasonality and the obsolescence of inventories.

The market the Group operates in is characterised by seasonal phenomena that are typical of the market of electronic products and accessories. In particular, sales in the second half of each year account for more than 60% of total annual sales on average, with demand peaking in the last quarter of the year (Black Friday and Christmas).

Absolute EBITDA, in consideration of a far more linear and uniform distribution of overhead costs (personnel, rents and general expenses) throughout the year, is also affected by this seasonality, showing a significantly higher average EBITDA incidence in the second half of the year. Therefore, the Group is exposed to risks related to the availability of certain products in the warehouse as well as the risk that some of them may become obsolete before they are put on the market. Considering the importance of warehouse management in its business organisation, the Group may be exposed both to an availability risk related to the correct forecast of the quantity and assortment of products for the subsequent marketing in a given period of the year and to a risk related to the obsolescence of inventories due to delays in marketing or because the quantities procured exceed sales on the market in the last quarter with possible sales difficulties in subsequent quarters. The Group is exposed to the risk associated with possible changes in consumer purchasing behaviour, in light of demographic changes and increased competitive pressure, further amplified by the current macroeconomic conditions that increase price volatility with possible effects on consumers' purchasing choices also in relation to their spending capacity. The incorrect definition of the product range in terms of variety and availability during the periods of the year that are characterised by high sales or the untimeliness of the change in strategy in terms of updated sales data and information could have a negative impact on the match between product offer and customer demand and the valuation of products held as inventories, with negative effects on the Group's financial position and performance.

13.3 Risks related to changes in the regulatory framework

The Group is subject to the regulations applicable to products manufactured and/or marketed. The evolution of the regulations or any changes to the regulations in force, also at international level, could require the Group to bear additional costs to adapt its production facilities or the characteristics of its products to the new provisions, with a consequent negative effect on the Group's growth prospects as well as on its financial position and performance.

13.4 Risks related to macroeconomic developments, the Russia-Ukraine conflict and risks related to the continued effects of COVID-19

As it operates in several international markets, the Group is affected by changes in the macroeconomic conditions of the markets concerned. In addition to the health emergency - which broke out in the first quarter of 2020 and has not yet been fully resolved on a global level - geopolitical uncertainty has been added as a result of the start of the war in Ukraine, with a consequent increase in unpredictability regarding potential future repercussions on the global economy. In particular, if there were to be additional waves of COVID-19 infections, the various countries' authorities could reinstate all or part of the restrictive measures, with subsequent negative effects on global economic activities and on the Group's business. The conflict between Russia and Ukraine, which started on 24 February 2022, is having major consequences globally, not only because of the severe humanitarian crisis that has ensued, but also because of the possible economic effects on global markets, which have been immediately reflected in the rising costs of some energy (gas and oil) and food (wheat) commodities. It should be noted that the Group has no direct or indirect operations in Ukraine and Russia, so the military conflict has had no direct impact on performance and business at present. However, it cannot be excluded that if further deterioration of global macroeconomic conditions were to occur as a result of the worsening and/or flooding of the conflict, such as a prolonged recession in Europe and/or worldwide, the Group could be adversely impacted by the relative economic, equity and financial situation.

13.5 Risk associated with price trends and possible procurement difficulties and relations with suppliers

The Group operates in international markets, with customers operating mainly in the EMEA area and with suppliers of products located mainly in the Far East (China and the Philippines); as of today, sales are therefore made almost exclusively in EUR, while the majority of purchases of products are settled in USD, as is the practice of the reference industry. The Group is therefore exposed to exchange rate risk - for the main types of product supplies - almost exclusively in USD. However, there are numerous factors that limit its risk profile, including: i) the high rate of product innovation (about 35% of annual turnover derives from products launched in the year), ii) the possibility to carry out, in a relatively short time (3-6 months), revisions to customer price lists and, lastly, iii) the high contractual flexibility with suppliers in the Far East (with no commitments to purchase minimum quantities at predefined prices for periods exceeding 6 months - with rare exceptions).

The performance of foreign exchange rates during the year was as follows:

Currency	Average 2022	31 December 2022	Average 2021	31 December 2021
Euro/US Dollar	1.05	1.07	1.18	1.13

In 2022, the Group used derivative financial instruments to hedge fluctuations in the EUR/USD exchange rate. In addition, any legislative, political and economic changes, as well as potential social instability or the introduction of restrictions or customs duties on the export of products, or the introduction into the European Union of any restrictions on the import of products from these countries, could have a negative impact on the production capacity of suppliers and on the procurement activities of the Group, with consequent possible negative effects on the business and prospects, as well as on the financial position and performance of the Group. During the latter months of 2022, the Group saw a gradual generalised increase in prices with world inflation at record levels for the past decades, which has had a direct impact on reducing demand from end consumers. The cost increase was mainly driven by rising energy and transport costs caused by both the still existing Covid-19 restrictions in the Far East and problems in the supply chain. The Group is also suffering from the indirect negative effects of supply chain problems as a result of the semiconductor shortage, with the effect of a reduced availability of smartphones on the market and consequently lower sales of these accessories. Should the critical situation in the supply chain worsen and the price increase continue for a long time, there could be cases of both non-delivery and/or delayed delivery of products and products whose cost would no longer be economical, with possible negative effects on the Group's business and its prospects, as well as on its economic, equity and financial situation.

13.6 Liquidity risk

From an operational point of view, the Group controls the liquidity risk through the annual planning of expected cash flows and payments. Based on the results of such planning, it identifies financial requirements and thus the financial resources to cover them. The average debt exposure is shown below:

(In thousands of Euro)	within 12 months	1 - 5 years	after 5 years	Total
Employee benefits	-	524	-	524
Trade payables	23,580	-	-	23,580
Deferred tax liabilities	-	2,762	-	2,762
Bank loans and borrowings and loans and borrowings from other financial backers	23,788	15,709	-	39,497
Current provisions for risks and charges	-	1,356	-	1,356
Other liabilities	5,591	-	-	5,591
Other financial liabilities	1,421	9,338	119	10,878
Current tax liabilities	772	-	-	772
Total	**55,152**	**29,689**	**119**	**84,960**

In order to prevent unforeseen cash outflows from becoming critical, the Group aims to keep a balance between maintaining the funding and flexibility, through the use of available liquidity and credit lines. With regard to potential liquidity risks, the Group continues to show a good equity and financial structure, considering the limited Leverage Ratio (2.25x), the current cash and cash equivalents (EUR 9,916 thousand), the committed credit facility for M&As involved in the medium/long-term loan contract in place (EUR 20.0 million) and the unsecured commercial credit lines made available by various credit institutions and not used (about EUR 10.5 million).

13.7 Credit risks

Credit risk is when a customer or one of the counterparties to a financial instrument might cause a financial loss by defaulting on an obligation and arises mainly from the Group's trade receivables and financial investments. The Group is exposed to the risk that its customers may delay or fail to meet their payment obligations within the agreed terms and conditions and that the internal procedures adopted in relation to the assessment of creditworthiness and solvency of customers are not sufficient to ensure the successful completion of collections. Such failed payments, late payments or other default situations may be due to the insolvency or bankruptcy of the customer, economic events or specific situations of the customer. Specifically, attention must be paid to the credit policy with regard to both long-standing and newly acquired customers, strengthening the policies of preventive action, by acquiring more complete credit information (from different sources) for all major and/or new customers and by progressively increasing the systematic way in which credit report analyses are conducted, including the assessment of the customer portfolio and the assignment of credit limits.

The ageing list of trade receivables is shown below:

(In thousands of Euro)	Not yet due	Due within 6 months	Due in 6 to 12 months	Due after 12 months	Total
Trade receivables (gross of loss allowance)	44,871	2,086	690	5,203	52,850
Amounts due from associates	2,006	1,197	673	3	3,878
Total gross trade receivables	**46,877**	**3,283**	**1,363**	**5,206**	**56,728**
(Loss allowance)	-	-	-	(3,437)	(3,437)
Total net trade receivables	**46,877**	**3,283**	**1,363**	**1,769**	**53,291**

The Group recognises a loss allowance considering estimated losses on trade receivables, other assets and non-current financial assets. The main components of this allowance are the individual losses on significant exposures and the collective impairment of homogeneous groups of assets for losses already incurred that have not yet been identified; the collective impairment is determined on the basis of the historical data on similar credit losses.

13.8 Interest rate risks

In relation to the risk of changes in interest rates, the Group has not yet entered into interest rate swaps to hedge the risk of changes in interest rates on the syndicated loan, started on 26 October 2020 for an original amount of EUR 50 million (reduced to EUR 25 million at 31 December 2022), meaning that interest rates fluctuations could lead to an increase in financial charges relating to indebtedness. In order to align forecasts on interest rate trends, the Company has taken care to receive, with regard to the syndicated loan, a precise forecast of the cost of debt itself, projected to 30 June 2023.

13.9 Risks related to the administrative liability of legal persons

In 2017, the parent adopted the organisational model and the code of ethics and appointed the supervisory body as provided for by Legislative Decree no. 231 of 8 June 2001, in order to ensure compliance with the set conditions of fairness and transparency in the execution of corporate activities, to protect its position and image, the expectations of shareholders and the work of employees. The model is a valid tool for raising the awareness of all those who work on behalf of the parent, so that they behave correctly and properly while performing their activities, as well as a means of prevention against the risk of committing crimes.

13.10 Risks associated with climate change

Risk that a catastrophic event resulting from acute weather phenomena (storms, floods, earthquakes, fires or heat waves) and/or chronic weather phenomena, i.e. long-term climatic changes (temperature changes, rising sea levels, reduced water availability, loss of biodiversity, etc.), may damage assets or cause a halt to production for the Group and/or suppliers, and prevent the Group from carrying out its operations by interrupting the value chain or lead to a slowdown in the supply chain.

The Group also examined the risk associated with climate change. At present, no significant elements have been highlighted such as to identify triggers that could generate accounting impacts. In particular, the recoverability of the value of inventories, the potential impact on the residual useful life of assets, following the potential need to replace them in order to comply with new policies or non-compliance with current regulations, and the potential impact on the demand for products were examined without finding any critical issues. Given the ongoing evolution of the subject, the Group will continue and expand its monitoring of such possible risks in the future.

14. Management and coordination

Cellularline S.p.A. is not managed and coordinated by companies or entities and defines its general and operational strategic guidelines independently.

15. Corporate governance

The Parent's Corporate Governance system complies with the principles contained in the Corporate Governance Code for Listed Companies and with international best practice. On 15 March 2023, the Board of Directors approved the Report on corporate governance and ownership structure, pursuant to article 123-bis of the TUF [Consolidated Finance Law], relating to 2022. This report is published on the Company's website www.cellularlinegroup.com in the "Governance" section - subsection "Shareholders' Meeting" - and explicit reference is made to it as required by law. Cellularline S.p.A.'s management and control model is the traditional one provided for by Italian law, which provides for the presence of a Shareholders' Meeting, a Board of Directors, a Board of Statutory Auditors and the independent auditors. The corporate officers are appointed by the Shareholders' Meeting and remain in office for three years. The independent directors, as defined in the Code, and the role played by them both within the Board and within the parent's committees (Risk and Control Committee, Committee for Transactions with Related Parties, Appointments and Remuneration Committee), are appropriate means of ensuring an adequate balance of interests of all the shareholders and a significant degree of debate in the discussions of the Board of Directors.

16. Classes of financial instruments

Below is a breakdown of the financial assets and liabilities required by IFRS 7 according to the categories envisaged by IFRS 9 at 31 December 2022 and 31 December 2021.

		Carrying amount			**Fair value level**		
(In thousands of Euro)	Carrying amount at 31/12/2022	Amortised cost	FV to OCI	FV to PL	Level 1	Level 2	Level 3
Cash and cash equivalents	9,916	9,916	-	-	-	-	-
Trade receivables and other assets	56,662	56,662	-	-	-	-	-
Other financial assets	75	75	-	-	-	-	-
Total financial assets	**66,653**	**66,653**	**-**	**-**	**-**	**-**	**-**
Financing	39,497	39,497	-	-	-	-	-
Trade payables and other liabilities	29,171	29,171	-	-	-	-	-
Other financial liabilities	9,779	-	-	9,779		9,779	-
Total financial liabilities	**78,447**	**68,668**	**-**	**9,779**	**1,226**	**8,553**	**-**

		Carrying amount			**Fair value level**		
(In thousands of Euro)	Carrying amount at 31/12/2021	Amortised cost	FV to OCI	FV to PL	Level 1	Level 2	Level 3
Cash and cash equivalents	8,138	8,138	-	-	-	-	-
Trade receivables and other assets	57,066	57,066	-	-	-	-	-
Other financial assets	60	60	-	-	-	-	-
Total financial assets	**65,264**	**65,264**	**-**	**-**	**-**	**-**	**-**
Financing	35,771	35,771	-	-	-	-	-

Trade payables and other liabilities	24,314	24,314	-	-	-	-	-
Other financial liabilities	9,778		-	9,778	1,226	8,552	-
Total financial liabilities	**69,863**	**60,085**	**-**	**9,778**	**1,226**	**8,562**	**-**

IFRS 13 establishes a fair value hierarchy that classifies three levels of input for valuation techniques adopted to measure fair value. The fair value hierarchy gives the highest priority to prices (unadjusted) quoted in active markets for identical assets or liabilities (Level 1 data) and the lowest priority to unobservable inputs (Level 3 data). In some cases, the data used to measure the fair value of an asset or liability could be classified into different levels of the fair value hierarchy. In such cases, the fair value measurement is classified entirely at the same level of the hierarchy in which the lowest level input is classified, taking into account its importance for the measurement.
The levels used in the hierarchy are:

- Level 1 are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 are unobservable inputs for the asset or liability.

No financial instrument is measured at fair value. For financial instruments measured at amortised cost, the carrying amount is also considered to be a reasonable approximation of their fair value.

17. Branches

The Company has its registered office in Reggio Emilia, Via Grigoris Lambrakis no. 1/A and has a branch office in France, in Paris at 91, Rue Du Faubourg Saint Honoré.

18. Workforce

In 2022, in the belief that people are one of the Group's strategic assets, it was decided to continue to invest in improving people management practices and policies through the implementation and continuous maintenance of HR processes and systems. Moreover, the Group continues to carry out training and development activities for its employees on a regular basis, in the certainty that the professional and working growth of each individual is a prerequisite for continuous improvement in performance.
The work is carried out in full compliance with the rules and regulations in force regarding safety in the workplace. There have been no specific incidents to be mentioned in this report, such as deaths, serious accidents at work or occupational diseases for which the Group has been held liable.
The number of employees at 31 December 2022 was 2594, compared to 254 in the previous year.

19. Information on environmental impact

The Group firmly believes in respecting the environment and the ecosystem in which it operates; this is why it carries out its business taking into account the protection of the environment and the need for the sustainable use of natural resources, in accordance with the provisions of current environmental legislation, committing itself to act responsibly towards the territory and the community. The Group condemns any type of action or behaviour that is potentially harmful to the environment. Although it does not have any significant environmental impacts, the Group has adopted specific procedures for the disposal of Waste Electrical and Electronic Equipment (WEEE).

20. Significant events during the year

- 1 February: obtainment of AEO (Authorised Economic Operator) certification from the Customs and Monopolies Agency. The recognition, conferred to subjects that meet strict standards of reliability and safety, will allow the Company to benefit from numerous facilitations in the relations with national and international customs authorities, simplifying and speeding up control procedures.
- 9 February: appointment by co-option of Davide Danieli – currently Group Chief Corporate & Financial Officer, Investor Relator and Manager responsible for preparing the financial information as of 21 April 2021 – as Executive Director of the Company.
- 30 March: acquisition of the remaining 25% of the share capital of Pegaso S.r.l., the sole shareholder of Systema, a company operating in the market for mobile phone accessories in the Telco channel. The operation does not change Systema's contribution to the Cellularline Group's consolidated results because it has been fully consolidated since it was included in the reporting scope in April 2019.
- 20 April: incorporation of Cellularline USA Inc., a sales company for the development of Cellularline Group products for the USA and Canada;
- 27 April: the Shareholders' Meeting approved all the items on the agenda and, in particular:
    - the separate and consolidated financial statements at 31 December 2021, as proposed by the Board of Directors on 17 March 2022;
    - the distribution of a dividend partly in cash and partly through the assignment of treasury shares held in portfolio, according to the procedures described below:
        - for the cash portion: the distribution of an amount equal to Euro 0.05 gross for each ordinary share in circulation (excluding treasury shares);
        - as regards the portion in shares: the assignment of treasury shares in portfolio at a ratio of 1 share for every 32 ordinary shares of Cellularline S.p.A. (rounded down to the nearest unit), for a total maximum of 632,240 shares (corresponding to 2.9% of the share capital) that can be entirely withdrawn from the treasury shares held by the Company, with a consequent reduction in the related Reserve.
- 8 May: the Board of Directors met to examine the non-binding letter of intent received from Esprinet S.p.A. on 6 May aimed at promoting a voluntary takeover bid, with a view to delisting, for all of Cellularline S.p.A.'s ordinary shares.
- 25 May: payment of dividends;
- 13 July: publication of preliminary figures for the first half of 2022 in relation to Sales Revenue and Net Financial Indebtedness, not subject to full or limited audit.

- 8 August: 4 SIDE S.r.l., a company whose share capital is wholly owned by Esprinet S.p.A., announces that it has filed with CONSOB the offer document, intended for publication, relating to the voluntary takeover bid for all the ordinary shares of Cellularline S.p.A.
- 11 August: CONSOB requested to make amendments and additions to the Offer Document filed by 4 SIDE S.r.l. by ordering, pursuant to Article 102, paragraph 4 of the TUF, the suspension of the term for the approval of the Offer Document until the completion of the information framework and in any case, for a period not exceeding 15 calendar days from the date of suspension of the aforesaid term.
- 26 August: CONSOB ordered the resumption of the terms of the administrative procedure aimed at approving the Offer Document filed by 4 SIDE S.r.l., whose preliminary terms expired on 7 September 2022.
- 6 September: issue of CONSOB authorisation for the publication of the Offer Document relating to the voluntary takeover bid for the entirety of Cellularline S.p.A.'s ordinary shares.
- 8 September: publication by 4 SIDE S.r.l. of the Offer Document relating to the voluntary takeover bid for the entirety of Cellularline S.p.A.'s ordinary shares.
- 15 September: publication of the press release reporting that Cellularline's board of directors had approved the issuer's press release, pursuant to Art. 103 of the TUF, in relation to the voluntary takeover bid promoted by 4 SIDE on all of Cellularline's shares, and considers the offered consideration of EUR 3.75 per share to be not financially fair.
- 3 October: publication of the company presentation containing the economic and financial targets of the 2022-2025 Business Plan.
- 7 October: notification by certain shareholders of the signing of a shareholders' agreement (the "Agreement") concerning Cellularline S.p.A. shares. The Agreement binds 15 shareholders - representatives of the founding families Aleotti and Foglio, Mr Tazartes, Mr Cagnetta, Luchi Fiduciaria S.r.l, two funds managed by Quaero Capital SA, Ms Vineti, Mr Bassi, Mr Montagnani, together holding 8,342,540 Cellularline ordinary shares, equal to 38.1% of the share capital of the Company - not to adhere to the public takeover bid or in any case to transfer Cellularline shares in the context of the public takeover bid at a price lower than Euro 5.20.
- 14 October: conclusion of the acceptance period for the voluntary takeover bid for all Cellularline S.p.A.'s ordinary shares promoted by 4 SIDE S.r.l.. Non-fulfilment of the threshold condition and ineffectiveness of the offer.
- 17 October: dissolution of the shareholders' agreement concerning Cellularline S.p.A. shares as a result of and following the notice of non-completion of the voluntary takeover bid promoted by 4 SIDE S.r.l..
- 20 October: initiation of a share buyback and disposal programme, starting on 24 October 2022 on the basis of the authorisation resolution approved by the Shareholders' Meeting of 27 April 2022, which provides for a maximum number of Cellularline shares of 526,475 corresponding to approx. 2.4% of the share capital and for a maximum countervalue of EUR 2.0 million.
- 12 December: resignation with effect from 8 January 2023 of Davide Danieli from the role of Group Chief Corporate and Financial Officer, Investor Relator and Manager responsible for preparing the financial information.

21. Key events after the reporting date

- 9 January 2023: the Board of Directors appointed Marco Cagnetta, Co-CEO of the Cellularline Group, as interim Investor Relator of the Company;
- 11 January 2023: signing of the closing for the acquisition of a 60% stake in Peter Jäckel GmbH, a major German player in the consumer electronics industry for over 25 years, in the smartphone accessories sector, which in 2021 achieved a turnover of EUR 9.4 million with a net profit of EUR 1.42 million. The preliminary consideration, paid at the closing, for the acquisition of 60% of the company amounted to EUR 3.05 million and a possible price adjustment is expected during the first half of 2023, following the approval of the 2022 financial statements of Peter Jäckel GmbH. The agreement provides for the right to exercise put-and-call options on the non- controlling interest of a total of 40% divided into two tranches, the amount of which for each tranche will be calculated taking into account economic-financial parameters recorded by Peter Jäckel GmbH during the financial years 2024 and 2025.
- 12 January 2023: Mauro Borgogno appointed as the new Group Chief Financial Officer and Manager responsible for preparing the financial information, pursuant to Article 154-bis of the Consolidated Finance Law, to replace Davide Danieli, who had tendered his resignation for personal reasons, while maintaining his position as Director in the Company's Board of Directors.
- 28 February 2023: formalisation of a three-year agreement with MediaMarktSaturn Germany, the leading retail distributor of consumer electronics products in Germany, strategically focused on the shopping experience, with services and a selection of related accessories; the agreement expands the distribution of Cellularline's range of products dedicated to charging and protecting smartphones in MediaMarktSaturn Germany's approximately 400 shops.

22. Outlook

On the basis of the revenue trend in 2022, as well as the expected positive impacts of the numerous strategic actions taken in particular in the first months of 2023, such as the acquisition of the German company Peter Jäckel and the distribution agreement with MediaMarktSaturn Germany, which will allow the Cellularline Group to operate with a more structured and strengthened positioning in Germany, management believes it can continue the growth path it has started. Therefore, on the basis of the information available to date and the observation of certain sector dynamics, the Company overall confirms the long-term strategic orientations and the soundness of the development activities implemented.

Reggio Emilia, 15 March 2023

The Chairman of the Board of Directors

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Antonio Luigi Tazartes

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CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

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CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

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CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION

(thousands of Euro)	Notes	31 December 2022	Of which related parties	31 December 2021	Of which related parties
ASSETS					
Non-current assets					
Intangible assets	**4.1**	54,826		61,355	
Goodwill	**4.2**	34,272		108,773	
Property, plant and equipment	**4.3**	7,726		7,487	
Equity investments		71		58	
Right-of-use assets	**4.4**	4,388		1,774	
Deferred tax assets	**4.5**	5,122		4,748	
Financial assets	**.6**	-		-	
Total non-current assets		**106,405**		**184,195**	
Current assets					
Inventories	**4.7**	41,400		30,518	
Trade receivables	**4.8**	53,291	3,707	52,117	4,702
Current tax assets	**4.9**	970		1,214	
Financial assets	**4.10**	75		60	
Other assets	**4.11**	3,371		4,948	
Cash and cash equivalents	**4.12**	9,916		8,138	
Total current assets		**109,023**		**96,995**	
TOTAL ASSETS		**215,428**		**281,190**	
EQUITY AND LIABILITIES					
Equity					
Share capital	**4.13**	21343		21343	
Other reserves	**4.13**	168,737		159,174	
Retained earnings	**4.13**	15,554		28,688	
Loss for the year attributable to owners of the parent		(75,166)		(3,846)	
Equity attributable to owners of the parent		**130,468**		**205,359**	
Equity attributable to non-controlling interests		-		-	
TOTAL EQUITY		**130468**		**205,359**	
LIABILITIES					
Non-current liabilities					
Bank loans and borrowings and loans and borrowings from other financial backers	**4.14**	15,709		25,642	
Deferred tax liabilities	**4.5**	2,762		2,349	
Employee benefits	**4.15**	524		772	
Provisions for risks and charges	**4.16**	1,356		1,616	
Other financial liabilities	**4.20**	9,457		7,494	
Total non-current liabilities		**29,808**		**37,873**	
Current liabilities					
Bank loans and borrowings and loans and borrowings from other financial backers	**4.14**	23,788		10,129	
Trade payables	**4.17**	23,580		19,825	
Current tax liabilities	**4.18**	772		1,230	
Provisions for risks and charges	**4.16**	-		-	
Other liabilities	**4.19**	5,591		4,489	
Other financial liabilities	**4.20**	1,421		2,285	
Total current liabilities		**55,152**		**37,958**	
TOTAL LIABILITIES		**84,960**		**75,831**	
TOTAL EQUITY AND LIABILITIES		**215,428**		**281,190**	

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

INCOME STATEMENT

(thousands of Euro)	Notes	2022	Of which related parties	2021	Of which related parties
Revenue from sales	**5.1**	137,644	5,120	110,575	4,238
Cost of sales	**5.2**	(84,218)		(62,363)	
Gross operating profit		**53,426**		**48,212**	
Sales and distribution costs	**5.3**	(30,235)		(26,334)	
General and administrative costs	**5.4**	(101,272)	(12)	(30,407)	(11)
Other non-operating revenue	**5.5**	1,787		3,372	
Operating loss		**(76,294)**		**(5,157)**	
Financial income	**5.6**	1,632		2	
Financial expense	**5.6**	(2,287)		(2,126)	
Exchangeexchange gains	**5.7**	2,095		603	
Gains on equity investments	**5.8**	38		122	
Lossloss before taxes		**(74,816)**		**(6,556)**	
Current and deferred taxes	**5.9**	(349)		2,710	
Loss for the year before non-controlling interests		**(75,166)**		**(3,846)**	
Profit (loss) for the year attributable to non-controlling interests		-		-	
Loss for the year attributable to owners of the parent		**(75,166)**		**(3,846)**	
Basic earnings per share (Euro per share)	**5.10**	**(3.65)**		**(0.19)**	
Diluted earnings per share (Euro per share)	**5.10**	**(3.65)**		**(0.19)**	

STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euro)	Notes	2022	2021
Loss for the year attributable to owners of the parent		**(75,166)**	**(3,846)**
Other components of comprehensive income that will not be reclassified to profit or loss			
Actuarial gains on defined benefit plans		196	2
Actuarial gains on provisions for risks		359	18
Gains on translation of foreign operations		806	691
Income taxes		(155)	(6)
Other components of comprehensive income for the year		**1,206**	**705**
Total comprehensive expense for the year		**(73,960)**	**(3,141)**

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CASH FLOWS

(thousands of Euro)	Notes	2022	2021
Loss for the year		(75,166)	(3,846)
Amortisation, depreciation and impairment of goodwill		88070	18,988
Net impairment losses and accruals		397	124
Gains on equity investments		(38)	(122)
Accrued financial expense		549	2,124
Current and deferred taxes		349	(2,710)
Other non-monetary changes		80	59
		14,241	**14,617**
(Increase)/decrease in inventories		(11,654)	2,563
(Increase)/decrease in trade receivables		(1,170)	527
Increase in trade payables		3,755	4,340
Increase in other assets and liabilities		3,474	487
Payment of employee benefits and change in provisions		(136)	(186)
Cash flow generated by operating activities		**8510**	**22,349**
Interest paid and other net charges paid		(2,287)	(925)
Income taxes paid		(1,335)	(2,352)
Net cash flow generated by operating activities		**4889**	**19,072**
Acquisition of subsidiaries, net of cash acquired		(786)	(2,365)
Purchase of property, plant and equipment and intangible assets		(4,609)	(4,997)
Cash flows used in investing activities		**(5,395)**	**(7,362)**
(Dividends distributed)		(1,012)	-
Other financial assets and liabilities		(1,827)	(3,447)
Other changes in equity		400	-
Increase/(decrease) in bank loans and borrowings and loans and borrowings from other financial backers		3,811	(9,597)
Payment of transaction costs relating to financial liabilities		106	151
Net cash flows generated by (used in) financing activities		**1,478**	**(12,893)**
Increase/(decrease) in cash and cash equivalents		**972**	**(1,183)**
Effect of exchange rate fluctuations		806	692
Total cash flow		**1,778**	**(491)**
Opening cash and cash equivalents	**5.11**	**8,138**	**8,629**
Closing cash and cash equivalents	**5.11**	**9,916**	**8,138**

STATEMENT OF CHANGES IN EQUITY

		Share Capital	Other reserves	Retained earnings/(losses carried forward)	Profit (loss) for the year	Non-controlling interests	Total Equity
Balance at 31 December 2020		**21343**	**157,761**	**15,451**	**13,900**	**-**	**208,455**
Profit (loss) for the year		-	-	-	(3,846)	-	(3,846)
Other components of the statement of comprehensive income		-	705	-	-	-	705
Total statement of comprehensive income for the year			**705**	**-**	**(3,846)**	**-**	**(3,141)**
Allocation of profit (loss) for previous year		-	663	13,238	(13,900)	-	-
Dividend distribution		-	-	-	-	-	-
Purchase of treasury shares		-	-	-	-	-	-
Other changes		-	45	-	-	-	45
Balance at 31 December 2021		**21343**	**159,174**	**28,688**	**(3,846)**	**-**	**205,359**
Profit (loss) for the year					(75,166)		(75,166)
Other components of the statement of comprehensive income			1,206				1,206
Total statement of comprehensive income for the year			**1,206**		**(75,166)**		**(73,960)**
Allocation of profit (loss) for previous year				(3,846)	3,846		
Dividend distribution			5,868	(6,880)			(1,012)
Other changes			2,395	(2,314)			81
Balance at 31 December 2022	**4.13**	**21343**	**168,644**	**15,648**	**(75,166)**		**130,468**

[CELLULARLINEGROUP]

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

1. Introduction

The Cellularline Group (hereinafter the "Group" or the "Cellularline Group") is one of the main operators in the smartphone and tablet accessories sector in the EMEA area, as well as a market leader in Italy; moreover, the Group ranks, by volume, among the top operators in Spain, Switzerland, Belgium, the Netherlands, Germany and Austria and boasts a strong competitive position in the other European countries.

The consolidated financial statements are submitted for approval by the Shareholders' Meeting convened for 28 April 2023, in line with the financial calendar approved by the Board of Directors on 9 January 2023.

Since 22 July 2019, the parent's shares have been listed on the STAR segment of the Milan Stock Exchange.

At the reporting date of the consolidated financial statements as at and for the year ended 31 December 2022, the shareholders of Cellularline holding more than 5% of the share capital with voting rights are as follows:

- Christian Aleotti 8.81%
- First Capital S.p.A. 7.22%
- Quaero Capital S.A. 6.80%

1.1 Impact of the on-going effects of COVID-19 and the Russia-Ukraine conflict on the Group's performance and financial position, measures taken, risks and areas of uncertainty

As it operates in several international markets, the Group is affected by changes in their macroeconomic conditions. In addition to the health emergency - which broke out in the first quarter of 2020 and has not yet been fully resolved on a global level - geopolitical uncertainty has been added as a result of the start of the war in Ukraine, with a consequent increase in unpredictability regarding future repercussions on the global economy.

In particular during 2022, the Covid-19 outbreaks in China and the subsequent restrictive measures adopted by the local government impacted the Group's supply chain and contributed to the increase in transport costs recorded during the year.

The conflict between Russia and Ukraine, which started in February 2022, is having negative consequences not only because of the severe humanitarian crisis that has ensued, but also because of the economic effects on global markets such as the rising costs of some energy and food commodities. Although the Group does not operate in an energy-intensive sector, these generalised increases have contributed to a global inflationary spiral that has already had its impact on consumption and which the Group's management is closely monitoring.

It should also be noted that the increase in interest rates, implemented by the ECB and the Federal Reserve to address these inflationary phenomena, had a significant impact on certain valuation items in the financial statements and that the appreciation of the US dollar against the Euro caused a significant increase in transportation costs during the year 2022, this appreciation has been reducing in the latter part of the year and management is confident that it will be further reduced in 2023.

2. Basis of preparation and accounting policies

The basis of preparation and main accounting policies adopted in the preparation of the Consolidated Financial Statements as at and for the year ended 31 December 2022 are described below. They have been applied consistently for all the years presented in this document, taking into account the provisions of note 2.4.1 "Changes in accounting policies".

2.1 Basis of preparation of the Consolidated Financial Statements

The financial statements as at and for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union.

IFRS also include all the International Financial Reporting Standards("IFRS"), all the International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretation Committee ("SIC"), endorsed by the European Union at the date of approval of these financial statements by the Board of Directors of the Parent and contained in the relative EU regulations published at that date.

Some of the information contained in the notes to the consolidated financial statements, prepared in ESEF format, extracted from the XHTML format in an XBRL instance, may not be reproduced identically, due to mere technical problems, to that contained in the consolidated financial statements in XHTML format.

2.2 Basis of presentation

The consolidated financial statements have been prepared on the basis of the financial statements at 31 December 2022, drafted by the individual companies included in the consolidation scope of Cellularline S.p.A. ("the Company", and together with its Subsidiaries and Associates "the Group"). The financial statements and accounting statements of the companies included in the scope of consolidation have been adjusted, where necessary, in order to bring them into line with the accounting policies classification criteria of the parent in compliance with IFRS. The Group has applied IFRS for the preparation of consolidated financial statements since the financial statements at 31 December 2018 with transition date 1 February 2017.

The Consolidated Financial Statements as at and for the year ended 31 December 2022 include the financial statements of the parent, Cellularline S.p.A., and of the companies over which it has the right to exercise, directly or indirectly, control. The purpose of the notes is to illustrate the accounting policies adopted, to provide the information required by IFRS and not contained in other parts of the consolidated financial statements, as well as to provide additional information not shown in the consolidated financial statements but necessary in order to give a true and fair view of the Group's operations. With reference to the use of the going concern assumption in the preparation of the financial statements, the joint co-ordination table between the Bank of Italy, Consob and Isvap on the application of IAS/IFRS, with document no. 2 of 06.02.2009 "Information to be provided in financial reports on the going concern assumption, financial risks, impairment testing of assets and uncertainties in the use of estimates", as well as with the subsequent document no. 4 of 04.03.2010, requires directors to make particularly accurate assessments on the existence of the going concern assumption. In addition, paragraphs 25-26 of IAS 1 state that: "When preparing financial statements, management shall make an assessment of the entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so".

Therefore, when preparing the financial statements at 31 December 2022, the Directors carried out a prospective evaluation of the company's ability to continue to constitute a functioning economic complex intended for the production of income for a foreseeable future, relating to a period of at least twelve months from the date of the financial statements. This assessment was also made taking into account:

- the positive evolution of the reference market recorded in the last few years, which was associated with a significant increase in sales revenue of the Parent and the Group, as well as forecasts regarding future trends in revenue and core business;
- the positive economic and financial development forecasts contained in the 2023-26 Business Plan of the Parent and the Group, approved by the Parent's Board of Directors on 15 March 2023;
- the (past and expected) ability of the Parent and the Group to continue to generate positive cash flows that, together with available credit lines, enable them to meet expected payment commitments;
- the high level of capitalisation of the Parent and the Group.

Consequently, the consolidated financial statements as at and for the year ended 31 December 2022 have been prepared on a going concern basis, as the Directors have verified that there is no income, financial, managerial or other indicators that could indicate critical issues or uncertainties regarding the Parent's and Group's ability to continue to operate as a going concern for the foreseeable future and in particular over the next 12 months.

The consolidated financial statements are expressed in Euro, the functional currency of the Group and the Parent, and all amounts are rounded to the nearest thousand Euro. For the sake of clarity, the mandatory items under IAS 1 that show nil balances in both comparative periods, have been omitted from the schedules and tables.

The consolidated financial statements consist of the following statements and these notes:

- **statement of financial position:** it presents current and non-current assets separately from current and non-current liabilities, with a description in the notes, for each asset and liability item, of the amounts that are expected to be settled or recovered within or after 12 months from the reporting date.
- **income statement:** the classification of costs is based on their function, showing the intermediate results relating to gross operating profit/(loss), net operating profit/(loss) and profit/(loss) before taxes.
- **statement of comprehensive income:** this statement includes the profit/(loss) for the year and the expense and income recognised directly in equity for transactions other than those carried out with the owners.
- **statement of cash flows:** this statement shows cash flows from operating, investing and financing activities. Cash flows from operating activities are represented using the indirect method, through which the profit for the year is adjusted by the effects of non-monetary transactions, any deferral or accrual of previous or future collections or payments and revenue connected with the cash flows deriving from investing or financing activities.
- **statement of changes in equity:** this statement includes, in addition to the result of the consolidated statement of comprehensive income, also the transactions that took place directly with the shareholders who acted in this capacity and the details of each individual component. Where applicable, it also includes the effects of changes in accounting policies for each item of equity.
- **notes to the consolidated financial statements.**

The consolidated financial statements are presented in comparative form.

These consolidated financial statements were authorised for publication by the Board of Directors on 15 March 2023.

2.3 Basis of consolidation and scope of consolidation

Basis of consolidation

The consolidated financial statements include the financial statements or accounting statements at 31 December each year of the subsidiaries included in the scope of consolidation. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An investor has power over an investee entity when the investor has existing rights that give it the current ability to direct the relevant operations, i.e. the operations that affect significantly the returns of that investee.

The results of subsidiaries acquired, including through mergers, or sold during the year are included in the income statement from the effective date of acquisition until the effective date of disposal. When necessary, adjustments were made to the financial statements of subsidiaries to align the accounting policies used with those adopted by the Group and in compliance with IFRS.

All transactions between Group companies and the related amounts are derecognised on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. This interest is determined on the basis of the percentage held in the fair values of the assets and liabilities recognised as at the date of the original acquisition and in the changes in net equity after that date.

Subsequently, the losses attributable to non-controlling interests in excess of their equity are allocated to equity attributable to owners of the parent, with the exception of cases in which the non-controlling owners have a binding obligation and are able to provide additional investments to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is determined by the aggregate acquisition-date fair values of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Any goodwill deriving from the acquisition is only determined at acquisition, and is recognised as an assets and measured as the excess of the acquisition cost over the Group's interest in the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. Non-controlling interests in the acquiree are initially measured in proportion to their interest in the fair values of the assets, liabilities and contingent liabilities recognised. The identifiable assets, liabilities and contingent liabilities of the acquiree that meet the conditions for recognition in accordance with IFRS 3 are recognised at their acquisition-date fair values, with the exception of non-current assets (or disposal groups), which are classified as held for sale in accordance with IFRS 5. These are recognised and measured at their fair values less selling costs. Goodwill arising from the acquisition of control of an investee or a business unit reflects the excess of the acquisition cost (defined as the aggregate considerations transferred in the business combination), plus the fair value of any previously held interests in the acquiree, over the acquisition-date fair values of the acquiree's identifiable assets, liabilities and contingent liabilities. In an acquisition that does not entail control, goodwill can be determined at the acquisition date either in proportion to the percentage of control acquired or by measuring the fair value of non- controlling interests (i.e. "full goodwill"). The choice of the valuation method can be made on a case-by-case basis for each transaction. To determine goodwill, the consideration transferred in a business combination is calculated as the sum of the fair values of the assets transferred and liabilities assumed by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquiree, including the fair value of any consideration subject to the conditions set out in the acquisition contract. Any adjustments to goodwill may be recognised in the measurement period (which may not exceed one year from the acquisition date) as a result of subsequent changes in the fair value of payments subject to conditions or in the determination of the fair values of the acquired assets and assumed liabilities, if provisionally recognised at the acquisition date and if such changes are determined to reflect new information about facts and circumstances existing at the combination date. In the event of the sale of interests in subsidiaries, the residual amount of goodwill attributable to them is included in the determination of the gain or loss on the sale.

Scope of consolidation

The consolidated financial statements as at and for the year ended 31 December 2022 include the financial and performance figures of Cellularline S.p.A. (Parent) and operating companies in which the Parent holds, directly or indirectly, an interest of more than 50%, or controls according to the definition in IFRS 10.

The method used for consolidation is that of full consolidation for the following companies:

	Office	**Share Capital**	**Equity**	**Type of ownership**	**Profit (loss) for the year**	**Percentage of ownership**	**Carrying amount**
		(in foreign currency /000)	**(in foreign currency/000)**		**(in foreign currency/000)**		**(in Euro/000)**
Subsidiaries							
- Cellular Spain S.L.U.	ES	3	956	Direct	181	100%	1,103
- Cellular Inmobiliaria Italiana S.L.U.	ES	3	86	Direct	5	100%	3
- Cellular Immobiliare Helvetica S.A.	CH	100	268	Direct	14	100%	71
- Pegaso S.r.l.	IT	70	1,269	Direct	(10)	100%	3. 665
- Systema S.r.l.	IT	100	2,167	Indirect	(150)	100%	N/A
- Worldconnect AG	CH	100	3,767	Direct	595	80%	14,757
- Cellularline USA Inc.	US	50	500	Direct	32	100%	474
- Coverlab S.r.l.	IT	69	286	Direct	94	55%	295
- Subliros S.L. [Note 1]	ES	11	46	Direct	(10)	80%	177
Total subsidiaries							**20,545**
Associates							
- Cellular Swiss S.A. (*)	CH	100	460	Direct	37	50%	33
Total associates							**33**

[1] The result shown for Subliros relates to the two months of 2022; it was acquired by Cellularline S.p.A. at the end of October.

(*) Figures refer to the latest available financial statements at 31 December 2021.

It is specified that the companies Worldconnect AG, Coverlab S.r.l. and Subliros S.L. are consolidated 100% by virtue of the put/call contracts signed by the parent, which regulate the acquisition of the remaining shares in the subsidiaries.

During the second half of 2022 the Parent completed the purchase of 80% of Subliros S.L... The Company was fully consolidated by Cellularline starting 1 November 2022. The associate Cellular Swiss S.A. is measured using the equity method, as shown in the table below:

Company	Office	Currency	Share Capital	ownership %	
				Direct	Indirect
Cellular Swiss S.A.	Switzerland (Aigle)	CHF	100,000	50%	-

Use of estimates and judgements in the preparation of the Consolidated Financial Statements

In preparing the consolidated financial statements, management had to make judgements, estimates and assumptions that influence the application of the accounting policies and the amounts of assets, liabilities, costs and revenue recognised. However, since these are estimates, actual results will not necessarily be the same as those represented here; these estimates and assumptions are regularly reviewed. Significant subjective judgements by management in applying the Group's accounting policies and the main sources of uncertainty in estimates are listed below.

Fair value

When measuring the fair value of an asset or liability, the Group makes use of observable market data where possible.

The Group applies a fair value hierarchy that categorises into three levels the inputs valuesto the valuation techniques used to measure fair value, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level as the fair value hierarchy as the lowest level of input that is significant to the entire measurement.

Impairment test on goodwill

Goodwill

The Group test goodwill for impairment annually and whenever there is any indication of impairment. For the purposes of impairment testing, the recoverable amount of each cash generating units was determined as value in use using the discounted cash flow method. In applying this method, the Group uses various assumptions, including the estimate of future increases in sales, operating costs, the growth rate of terminal values, investments, changes in working capital and the weighted average cost of capital (discount rate). For the purpose of preparing the interim condensed consolidated financial statements at 30 June 2022, the parent performed an analysis on the possible presence of indicators of impairment of goodwill and, as a result of this analysis, deemed it appropriate to perform an impairment test, since firstly, the net equity of the Group referring to the Parent was higher than the value of the Stock Exchange capitalisation at the same date. The Group, therefore, with the support of an Advisor (Deloitte & Touche), performed an impairment test, whose criteria were approved by the Board of Directors of the Parent on 28 July 2022 and the results of which were approved on 8 September 2022. As a result of this test, it was necessary to record an impairment loss on Goodwill of EUR 39.9 million. At 31 December 2022, the Parent performed an additional impairment test whose approach was consistent with that adopted for the interim condensed consolidated financial statements at 30 June 2022, and updated all relevant parameters based on information available from external sources, starting in particular with the determination of the discount rate (WACC) and the perpetual growth rate subsequent to the explicit forecast (g-rate). At the end of the test, an impairment loss on Goodwill of EUR 75.4 million (of which EUR 39.9 million already noted in the interm condensed consolidated financial statements at 30 June 2022) was recognised in the income statement, which is mainly attributable to the effect of the significant increase in the discount rate used for the purposes of the test, which firstly reflects the significant increase progressively seen during the year as a result of the actions to counter inflationary phenomena by central banks described above. Refer to note "4.2 Goodwill" for more detailed information.

Measurement of customer relationship and trademarks with a finite useful life

Customer relationships

The Directors have carried out an analysis to verify the possible need to subject these intangible assets with a defined useful life to an impairment test, considering - as provided for by IAS 36 - the possible presence of internal and external indicators. At 31 December 2022, the Group did not carry out the impairment test, as it did not detect any specific impairment indicators on the asset, in consideration of the fact that several multi-year renewals were carried out with strategic customers during 2022 and, therefore, the core of the most relevant customers from the 2018 business combination perimeter does not appear to be at risk. The Group has also not identified impairment indicators related to the customer relationship that emerged during the Purchase Price allocation of Worldconnect, considering: (i) the economic-financial performance (revenue and EBITDA) above budget in 2022 (ii) the key economic-financial indicators for the company that were included in the plan prepared by management. The Group has not identified any impairment indicators related to the commercial agreement that arose during the Purchase

Price Allocation of Systema considering that: (i) the commercial relationship with the main customer is still in place; (ii) the main economic and financial indicators relating to this type of sale are growing over the plan period.

Trademarks

Following the formalisation of internal analyses, the Directors did not identify any specific impairment indicators relating to these assets, considering: (i) the main economic and financial indicators of the plan prepared by management and (ii) the maintenance of a significant market share in the relevant markets.

Loans and receivables

The loss allowance reflects the Directors' estimate of credit losses on trade receivables. It is estimated based on the Group's expected credit losses, taking into account expected future changes in the counterparties' credit ratings, current and previous past due amounts, losses and collections, monitoring of credit quality and projections of economic and market conditions. The Group has adopted a specific credit assessment and allowance determination procedure.

Inventories

The allowance for inventory write-down reflects the Group companies' estimate of losses in the value of inventories that have already occurred or that are expected to occur, determined on the basis of past experience, and historical and expected sales trends. The allowance for inventory write-down takes into account the commercial obsolescence for each category of products on the basis of inventory turnover rates, market values and specific technical assessments related to technological developments.

Stock Grant plan

The measurement of the stock grant plans, granted during 2021 and 2022, was carried out based on the guidance contained in International Financial Reporting Standard 2 (IFRS 2) - "Share-based payments".

Deferred tax assets

The Group's consolidated financial statements include deferred tax assets. These deferred taxes have been recorded taking into consideration their recoverability, on the basis of the future income expectations of the Group companies.

Provisions for risks

As it operates globally, the Group is subject to legal and tax risks deriving from the normal operations. The Group recognises and measures contingent liabilities on the basis of assumptions mainly relating to the probability and extent of the financial outlay.

2.4 Most significant accounting policies used in the preparation of the Consolidated Financial Statements

The consolidated financial statements are presented in Euro, the Parent's functional and presentation currency. Transactions in foreign currencies are translated into the functional currency of each Group company at the exchange rate in force at the date of the transaction. Monetary items in foreign currency at the reporting date are translated into the functional currency using the exchange rate at that date. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates in force on the date on which the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate in force at the transaction date. Exchange gains and losses arising from the translation are generally recognised in profit or loss for the year under financial income and expense.

The exchange rates used to translate into Euro the financial statements of Worldconnect and Immobiliare Helvetica as at and for the year ended 31 December 2022 were as follows:

Currency	2022 average	31 December 2022	2021 average	31 December 2021
Euro/CHF	1.005	0.985	1.081	1.033

The exchange rates used to translate the financial statements of Cellularline USA as at and for the year ended 31 December 2022 into Euro were as follows:

Currency	2022 average	December 2022	2021 average	December 2021
Euro/USD	1.053	1.067	*Not applicable*	*Not applicable*

Intangible assets

Intangible assets acquired or generated internally are recognised as assets, in accordance with IAS 38, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably determined. Intangible assets with finite useful lives are measured at the costs incurred to acquire or internally generate the asset, net of accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful life, which is the estimated period over which the assets will be used by the Group. The amortisation rates used are summarised below, by category of intangible assets:

Category	Amortisation rate
Development costs	50%
Cellularline customer relationships	7.7%
Software	33%
Licenses	33-50%
Cellularline trademark	5.5%
Interphone trademark	10%
Systema trade agreement	14%
Skross trademark	10%
Q2Power trademark	10%
Worldconnect customer relationships	7%

Worldconnect patents	10%
Other	33%

If the licences refer to specific service contracts, they are amortised over the term of the relevant contract. Some of the above items are detailed below.

Development costs

Costs incurred for research and development projects are those incurred with the aim of studying and acquiring knowledge for new or improved products, processes and services. If these costs reflect a multi-year utility, i.e., if they have benefits that manifest themselves over several years, they may be capitalised, otherwise they are taken to profit or loss for the year in which they are incurred.
Advertising expenses, which do not meet the requirements of IAS 38, are taken to profit or loss for the year.

Customer relationships

The purchase price allocation procedure entailed the appraisal of the Group's customer relationships as the sum of its customer relationships relating to the Red, Blue and Black lines, in addition to the customer relationship deriving from the acquisition of Worldconnect in 2020. Customer relationships refer to the existing contracts entered into with key customers, enabling the Group to limit access by third parties through the consolidated relationship it has established with the customers. The fair value of customer relationships can be reliably measured as it is possible to identify the economic benefits attributable to this asset by monitoring the revenue generated by individual customers for each product line. The residual useful life, also considering the customer attrition rate, i.e. the percentage of customers who historically interrupt their trade relationships with the Group after a given period of time, can be estimated at 13 years. At 31 December 2022, the Group decided that there was no need to test the Cellularline's customer relationships resulting from the 2018 business combinations, recognised as assets with finite useful lives for impairment. Finally, the original useful life of the customer relationship resulting from the acquisition of Worldconnect is estimated at 14 years.

Software, license and trademarks

This item mainly includes the effect of the purchase price allocation procedure for the fair value of the Cellularline and Interphone trademarks, in addition to the trademarks deriving from the recent acquisition of Worldconnect (in 2020). For the purpose of estimating the fair value, a royalty rate was considered, based on the analysis of comparable market transactions, and applied to the cash flows attributable to each asset. These flows were expressed net of marketing costs aimed at maintaining the intangible asset at the conditions in which it was at the measurement date and net of the related tax burden. The value of the asset is the sum of the present values of the cash flows. The trademarks in question may be separated from the Parent/Group? and transferred, sold or licensed for use to a third party and the Group has the option of limiting access by third parties as they are registered trademarks. In addition, the Group receives the economic benefits attributable to them, reflected in the revenue of the Red line for the Cellularline brand, recognised in Europe for smartphone and tablet accessories for over 25 years, and in the revenue of the Black line for the Interphone brand. The estimated useful lives of these trademarks are 18 and 10 years, respectively. The Skross trademark - acquired in 2020 following the acquisition of the Worldconnect subsidiary - has an estimated useful life of 10 years. The Group did not deem it necessary to test trademarks recognised as assets with a finite useful life for impairment, given that no impairment indicators were detected on specific assets and the results of previous impairment tests showed significant coverage. Software costs, including ancillary expense, relate to software acquired for the Group's use. Licenses refer to software licenses dedicated to specific service contracts.

Patents

This item mainly includes the effect of the purchase price allocation procedure for the fair value of the patents acquired with the recent acquisition of Worldconnect (in 2020). The Dual Excess Earnings Model (DEEM) had been used for the measurement at the time of initial registration of the Patents. The useful life is ten years based on an estimate of the competitive positioning to which the patented products refer. The obsolescence factor considered is the "linear" type, in line with practice and consistent with the useful life identified by the Directors. The original estimated useful life of these patents was 10 years. The Group did not deem it necessary to test these patents recognised as assets with a finite useful life for impairment, given that no impairment indicators were detected.

Trade agreement

The Purchase Price Allocation process, carried out following the acquisition of the company Systema S.r.l., entailed the appraisal of a trade agreement with a leading international telephone operator. In 2006, Systema S.r.l. started the production and marketing of accessories for a leading international telephone operator, establishing a long-term strategic partnership. The asset qualifies as a trade agreement of a contractual nature for the supply of goods and/or services to third parties and meets the following conditions:

- it guarantees future sales, with no fixed expiry and despite both parties having the right to withdraw; the relationship remained continuously in place from 2006 to the date of the Business Combination on 3 April 2019;
- sales are regulated at conditions which guarantee a normal return on investment and an extra income.

The trade agreement meets the requirements identified by IFRS 3 (Business Combination) and IAS 38 (Intangible Assets) for the identification and measurement of intangible assets.

The trade agreement was measured using the Multi-period Excess Earnings Method (MEEM); this method works on the assumption that the income generated by the asset identified as the dominant income-generating asset can be determined as the difference between comprehensive income and the normal remuneration of all other assets (intangible assets and PPE). The fair value of the primary asset is obtained by discounting the expected residual excess earnings over the residual useful life of the asset (multi-period). The Group did not deem it necessary to test the above commercial agreement recorded as an asset with a defined useful life for impairment were identified.

Goodwill

Goodwill acquired in business combinations is initially recognised at cost and represents the excess of the acquisition cost over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquirees. Any negative difference, "negative goodwill", is recognised in profit or loss at the time of acquisition. When a subsidiary is acquired in a business combination achieved in stages, the individual assets and liabilities of the subsidiary are not measured at fair value in each subsequent stage and goodwill is only determined in the first acquisition stage. After initial recognition, goodwill is shown net of impairment losses, determined as described below. At the acquisition date, any emerging goodwill is allocated to each of the cash generating units expected to benefit from the synergies achieved as a result of the acquisition. Any impairment losses are identified through assessments of the ability of each cash-generating unit to generate cash flows capable of recovering the portion of goodwill allocated to it, in the manner indicated in the section on property, plant and equipment. If the recoverable amount of the cash-generating unit is lower than the carrying amount, an impairment loss is recognised. This impairment loss is not reversed if the reasons for it no longer exist. When part or all of an acquiree whose acquisition generated goodwill is sold, the residual carrying amount of goodwill is considered when calculating the gain or loss on the sale.

Impairment

The Group tests for goodwill at least once a year and whenever indicators of impairment are identified, the recoverability of the carrying amount of property, plant and equipment, financial assets and intangible assets other than goodwill to determine whether there is any indication that those assets may be impaired. If such an indication exists, the asset's recoverable amount must be estimated to determine the amount of any impairment loss. When it is not possible to estimate the recoverable amount of a single asset, the Group estimates this amount at the individual company level, which represents the smallest independent cash-generating unit to which the asset belongs. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use (discounting the asset's estimated future cash flows, given the specific risks of the asset). If the recoverable amount is estimated to be less than the carrying amount, it is reduced to the lower recoverable amount. When an impairment loss on assets other than goodwill subsequently ceases to exist or decreases, the carrying amount of the cash-generating unit or asset is increased up to the new estimate of its recoverable amount and may not exceed the amount that would have been determined had no impairment loss been recognised. The reversal of an impairment loss is immediately recognised in profit or loss.

Please refer to Section4.2.1 for the test results at 31 December 2022.

Property, plant and equipment

Property, plant, machinery and industrial equipment used for the production or supply of goods and services are recognised at historical cost, net of accumulated depreciation and any impairment losses; the cost also includes any costs directly incurred to prepare the assets for use. Interest expense incurred on loans obtained to purchase or construct property, plant and equipment is recognised as an increase in the assets only in the case of assets that meet the requirements for recognition as such, i.e. they require a significant period of time to be ready for use or marketable. Ordinary maintenance and repair costs are taken directly to profit or loss for the year in which they are incurred, while maintenance costs that increase the value of assets are allocated to such assets and depreciated with the asset on the basis of its residual possibility of use. Assets under construction and payments on account are recognised as assets based on the cost incurred and/or the advance paid, including directly attributable expenses. Depreciation is calculated on a straight-line basis to the cost of the assets, net of their residual values (when reasonably estimable), over their estimated useful lives, applying the following rates (main categories):

Category	Depreciation rate
Buildings	3%
Plants and machinery	12-30%
Industrial and commercial equipment	15%
Other assets	12-15-20-25%

Assets intended for specific service contracts are an exception and are depreciated according to the duration of the contract. Depreciation begins when the assets are available for use and is calculated at half the normal rate in the year when the assets are places in service, with the exception of property, plant and equipment allocated for instrumental use on specific service contracts, which are depreciated in proportion to the remaining days of the service contract. Gains and losses on the sale or disposal of assets are determined as the difference between the revenue from sale and the asset's carrying amount, and are recognised in profit or loss for the year.

Right-of-use assets

IFRS 16 introduced a single model of accounting for leases in the financial statements of lessees whereby the Group, as lessee, recognised an asset that represents the right to use the underlying asset and a liability that reflects the obligation to pay the lease payments. The accounting methods for the lessor, on the other hand, remain similar to those provided for by the previously applicable standard. The Group has used the option to adopt IFRS 16 with the modified retrospective method, which provided for the possibility of recognising the right-of-use asset at 1 January 2019 for an amount equal to the lease liability remaining at that date, without recalculating the figures for the previous year.

Definition of leasing

In accordance with IFRS 16, the Group assesses whether the contract is a lease or contains a lease on the basis of the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the date of initial application of IFRS 16, the Group decided to adopt an operating procedure that allows it not to re-examine which transactions constitute a lease. IFRS 16 was applied only to contracts that had previously been identified as leases. Contracts that were not identified as leases by applying IAS 17 and IFRIC 4 were not reassessed to determine whether they were leases. Therefore, the definition of a lease in IFRS 16 has been applied only to contracts entered into or amended on or after 1 January 2019.

Lessee accounting model

The Group leases assets such as buildings and motor vehicles. As a lessee, the Group previously classified leases as operating or financial, assessing whether the lease transferred substantially all the risks and rewards of ownership. In accordance with IFRS 16, the Group recognises the right-of-use assets and the lease liabilities in the statement of financial position. However, the Group has decided not to recognise right-of-use assets and lease liabilities of low value assets (less than USD 5,000). Therefore, the Group recognises the lease payments as a cost on a straight-line basis over the lease term. The Group recognises the right-of-use assets that do not meet the definition of investment property under Right-of-use assets, which is the same item it uses to present the same kind of assets that it holds. Right-of-use assets that meet the definition of investment property are presented under Investment property. The Group classifies lease liabilities under 'Other financial liabilities' in the statement of financial position. At the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, then at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any measurement of the lease liability. The right-of-use asset that meets the definition of investment property is recognised under the item of the same name and is initially measured at cost and subsequently at fair value, in accordance with the Group's accounting policies. The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounting them using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate. The lease liability is subsequently increased to reflect interest accrued on the lease liability and reduced to reflect the lease payments made and is remeasured if there is a change in future lease payments resulting from a change in the index or rate, if there is a change in the amounts that the Group expects to pay under a residual value guarantee or when there is a change in the assessment of an option to purchase the underlying asset, extend or terminate a lease. The Group has estimated the lease term of certain contracts in which it acts as a lessee and which provide for renewal options. The Group's assessment of whether or not there is a reasonable certainty of exercising the option influences the estimated lease term, significantly impacting the carrying amount of the lease liabilities and right-of-use assets recognised. The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- it applied the exemption not to recognise right-of-use assets and liabilities for leases with a term of less than 12 months
- it excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- it used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Associates

The Group's equity investments in associates are measured using the equity method. An associate is a company over which the Group exercises significant influence and which cannot be classified as a subsidiary or joint venture. Therefore, the equity investment in an associate is recognised in the statement of financial position at cost, subsequently adjusted for the post-acquisition change in the Group’s interest in the associate’s equity. Goodwill relating to the associate is included in the carrying amount of the investment and is not subject to amortisation. After application of the equity method, the Group determines whether there is any objective evidence that its net investment in the associate is impaired. The income statement reflects the Group's share of the associate's profit (loss) for the year. If an associate recognises adjustments directly in equity, the Group recognises its share and presents it, where applicable, in the statement of changes in equity.

Equity investments in other companies

Investments in other companies that are not subsidiaries or associates are measured at cost, including incidental expenses.

Financial assets and liabilities

Financial assets and liabilities are accounted for and measured in accordance with IFRS 9.
The standard introduces a new model of hedge accounting in order to update the requirements of the current IAS 39. The main updates concern:

- changes to the effectiveness test by replacing the current 80-125% parameter-based approach, with the principle of the "economic relationship" between the hedged item and the hedging instrument; moreover, an assessment of the retrospective effectiveness of the hedging relationship is no longer required;
- the increase in the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities eligible for hedge accounting;
- the change in the accounting treatment of forward contracts and options when they are included in a hedging relationship in order to reduce the volatility in the income statement.

Recognition and measurement

Trade receivables and debt instruments issued are recognised when they originate. All other financial assets and liabilities are initially recognised at the trade date, i.e. when the Group becomes a contractual party to the financial instrument. With the exception of trade receivables that do not contain a significant financing component, financial assets are initially measured at fair value plus or minus - in the case of financial assets or liabilities not at Fair Value Through Profit or Loss (FVTPL) - transaction costs directly attributable to the acquisition or issue of the financial asset. At initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

Classification and subsequent measurement

Upon initial recognition, a financial asset is classified as either at amortised cost or fair value through profit or loss (FVTPL). Financial assets are not reclassified after initial recognition, unless the Group changes its business model for managing financial assets. In this case, all the financial assets concerned are reclassified on the first day of the first reporting period following the change in the business model. A financial asset shall be measured at amortised cost if it is not designated as at FVTPL and both of the following conditions are met:

- the financial asset is held as part of a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows at certain dates that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or Fair Value Through Other Comprehensive Income (FVOCI), as indicated above, are measured at FVTPL. Upon initial recognition, the Group may irrevocably designate the financial asset as measured at FVTPL if, by doing so, it eliminates or significantly reduces an accounting mismatch that would otherwise result from measuring the financial asset at amortised cost or at FVOCI.

Financial assets: subsequent measurement and gains and losses

Financial assets are classified according to the FVTPL or amortised cost measurement method:

- Financial assets measured at FVTPL are subsequently measured at fair value. Net gains and losses, including dividends or interest received, are recognised in profit or loss for the year.
- Financial assets measured at amortised cost are subsequently measured at amortised cost in accordance with the effective interest method. The amortised cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment losses are recognised in profit or loss for the year as are any gains or losses from derecognition.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and exchange gains and losses are recognised in profit or loss, along with any gains or losses on derecognition.

Derecognition

The following are the main requirements for the derecognition of items recognised in the financial statements:

- Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire, when the contractual rights to receive cash flows are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or when the Group does not transfer nor substantially retain all the risks and rewards of ownership of the financial asset and has not retained control of the financial asset.
- Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires. The Group also derecognises a financial liability in the event of a change in the related contractual terms when the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognised at fair value on the basis of the modified contractual terms. The difference between the carrying amount of the financial liability settled and the consideration paid

(including assets not represented by transferred cash and cash equivalents or assumed liabilities) is recognised in profit or loss for the year.

Offsetting

Financial assets and financial liabilities can be offset and the amount resulting from the offset presented in the statement of financial position if, and only if, the Group has both the legal right to offset the amounts and intends either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously.

Impairment losses

Financial instruments and contract assets

The Group recognises loss allowances considering lifetime credit losses. Loss allowances for trade receivables and contract assets are always recognised considering lifetime credit losses. To determine whether the credit risk of a financial asset has increased significantly after initial recognition, in order to estimate the expected credit losses, the Group considers information that reflect reasonable and supportable assumptions that are relevant and available. This includes quantitative and qualitative information and analyses, based on the Group's historical credit losses, on credit assessments and information on expected developments. Lifetime expected credit losses are expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the expected credit losses that result from default events on a financial instrument that are possible within 12 months after the reporting date (or a shorter period of time if the expected life of a financial instrument is less than 12 months). The maximum period to consider when assessing expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

Impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the Group or of the debtor;
- a breach of contract, such as a default or past-due event (more than 90 days);
- the restructuring of a debt or an advance by the Group under conditions that the Group would not otherwise consider;
- it is becoming probable that the debtor will enter bankruptcy or another financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. The Group's policy is to write off the gross carrying amount when the financial asset is more than 90 days past due, based on its historical credit losses of similar assets. Financial assets that have been written off could still be claimed in accordance with the Group's credit recovery procedures.

Non-financial assets
At each reporting date, the Group verifies whether there is objective evidence of impairment based on the carrying amounts of its non-financial assets, investment property, inventories and deferred tax assets; if, on the basis of this verification, there is indication that the assets are impaired, the Group estimates their recoverable amount. The recoverable amount of goodwill is estimated annually.

Inventories

Inventories are measured at the lower of purchase or production cost, determined using a method similar to weighted average cost, including incidental expenses, direct and indirect costs reasonably attributable to them and the estimated realisable value based on market trends. If the net realisable value is lower than cost, the inventories are written down by the difference calculated separately for each item. The write-down is determined following a specific recoverability analysis and is reversed in subsequent years if the reasons for the write-down no longer exist, by reinstating the original value. Goods in transit are measured by specifically identifying the purchase cost.

Cash and cash equivalents

Cash and cash equivalents include cash balances and demand deposits with a maturity of three months or less from the original acquisition date, which are subject to an insignificant risk of changes in fair value and are used by the Group to manage short-term commitments.

Employee benefits

Post-employment benefits were accounted for in accordance with IAS 19.

The post-employment benefits of Italian companies until 31 December 2006 were considered a defined benefits plan; the regulation of this provision has been amended by Law no. 296 of 27/12/2006. This institute is now to be considered a defined-benefit plan exclusively for the amounts accrued before 1 January 2007 (and not yet paid as at the reporting date), while after that date they are treated as a defined-contribution plan, since the amounts of post-employment benefits accrued after 1 January 2007 are transferred to the specific "Treasury Fund" established by INPS (the Italian social security institution) or to another equivalent pension fund, in compliance with the provisions of the aforementioned legislation. Due to the legislative context, the composition of the company's workforce and its seniority, the effects deriving from the use of actuarial techniques and the discounting of future liabilities at the reporting date are considered to be immaterial, considering the nominal amount of the assets as a reliable approximation of the fair value of their expected settlement amount.

Provisions for risks and charges

Provisions for risks and charges are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group

expects that some or all of the expenditure covered by a provision for risks and charges will be reimbursed by another party (for example, through insurance contracts), it recognises a provision for the full amount of the liability and a separate asset for the expected reimbursement when it is virtually certain that reimbursement will be received. In this case, the cost of any related provision is taken to profit or loss, net of the amount recognised for the reimbursement. If the effect of the time value of money is material, the amount of a provision is discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. When provisions are discounted, the increase in the provision due to the passing of time is recognised as a financial expense. The agents' severance indemnity provision (FISC) includes the annual accruals for the payment of indemnities to agents following termination. In fact, in accordance with Italian legislation (art. 1751 of the Italian Civil Code), upon termination of the agency contract for no fault of the agent, the principal must pay an agent severance indemnity calculated in proportion to the total amount of commissions the agent earned during the contract, even if they were not entirely paid when the contract was terminated.
Under IFRS, and considered the guidance provided by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC), the FISC has been considered a post-employment benefit, specifically a defined-benefit plan, which must therefore be accounted for using actuarial techniques. The actuarial valuation of the FISC was carried out using the "Projected Unit Credit Method" (PUM) as provided for by paragraphs 64-66 of IAS 19. This method consists of valuations that express the average present value of the defined benefit obligations and past service cost up to the date of the actuarial valuation, projecting, however, the agent's commissions until the anticipated end date of continuing the agency contract.

Trade payables

The Cellularline Group holds contracts for the supply of goods that include the provision of bonuses, discounts and, in certain circumstances, grants classified as a reduction of trade payables. These premiums, discounts and contributions are recognised either as a percentage of the quantities purchased, as a fixed amount on the quantities bought or sold, or as a defined contribution. Mainly with reference to agreements with a maturity date later than the end of the financial year, which represent a minority share of the premiums and contributions for the financial year, the determination of their amount represents a complex accounting estimate that requires a high degree of judgement as it is influenced by multiple factors. The parameters and information that are used for the estimate are based on the amount purchased or sold and on assessments that take into account historical data regarding the actual recognition of premiums and contributions by suppliers.

Warrant Debt

The capital increase through the exercise of warrants falls within the scope of the accounting standard
IAS 32 'Financial Instruments: Presentation'.
Paragraph 15 of IAS 32 states that 'the issuer of a financial instrument shall classify the instrument, or its components, on initial recognition as a financial liability, financial asset or equity instrument in accordance with the substance of the contractual arrangements and the definitions of financial liability, financial asset and equity instrument.

In particular, paragraph 16 states that 'when an issuer applies the definitions in paragraph 11 ("Rights, options or warrants that give the right to acquire a fixed number of equity instruments of the entity for a fixed amount of any currency are to be treated as equity instruments if the entity offers the rights the rights, options or warrants *pro rata* to all holders of the same class of its own equity instruments") to determine whether a financial instrument is an equity instrument rather than a financial liability, the instrument is an equity instrument if, and only if, both conditions (a) and (b) below are met:

a) The instrument does not include any contractual obligations:

i) to deliver cash or another financial asset to another entity; or

ii) to exchange financial assets or financial liabilities with another entity on terms that are potentially unfavourable to the issuer.

b) If the instrument will or may be settled in the form of equity instruments of the issuer, it is:

i) a non-derivative that entails no contractual obligation for the issuer to deliver a number.

Foreign currency translation

The functional and presentation currency adopted by the Group is the Euro. Assets and liabilities, with the exception of property, plant and equipment, intangible assets and financial assets, originally expressed in the currencies of non-EU countries, are translated into Euro at the closing rate and the exchange gains and/or losses are taken to profit or loss. Revenue and income, costs and expense relating to foreign currency transactions are recognised at the transaction date exchange rate.

Recognition of revenue

Revenue is recognised when control of goods or services is transferred to the customer and to the extent that the Group will receive the economic benefits and the amount can be measured reliably. In addition, they are recognised net of returns, discounts, rebates and premiums.

Recognition of costs

Costs and other operating expenses are recognised in the income statement when they are incurred on an accrual basis and related to revenues, when they do not produce future economic benefits or when they do not qualify for recognition as assets.

Interest and financial income

Financial income and expense are recognised on an accruals basis using the effective interest rate and include exchange gains and losses and hedging gains and losses recognised in profit or loss.

Government grants

Government grants are recognised when there is a reasonable assurance that they will be received and the Group will comply with the conditions relating to them. When grants are related to cost components, they are recognised as revenue, but are systematically allocated over the years so as to match the costs they are intended to offset.

Financial expense

Financial expense is recognised in profit or loss when incurred. Financial expense is capitalised when it refers to an item of property, plant and equipment or an intangible asset that requires a significant period of time to be available for its intended use or for sale.

Income taxes

Current taxes

Current tax assets and liabilities for the current and previous years are measured on the basis of the amount expected to be recovered or paid to the tax authorities. The tax rates and rules used to calculate the amount are those issued and in force at the reporting date.

Deferred taxes

Deferred taxes are calculated using the liability method on the temporary differences at the reporting date between the tax values of assets and liabilities and their corresponding carrying amounts.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for the taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the reversal of the temporary differences can be controlled and it is likely that it will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses and unused tax credits can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). With reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, a deferred tax asset is recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reassessed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed annually at the end of each reporting period and a previously unrecognised deferred tax asset is recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted by the end of the reporting period. Income taxes relating to items recognised directly in equity are recognised directly in equity and not in profit or loss. Deferred tax assets and liabilities are offset if, and only if, the Group/Parent? has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Earnings per share

Basic and diluted earnings per share are shown at the bottom of the income statement. Basic earnings per share are calculated by dividing the profit for the year attributed to owners of the parent by the weighted average of ordinary shares outstanding during the year, excluding treasury shares. To calculate diluted earnings per share, the weighted average of outstanding shares is adjusted by assuming the conversion of all potential dilutive shares.

Risks, commitments, guarantees

Commitments and guarantees are indicated at their contractual value, as along with the risks for which a liability is only possible, without allocating provisions for risks. Risks for which a liability is probable are described in the notes and the amount is accrued, in accordance with the principle of fairness, in the provisions for risks. Risks of a remote nature are not taken into account.

2.4.1 New accounting standards, amendments and interpretations endorsed by the European Union that became effective as of the year beginning 1 January 2022

With Regulation (EU) no. 2021/1080 of 28 June 2021, published in the Official Journal of the European Union on 02 July 2021, the following documents published by the IASB Board on 14 May 2020 were adopted:

- Property, plant and equipment - Proceeds before intended use (Amendments to IAS 16)
- Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Improvements to IFRSs - 2018-2020 cycle (Amendments to IFRS 1, IFRS 9 and IAS 41).

Amendments to IAS 16 - Property, plant and equipment: proceeds before intended use

The aim was to outline the accounting treatment of proceeds from selling goods produced with the use of an asset before bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management (the "testing phase"). The IASB Board has clarified that the proceeds from selling goods produced by an asset during the period prior to the date on which the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management must be recognised in profit/(loss) for the year. As a result of the above amendment, it will no longer be permitted to recognise as a direct reduction of the cost of the asset proceeds from selling goods produced before the asset is available for its intended use, for example, from selling samples produced when testing whether the asset is functioning properly. Goods produced pending sale are recognised as inventories in accordance with IAS 2 Inventories; the cost of production does not include the depreciation of the asset from which they were produced, as the latter is not yet subject to depreciation. The notes must disclose the amount of revenue and expense relating to goods produced, which are not outputs of ordinary activities, and the line items in which such revenue and expense are included (if they are not presented separately in the financial statements). Retroactive application is permitted only for assets that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management, on or after the earliest comparative annual reporting period presented. The effect of first-time application is recognised in the opening equity of the earliest comparative annual reporting period presented.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The IASB Board clarified that the cost of fulfilling a contract comprises the costs that relate directly to a contract and therefore include:

- the incremental cost of fulfilling a contract, i.e., costs that would not have been incurred in the absence of the contract (e.g. raw materials, direct labour costs, etc.)
- an allocation of other costs that relate directly to fulfilling contracts, although not incremental, (e.g. allocation of depreciation of assets used in fulfilling the contract).

The IASB Board, moreover, confirmed that, before a separate provision for an onerous contract is established, the entity recognises any impairment loss that has occurred on non-current assets and clarified that impairment losses must be determined with reference not only to assets fully dedicated to the contract, but also to other assets that are partially used in fulfilling the contract.

Retrospective application is permitted for contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the amendments to IAS 37 are applied. The effect of first-time application is recognised in the opening equity without restatement of comparative figures.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In March 2018, the IASB Board published the new "Conceptual Framework for Financial Reporting" ("Conceptual Framework"), which replaced the previous document "Systematic Framework for the Preparation and Presentation of Financial Statements", published in 2001 and partially revised in 2010. Not being an accounting standard, the Conceptual Framework is not subject to endorsement by the European Union. Following the publication of the new Conceptual Framework, the IASB Board initiated a two-phase project to update references to the new Conceptual Framework in the various international accounting standards and interpretations. The amendments update the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing any changes to the provisions of the standard. IFRS 3 requires compliance with the definitions included in the Conceptual Framework as a general condition for recognising the assets and liabilities of the acquiree. With the amendment to IFRS 3, the new definitions of assets and liabilities in the new Conceptual Framework published in March 2018 will have to be used to identify the assets and liabilities of the acquiree, with the exception of liabilities assumed in the acquiree, which after the acquisition date are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Taxes. The purpose of this exception is to prevent an acquirer from recognising a liability or contingent liability based on the new Conceptual Framework definition and then derecognising it by applying the recognition criteria of IAS 37 and IFRIC 21. Applying the new Conceptual Framework's definition of a liability, an acquirer would, for example, have had to recognise a liability at the date of acquisition of the business with respect to the acquiree's obligation to pay a tax other than income tax, as it

represents a "present obligation to transfer economic resources arising from past events and which the entity does not have the ability to avoid"; if the obligating event giving rise to the liability has not yet occurred, the liability should be derecognised after the business combination in accordance with IFRIC 21.
Early application is permitted if all other amendments to the references to the new Conceptual Framework published in March 2018 are applied.

Improvements to IFRSs - 2018-2020 cycle (Amendments to IFRS 1, IFRS 9 and IAS 41)
The Improvements to IFRS Standards are the result of the annual improvement process aimed at resolving non-urgent issues related to inconsistencies or unclear terminology identified in the International Financial Reporting Standards.

- IFRS 1 First-time Adoption of IFRS Accounting Standards - Controlled Entities as First-time Adopters
Subsidiaries, associates or joint ventures that apply IFRS Accounting Standards for the first time after their parent/participant have the option, at the date of transition, to measure their assets and liabilities at the same carrying amounts in the consolidated financial statements of the parent/participant, net of any effects arising from consolidation procedures or equity method measurement. If the exemption described above is applied, the entity has the option, at the date of transition, to recognise the translation reserve at the same value as in the consolidated financial statements of the parent/participant.
- IFRS 9 Financial Instruments - Fees in the '10% test' for derecognition of financial liabilities
A modification of the contractual terms of a financial liability is material if the modified cash flows, including any fees paid net of any fees received, discounted using the original effective interest rate, differ by at least 10% from the present value of the cash flows before the modification. Only fees paid or received between the borrower and the lender and fees paid or received by the borrower or by the lender on behalf of the other party are to be included in the 10% test.
- Illustrative examples of IFRS 16 Leases - Lease Incentives
The amendment removes from Illustrative Example 13 of IFRS 16 the accounting treatment in the lessee's financial statements of a reimbursement received from the lessor for leasehold improvements, as the conclusion of the example was not supported by an adequate explanation.
In the illustrative example, the reimbursement was not considered a lease incentive but had to be accounted for in accordance with other Standards, although IFRS 16 defines "lease incentives" as "payments made by the lessor to the lessee associated with a lease, or reimbursement or assumption by the lessor of costs of the lessee ".
The amendment has not been endorsed by the EU because the illustrative examples are not an integral part of IFRS 16.
- IAS 41 Agriculture - Taxation in Fair Value Measurements
It has been clarified that tax-related cash flows need not be excluded when measuring the fair value of biological assets. This change stems from the fact that in practice, the discount rate used by market participants is usually a post-tax rate, and consequently the discounted cash flows must also be post-tax.

The following is a list of documents applicable beginning with the financial statements for financial years beginning 1 January 2022 described above:

Document title	Issue date	Date of entry into force	Date of EU endorsement regulation (publication date in the EUOJ)
Reference to the Conceptual Framework (Amendments to IFRS 3)	14 May 2020	1 Jan. 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37)	14 May 2020	1 Jan. 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Property, plant and equipment - Proceeds before intended use (Amendments to IAS 16)	14 May 2020	1 Jan. 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)
Annual improvements to IFRS Accounting Standards (2018-2020 cycle) (Amendments to IFRS 1, IFRS 9, IFRS 16 (*) and IAS 41)	14 May 2020	1 Jan. 2022	(EU) 2021/1080 of 28 June 2021 (2 July 2021)

(*) The amendment to IFRS 16 has not been endorsed by the European Union insofar as it refers to an illustrative example that is not an integral part of the Standard.

2.4.2 New accounting standards, amendments and interpretations endorsed by the European Union and effective from 1 January 2023

With Regulation (EU) no. 2022/357 of 02 March 2022, published in the Official Journal of the European Union on 03 March 2022, the following documents published by the IASB Board on 12 February 2021 were adopted:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).

Disclosure of Accounting Policy information (Amendments to IAS 1 Presentation of Financial Statements).
With the Amendments to IAS 1, the IASB Board set out some guidelines for selecting accounting policies to be described in the notes to the financial statements. IAS 1, prior to the amendments, required entities to disclose information on adopted accounting policies that were significant, leading to difficulties and confusion among preparers and primary users of financial statements as IFRS Standards lacked a definition of "significant". However, IAS 1 provides the definition of "material" and, therefore, the IASB amended IAS 1 to clarify that an entity shall disclose in the notes to the financial statements the material accounting policy information and not describe all significant accounting policies. The Amendments to IAS 1 describe certain circumstances in which an entity might normally conclude that information about an accounting policy is material to its financial statements. The "specific" obligation to describe the measurement basis adopted for the preparation of the financial statements has been eliminated, as this information requirement is already included in the "general" obligation to provide material accounting policy information.
As a result of the Amendments to IAS 1, the following accounting standards were also adjusted to align the disclosure requirements on accounting policies with the provisions of IAS 1 described above:
- IFRS 7 *Financial Instruments: Disclosures*

- IAS 26 *Accounting and Reporting by Retirement Benefit Plans*
- IAS 34 *Interim Financial Reporting*.

The Amendments to IAS 1 will become effective for financial statements of financial years beginning on or after 1 January 2023 and early application is permitted.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors). The purpose of the Amendments to IAS 8 is to resolve the interpretative difficulties, encountered in practice, in distinguishing a change in accounting estimates from a change in accounting policies, for which different accounting treatments are provided:

- the effects of a change in accounting estimates are generally recognised prospectively in the financial statements;
- the effects of a change in accounting policies are generally recognised retrospectively.

The current IAS 8 provides an insufficiently clear definition of "change in accounting estimates", as it lacks a specific definition of "accounting estimates". For this reason, the Amendments to IAS 8 focused, on the one hand, on developing a new definition of "accounting estimates" and, on the other hand, on clarifying the relationship between "accounting estimates" and "accounting policies". The Amendments to IAS 8 will become effective for financial statements for financial years beginning on or after 1 January 2023 and must be applied prospectively. Early application is permitted. Regulation (EU) no. 2022/1392 of 11 August 20221 endorsed "*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes)*", published by the IASB Board on 7 May 2021. The Amendments to IAS 12 clarify the accounting treatment of deferred taxes ("DTA/DTL") relating to assets and liabilities recognised in the financial statements as a result of an individual transaction, the carrying amounts of which differ from the tax bases.

The IASB Board has clarified the following:

- the exceptions to the initial recognition of deferred tax assets and liabilities do not apply if a single transaction results in a taxable and deductible temporary difference of equal value in the financial statements;
- deductible and taxable temporary differences must be calculated by considering separately the asset and liability recognised in the financial statements as a result of a single transaction and not on their net value. Deferred tax assets related to deductible temporary differences, determined as indicated above, are recognised in the financial statements only if deemed recoverable.

Finally, the IASB Board has clarified that if taxable and deductible temporary differences relating to the initial recognition of an asset and a liability in the financial statements as a result of a single transaction have a different value, the entity should not recognise the assets and liabilities for deferred taxes, as their initial recognition would result in an initial adjustment to the carrying amount of the asset or liability to which they relate, making the financial statements less transparent. The Amendments to IAS 12 are effective for financial statements for financial years beginning on or after 1 January 2023. Early application is permitted by providing adequate disclosure in the notes to the financial statements. The transitional provisions for the first application of the Amendments to IAS 12 provide as follows:

- the Amendments to IAS 12 are to be applied to all transactions entered into since the opening date of the first comparative period presented
- at the opening date of the earliest comparative period presented, the entity shall recognise as an adjustment to the opening balance of retained earnings (or, based on the specific circumstances, other component of equity) deferred tax assets, if deemed recoverable, and deferred tax liabilities with respect to all associated deductible and taxable temporary differences:
- right-of-use assets and lease liabilities; and
- provisions for decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

The above transitional provisions are also applicable to entities that prepare their financial statements in accordance with IFRS Standards for the first time ("first-time adopters"). In this case, the opening date of the first comparative period presented coincides with the date of transition to IFRS ("transition date"). First-time Application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17 Insurance Contracts). Effective for financial statements for annual periods beginning on or after 1 January 2023, IFRS 17 Insurance Contracts, which is the new accounting standard, replacing IFRS 4, applicable to the recognition, measurement, presentation and disclosure of insurance contracts issued by an entity and/or reinsurance contracts held by an entity, will become effective. Entities principally engaged in the business of insurance and which, as of 1 January 2018, had exercised the option to defer the application of IFRS 9 Financial Instruments, while continuing to apply the requirements of IAS 39 Financial Instruments: Recognition and Measurement for the recognition, measurement and presentation of financial instruments, will be required to apply both IFRS 17 and IFRS 9 for the first time from 1 January 2023.

The Amendments to IFRS 17 are intended to eliminate accounting mismatches that may arise in comparative financial statement data as a result of the first-time application of IFRS 17 and IFRS 9.

The transitional provisions of IFRS 17, in fact, stipulate that the new standard must be applied retrospectively for the first time with restatement of comparative data, unlike the transitional provisions of IFRS 9, which do not require the restatement of comparative data and, in particular, do not require the application of the new provisions of IFRS 9 with regard to the classification and measurement of financial assets, if such financial assets have been derecognised under IAS 39 during the comparative period. In particular, with the Amendments to IFRS 17, the IASB Board included among the transitional provisions of IFRS 17 a new option, called "classification overlay", which allows insurance entities applying IFRS 17 and IFRS 9 at the same time to classify and measure financial assets related to insurance business in the comparative financial statements under the provisions of IFRS 9. By Regulation (EU) no. 2021/2036 of 19 November 2021, the European Commission endorsed IFRS 17 Insurance Contracts, in the version published by the International Accounting Standards Board on 18 May 2017 and subsequently amended on 25 June 2020. IFRS 17, which replaces IFRS 4 Insurance Contracts, is effective for annual periods beginning on or after 1 January 2023. Early application is permitted for entities that already apply IFRS 9 Financial Instruments or that begin to apply this standard from the date of first-time application of IFRS 17.

The main changes introduced by the new standard include, in particular:

- valuation of technical provisions at, essentially, current values
- transformation of the estimate of the expected profit of insurance contracts into an accounting measure; IFRS 17 introduces the concept of the expected profit of insurance contracts to be recognised in the profit/(loss) for the year over the life of the contract
- introduction of the concept of a "portfolio of insurance contracts", which in turn is subdivided into "groups of insurance contracts"
- new presentation in the statement of profit/(loss) for the year significantly different from the past and more aligned to a "by margin" logic.

The following is a list of documents applicable beginning with the financial statements for financial years beginning 1 January 2023 described above:

Document title	Issue date	Date of entry into force	Date of EU endorsement regulation (publication date in the EUOJ)
Disclosure of accounting policies (Amendments to IAS 1) (*)	12 Feb. 2021	1 Jan. 2023	(EU) 2022/357 of 2 Mar 2022 (3 March 2022)
Definition of Accounting Estimates (Amendments to IAS 8)	12 Feb. 2021	1 Jan. 2023	(EU) 2022/357 of 2 Mar 2022 (3 March 2022)
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	7 May 2021	1 Jan. 2023	(EU) 2022/1392 of 11 Aug. 2022 12 August 2022
IFRS 17 Insurance Contracts (**) (including amendments of 25 June 2020)	18 May 2017 25 June 2020	1 Jan. 2023	(EU) 2021/2036 of 19 Nov 2021 (23 November 2021)
First-time Application of IFRS 17 and IFRS 9- Comparative Information (Amendments to IFRS 17)	9 Dec. 2021	1 Jan. 2023	(EU) 2022/1491 of 8 Sep. 2022 (9 September 2022)

(*) The document published by the IASB Board includes amendments to "IFRS Practice Statements 2 - Making Materiality Judgements", which is not subject to EU endorsement as it is not an accounting standard or interpretation.
(**) The EU endorsed IFRS 17 with a change from the version published by the IASB Board. In particular, the EU has provided entities with an option and not an obligation to group contracts characterised by intergenerational mutualisation and cash flow matching into annual cohorts.

Accounting standards, amendments and interpretations not yet endorsed by the European Union

Document title	Issue date	Date of entry into force	Date of EU endorsement regulation (publication date in the EUOJ)
Standards			
IFRS 14 - Regulatory deferral accounts	30 Jan. 2014	1 January 2016 (*)	Unplanned
Amendments			
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	11 Sept. 2014 17 Dec. 2015	Indefinite (**)	Unplanned
Classification of liabilities as current or non-current (Amendments to IAS 1) + Non-current liabilities with covenants (Amendments to IAS 1)	23 Jan. 2020 15 Jul. 2020 31 Oct. 2022	1 January 2024	TBD

Lease liabilities in a sale and leaseback (Amendments to IFRS 16)	22 Sep. 2022	1 January 2024	TBD

(*) IFRS 14 came into force starting 1 January 2016, but the European Commission decided to suspend the endorsement process pending the new accounting standard on "rate-regulated activities".
(**) In December 2015, the IASB Board published the document "Effective date of amendments to IFRS 10 and IAS 28" by which it removed the mandatory effective date (which was scheduled for 1 January 2016) pending completion of the equity method project.

2.5 Segment reporting

The Group has identified one operating segment, which includes all the services and products provided to customers, and it coincides with the entire Group. The Group's vision of a single business means that it has identified one single Strategic Business Unit ("SBU"). The Group's activities develop through one operating segment, which can be divided into three main product lines:

- Red line (accessories for multimedia devices);
- Black line (accessories for motorcycles and cycling);
- Blue line (third party products marketed under distribution agreements).

3. Information on financial risks

Within the framework of business risks, the main risks identified, monitored and, to the extent specified below, actively managed by the Group are the following:

- credit risk (both in relation to normal business relations with customers and financing activities);
- liquidity risk (with reference to the availability of financial resources and access to the credit market and financial instruments in general);
- market risk (defined as exchange rate and interest rate risk).

The aim is to maintain a balanced management of its financial exposure over time, ensuring a liability structure that is in balance with the composition of the assets on the balance sheet and capable of ensuring the necessary operational flexibility through the use of liquidity generated by current operating activities and recourse to bank loans. The following section provides qualitative and quantitative benchmarks on the incidence of these risks

3.1 Credit risks

Credit risk is the risk that a customer or one of the counterparties to a financial instrument may cause a financial loss by defaulting on an obligation and arises mainly from the Group's trade receivables and financial investments. The Group is exposed to the risk that its customers may delay or fail to meet their payment obligations within the agreed terms and conditions and that the internal procedures adopted in relation to the assessment of creditworthiness and solvency of customers are not sufficient to ensure the successful completion of collections. Such failed payments, late payments or other default situations may be due to the insolvency or bankruptcy of the customer, economic events or specific situations of the customer. Specifically, attention must be paid to the credit policy with regard to both long-standing and newly acquired customers, strengthening the policies of preventive action, by acquiring more complete commercial information (from different sources) for all major and/or new customers and by progressively increasing the systematic way in which credit report analyses are conducted, including the assessment of the customer portfolio and the assignment of credit limits. The Group recognises a

loss allowance considering estimated losses on trade receivables, other assets and non-current financial assets. The main components of this allowance are the individual losses on significant exposures and the collective impairment of homogeneous groups of assets for losses already incurred that have not yet been identified; the collective impairment is determined on the basis of the historical data on similar credit losses.
To date, credit risk on trade receivables has not increased as a result of COVID-19, thanks to both the high quality of the customer portfolio and the careful credit monitoring strategy managed at Group level.

3.2 Liquidity risk

From an operational point of view, the Group controls the liquidity risk through the annual planning of expected cash flows and payments. Based on the results of such planning, it identifies financial requirements and thus the financial resources to cover them. In order to prevent unforeseen cash outflows from becoming critical, the Group aims to keep a balance between maintaining the funding and flexibility, through the use of available liquidity and credit lines.

3.3 Interest rate risks

In relation to the risk of changes in interest rates, the Group has not yet entered into interest rate swaps to hedge the interest-rate risk on the syndicated loan, started on 26 October 2020 for an original amount of EUR 50 million (reduced to EUR 25 million as at 31 December 2022), given also the current limited level of net indebtedness, if any, recognised in order to align forecasts on interest rate trends, the Company has taken care to receive, with regard to the pooled loan, a precise forecast of the cost of debt itself, projected to 30 June 2023.

Notes to the Statement of Financial Position

The following are notes to the main assets and liabilities in the consolidated financial statements at 31 December 2022 and 31 December 2021.

ASSETS

NON-CURRENT ASSETS

4.1 Intangible assets

The specific table below shows changes in this item, indicating the historical cost, accumulated amortisation, changes in the year and the closing balance of each asset. Amortisation was calculated using the rates that reflect the assets' residual useful lives.

The balance of intangible assets, broken down by category at 31 December 2022 and 31 December 2021, is shown below:

(In thousands of Euro)	Carrying amount 31 December 2021	Increases	(Amortisation)	(Decreases/Impairment losses)	Reclassifications	Use of provision	Exchange difference	Carrying amount 31 December 2022
Development costs	1,080	1,386	(1,375)	-	6	-	15	1,111

Industrial patents and intellectual property rights	4,526	1,321	(1,838)	-	418	-	154	4,582
Concessions, licenses, trademarks and similar rights	19,085	59	(1,514)	-	-	-	134	17,765
Customer relationships	36,233	-	(5,123)	-	-	-	146	31,256
Assets under development and payments on account	431	114	-	(7)	(424)	-	-	114
Other	-	-	-	-	-	-	-	-
Total intangible assets	**61,355**	**2,880**	**(9,851)**	**(7)**	**-**	**-**	**449**	**54,826**

The changes in intangible assets between 31 December 2021 and 31 December 2022, are shown below:

(In thousands of Euro)	
Opening balance	**61,355**
Increases	2,880
Business combinations	-
(Decreases)	(7)
Use of provision	-
Exchange difference	449
(Amortisation and impairment losses)	(9,851)
Impairment test	
Closing balance	**54,826**

With reference to the consolidated financial statements at 31 December 2022, it should be noted that the Group made investments of EUR 2,880 thousand, mainly for the implementation of IT systems for the development of the E-Commerce platform and for R&D of product and brand.

In particular, investments are mainly attributable to:

- development costs of approximately EUR 1,386 thousand; this item includes the costs incurred for investments in specific product innovation projects. These are considered to generate long-term benefits, as they relate to projects under development, whose products are clearly identified, are intended for a market with sufficient profit margins to cover the amortisation of capitalised costs, which is normally two years;
- industrial patents and intellectual property rights, equal to EUR 1,321 thousand: this item mainly includes software, i.e. the costs incurred for the implementation and development of the main management programme and other specific applications, which are normally amortised over three years. The investments are mainly related to updates to the SAP management software and further innovations/IT projects, aimed at having increasingly effective and efficient information tools to support the organisational structure.

4.1.1 Measurement of Customer Relationships and Trademarks

At 31 December 2022, Cellularline's Customer Relationship with a defined useful life recognised in the consolidated financial statements amounted to EUR 31,256 thousand, net of accumulated amortisation and impairment losses; the Group did not carry out the impairment test, as, following internal analyses performed by the management, it did not detect any specific impairment indicators on the asset, in consideration of the fact that several long-term renewals were carried out with strategic customers during 2022 and, therefore, the core of the most relevant customers from the 2018 business combination perimeter does not appear to be at risk. Similarly, the value of Trademarks, net of amortisation, amounted to EUR 17,765 thousand and, as previously reported, following internal analyses carried out by the management, no impairment indicators were identified on this item.

4.2 Goodwill

The details of Goodwill at 31 December 2022 and 31 December 2021 are shown below:

(In thousands of Euro)		
	31 December 2022	**31 December 2021**
Goodwill	34,272	108,773
Total Goodwill	**34,272**	**108,773**

Changes in Goodwill in the year are shown below:

(In thousands of Euro)	**Goodwill**
Opening balance	**108,773**
Acquisitions	-
Exchange difference	583
Increases	341
(Impairment losses)	(75,425)
Closing balance	**34,272**

The carrying amount of goodwill at 31 December 2022, equal to EUR 34,272 thousand, decreased compared to the year ended 31 December 2021 by EUR 75,425 thousand for impairment.

IFRS 3

On 28 October 2022, Cellularline finalised the acquisition of 80% of the share capital of Subliros S.L., amounting to EUR 177 thousand. In accordance with the investment agreement, Cellularline and the non-controlling shareholders of Subliros S.L. will have the power to exercise, in multiple tranches, their respective put & call options over the remaining non-controlling interest, respectively equal to 14% to 6% (up until the approval of the financial statements for the year ending 31 December 2026), of its share capital. At the reporting date, the liability for the purchase of each tranche comes to EUR 119 thousand. As required by IFRS 3, the difference between the price paid and the provisional fair value (corresponding to the carrying amount) of the net assets acquired was preliminarily attributed for EUR 341 thousand to goodwill. Below is the fair value of the net assets acquired:

(In thousands of Euro)	**30 October 2022**
Property, plant and equipment	18
Inventories	54
Deferred tax assets and other assets	29
Cash and cash equivalents	41
Total assets acquired	**142**

Bank loans and borrowings and loans and borrowings from other financial backers	(117)
Other financial liabilities	(19)
Deferred tax liabilities and other liabilities	(43)
Trade payables	(8)
Total liabilities assumed	**(187)**
Total acquired equity	**(45)**
Goodwill	341
Price paid	**296**

Accounting effects of the business combination

It should be noted that, at the time of the acquisition of Subliros S.L., Cellularline, as provided for by IFRS 3, opted for making a provisional allocation to goodwill of the cost of the business combinations to the fair value of the assets acquired, the liabilities and potential liabilities assumed. If any new information should be obtained within one year from the acquisition date relating to facts and circumstances existing at the acquisition date leads to adjustments to the amounts disclosed or to any further provisions existing at the acquisition date, the accounting for the acquisition will be revised. The accounting standard for business combinations is IFRS 3, which requires that all business combinations be accounted for by applying the "acquisition method".

Goodwill arising from the acquisition was recognised as shown in the table below:

(In thousands of Euro)	30 October 2022
Total consideration transferred	296
Fair value of net identifiable assets	45
Goodwill	**341**

4.2.1 Impairment test on goodwill

AtAs 31 December 2022, goodwill recognised in the Group's consolidated financial statements amounted to EUR 34,272 thousand and was allocated to the sole cash-generating unit (hereinafter also referred to as the "CGU"), which coincides with the entire Cellularline Group. For the purpose of the impairment test, the Directors deemed it appropriate to maintain a single CGU. This approach is consistent with what was done when the Group's CGU was first defined in 2018 and following the previous acquisition of Systema and Worldconnect in previous years. The main factors considered by the Directors for this assessment were: (i) the identification of a single "decision making process", integrated at Group level and strongly centralised on the basis of the Group's development plans, also in the area of financial planning; (ii) the current and/prospective synergies between procurement activities, thanks also to the current supply chain specialised in the Far East; (iii) a monitoring of company performance in line with the Group's current logic (Red, Black, Blue lines). Once a year and each time there is an indication of impairment, the Group tests the recoverable amount of intangible assets, property, plant and equipment and financial assets, in order to determine whether there is any indication that these assets are impaired. If such an indication exists, the asset's recoverable amount must be estimated to determine the amount of any impairment loss. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use (discounting the asset's estimated future cash flows, given the specific risks of the asset). If the recoverable amount is estimated to be less than the carrying amount, it is reduced to the lower recoverable amount. When an impairment loss on assets other than goodwill subsequently ceases to exist or decreases, the carrying amount of the cash-generating unit or asset is increased up to the new estimate of its recoverable amount and may not exceed the amount that would have been determined had no impairment loss been recognised. The reversal of an impairment loss is immediately recognised in profit or loss. In accordance with the applicable standards (IAS 36), to test goodwill for impairment at 31 December 2022, the Directors carried out a specific impairment test, with the support of an independent advisor. In particular, the impairment test was carried out on the entire Group, which represents the cash generating unit to which the goodwill was allocated, on the basis of the performance and financial forecasts contained in the Business Plan approved by the Directors on 15 March 2023, for the period 2023-2026, and using the discounted cash flow model.

This criterion is based on the general concept that the Enterprise Value of an entity is equal to the present value of the following two elements:

- the cash flows it will be able to generate within the forecast period;
- the residual value, i.e., the value of the business as a whole, after the forecast period.

The discount rate used was the weighted average cost of capital ("Weighted Average Cost of Capital" or "WACC") of approximately 11.76% and an estimated sustainable growth rate ("g") of 1.91%. The WACC is the average of the cost of equity and the cost of debt capital weighted on the basis of the financial structure of comparable companies. and incorporates the physiological updating of the market parameters underlying the calculation of this parameter (risk free rate and cost of debt) with respect to 31 December 2021, giving significant relevance to the market parameters observable in the second part of 2022, consistent with the recent pronouncements of valuation practice on the subject, showed significant deviations, leading to a significant increase in the discount rate used. Moreover, it is noted that the WACC used for the 2022 impairment test also includes a component (the "execution risk", with an impact on the calculation of the finished rate of 1.47%, representing the estimated risk due to the current degree of volatility and uncertainty reflected by the contingent macroeconomic environment. As regards forecasts, the estimates and data relating to the performance and financial forecasts to which the above parameters are applied are determined by the Directors on the basis of past experience and expectations of developments in the markets in which the Group operates. The analyses carried out have led to an estimate of the recoverable amount, in the form of the Enterprise Value, of about EUR 170.8 million; this amount is lower than the carrying amount at the reporting date, meaning that there is an impairment loss of EUR 75.4 million, of which EUR 39.9 million already booked at 30 June 2022. This impairment loss is mainly related to the increase in the official discount rates applied by the Federal Reserve and the ECB in 2022 and the prudent introduction of the above-specified execution risk, whilst, residually, it is related to the update of the Business Plan, which nevertheless confirms the Group's medium- to long-term objectives. Impairment testing is characterised by a high level of judgement, in addition to the uncertainty inherent in any forecast, especially in relation to:

- the expected operating cash flows, calculated by taking into account the general economic performance (including expected inflation rates and exchange rates) and that of the company's sector and the actual cash flows generated by the CGU in previous years;

- the financial parameters to be used to discount the above cash flows.

The results obtained were subjected to a sensitivity analysis considering that it is reasonably possible that a change in the assumptions underlying the test could significantly alter the results. This analysis showed that alternatively (i) a further 5% reduction in EBITDA, with respect to what has already been reflected in WACC through the aforementioned correction factor, leads to a higher impairment of Goodwill of EUR 11.6 million, (ii) an increase in WACC of +1% leads to a higher impairment of Goodwill of EUR 16.8 million, and (iii) a zero-growth rate (g-rate) leads to a higher impairment of Goodwill of EUR 13.8 million.

As a result of the economic-financial results reflected in the 2022 consolidated financial statements, there remains a significant difference between the Stock Market capitalisation and the net carrying amount of equity at 31 December 2022, with the clarification that the value configuration chosen to determine the recoverable amount for impairment testing purposes is that of 'value in use', used in accordance with the dictates of international accounting standards, which define the recoverable amount that can be used for impairment testing as the greater of value in use and fair value (approximated by market capitalisation and analysts' target price). With reference to the trend in the market capitalisation of Cellularline's stock, it should be noted that the significant reduction in the value per share occurred in conjunction with the outbreak of the COVID-19 pandemic in the first half of 2020, which, as is known, had a strong impact on the Group's results, and that subsequently the stock has not regained levels comparable to those recorded before the pandemic. Over the same time horizon, analysts covering the stock have progressively adjusted their expectations in line with the stock's trend, although the target prices of the most recent reports available remain on average higher than the market price as of 31 December 2022.

The differences between value in use and market capitalisation/target price of analysts hedging the stock are generally attributable to the following factors:

- different inputs used to calculate value in use, in terms of cash flows, discount rates (WACC) and any other key variables in the valuation (e.g. g-rate);
- presence of information asymmetries between the market and Management (e.g. in the case of forecast data not disclosed to the market and used by Management for its own internal evaluations);
- different relevant time horizons, i.e. the market generally has an investment horizon that implies a shorter-term view than the more long-term-oriented logic typically reflected by the DCF applied to a medium- to long-term business plan drawn up by management;
- different value configuration in measurement (value in use and fair value).

In particular, the difference in the estimated price per share between what can be found in the Group's impairment test and what is expected by analysts appears reasonably attributable to the different forecast data used. In fact, the Business Plan, from which the cash flows used for impairment testing originate, differs in both operating flows and time horizon.

4.3 Property, plant and equipment

The specific table below shows changes in this item, indicating the historical cost, accumulated depreciation, changes in the year and the closing balance of each asset. Depreciation was calculated using the rates that reflect the property, plant and equipment's residual useful lives. The balance of Property, plant and equipment, broken down by category at 31 December 2022 and 31 December 2021, is shown below:

(In thousands of Euro)	Carrying amount 31 December 2021	Increases	(Depreciation)	(Decreases/ Impairment losses)	Exchange difference	Reclassifications	Use of provision	Carrying amount 31 December 2022
Land and buildings	5,051	8	(175)	-	56	-	-	4,940
Plant and machinery	308	162	(124)	-	2	48	-	396
Industrial and commercial equipment	1,959	1,459	(1,162)	(267)	29	47	219	2,284
Assets under construction and payments on account	169	36	-	(4)	-	(95)	-	106
Total property, plant and equipment	**7,487**	**1,665**	**(1,461)**	**(271)**	**87**	**-**	**219**	**7,726**

The changes in Property, plant and equipment between 31 December 2021 and 31 December 2022 are shown below:

(In thousands of Euro)	
Opening balance	**7,487**
Increases	1,665
Acquisitions of business units	-
(Decreases)	(271)
(Depreciation and impairment losses)/revaluations	(1,461)
Exchange difference	87
Decreases in accumulated depreciation	219
Closing balance	**7,726**

At 31 December 2022 the item consisted mainly of buildings used as the operating offices of Group companies for EUR 4,940 thousand and industrial and commercial equipment for EUR 2,284 thousand (mainly furniture, furnishings, office equipment and moulds). The Group made investments of EUR 1,665 thousand, mainly relating to industrial and commercial equipment.

4.4 Right-of-use assets

This item, amounting to EUR 4,388 thousand (EUR 1,774 thousand at 31 December 2021), refers exclusively to the recognition of right-of-use assets due to the initial application of IFRS 16 - Leases.
The changes in the year were as follows:

(In thousands of Euro)	**Right-of-use assets**
Opening balance	**1,774**
Increases	4,592
Exchange difference	7
(Decreases)	(432)
(Depreciation)	(1,553)
Closing balance	**4,388**

The increases recognised in the year, equal to EUR 4,592 thousand, mainly refer to the signing of the new contract with Transmec, relative to the logistics service provided in the local unit of Campogalliano (MO) and certain contracts to lease cars and commercial vehicles.

4.5 Deferred tax assets and liabilities

Changes in Deferred tax assets and liabilities between 31 December 2021 and 31 December 2022 are shown below.

Deferred tax assets

(In thousands of Euro)	
Opening balance	**4,748**
Accruals/(releases) in profit or loss	400
Increase from acquisition	29
(Releases) in comprehensive income	(56)
Closing balance	**5,122**

The balance at 31 December 2022, amounting to EUR 5,122 thousand, comprises deferred tax assets originating mainly from accruals to taxed provisions, temporarily non-deductible amortisation/depreciation and impairment losses and the impact of the application of IFRS, though not for taxation purposes. Compared to the previous year, the Parent has recognised deferred IRES and IRAP tax assets calculated, mainly, on partially deductible amortisation and depreciation such as those of the Cellularline and Interphone trademarks and on the allocation to the allowance for inventory (direct) write-down, amounting to EUR 476 thousand. This item also includes deferred tax assets recognised by the subsidiary Cellular Spain mainly on temporarily non-deductible costs, for a total of EUR 223 thousand, as well as deferred tax assets arising from the change in the scope of consolidation due to the acquisition of Subliros S.L. (consolidated since November 2022).

The 2022 Budget Law (no. 234/2021, Art. 1, paragraphs 622-624) has retroactively modified the regime for revaluations and realignments of trademarks and goodwill carried out on the basis of Art. 110 of Decree Law no. 104/2020, increasing the time span of deductions from 18 to 50 years (2% per annum from 2021).

The rule also provided the following two additional alternatives:

1. maintenance of the deduction over 18 years against payment of the ordinary substitute tax on the franking of extraordinary transactions (12%, 14% and 16% for revaluations of up to 5 million, between 5 million and 10 million and over 10 million, respectively);
2. revocation of the realignment for tax purposes, with repayment or right to offset the substitute tax already paid, in accordance with procedures to be defined by a future measure.

Considering that:

- the dilution of the benefit over 50 years shifts the cost-benefit balancing point from the second to the seventh year, while still maintaining a significant overall tax saving;

- the outlay for the "ordinary" substitute tax, necessary to maintain deductibility over 18 years, is very costly and close in time, considerably reducing the advantage of the operation;
- revocation of the realignment would entail cancellation of the income from the release of the deferred tax provision, with an inevitable impact on the company's equity;

it was deemed reasonable to maintain the realignment carried out with the 50-year deduction and to recognise deferred tax assets on temporarily non-deductible amortisation/depreciation and impairment losses, with annual monitoring of the reasonable certainty of their recovery.

The following aspects were taken into account in the calculation of deferred tax assets:

- the tax regulations of the country in which the Group operates and their impact on temporary differences, and any tax benefits deriving from the use of tax losses carried forward, considering their potential recoverability over a period of three years;
- the Group's forecast profits in the medium and long term.

On the basis of the above, the Group expects that it can recover with reasonable certainty the deferred tax assets recognised.

Deferred tax liabilities

(In thousands of Euro)	
Opening balance	**2,349**
Accruals/(releases) in profit or loss	309
Change in the scope of consolidation	4
Accruals/(releases) in comprehensive income (income tax)	100
Closing balance	**2,762**

Deferred tax liabilities at 31 December 2022 are primarily attributable to the deferred taxation arising from the fair value of the warrant and the PPA of Worldconnect and Systema; these liabilities relate to differences that are estimated to be reabsorbed in the medium to long term.

The change for the year, amounting to EUR 413 thousand, is mainly attributable to the provision for deferred taxes on the fair value of the warrant, amounting to EUR 294 thousand, and the provision for deferred taxes arising from the main temporary differences, amounting to EUR 118 thousand.

4.6 Financial assets

At 31 December 2022, there were no financial assets.

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CURRENT ASSETS

4.7 Inventories

Inventories at 31 December 2022 amounted to EUR 41,400 thousand (EUR 30,518 thousand at 31 December 2021), net of the allowance for inventory write-down of EUR 2,214 thousand. Inventories include those at the Group's warehouses and goods in transit, for which the Group has already acquired ownership, for EUR 3,202 thousand (EUR 3,493 thousand at 31 December 2021).

Inventories are made up as follows:

(In thousands of Euro)	31 December 2022	31 December 2021
Finished products and goods	38,806	26,715
Goods in transit	3,202	3,493
Advances	1,606	1,752
Gross inventories	**43,614**	**31,960**
(Allowance for inventory write-down)	(2,214)	(1,442)
Total Inventories	**41,400**	**30,518**

The increase in gross inventories of EUR 11,654 thousand compared to 31 December 2021 is mainly attributable to the changed product procurement methods, which led to an anticipation of inventories in order to reduce transport costs. The carrying amount of inventories is adjusted by the allowance for inventory write-down, which includes the write-down of goods at risk of potential obsolescence.

Changes in allowance for inventory write-down between 31 December 2021 and 31 December 2022 are shown below:

(In thousands of Euro)	Allowance for inventory write-down
Opening balance	**(1,442)**
(Accruals)	(1,960)
Releases to profit or loss	-
Exchange difference	(12)
Utilisations	1,200
Closing balance	**(2,214)**

Accruals made relate to the analysis of slow-moving products faced with problems (typical of the sector) related to the obsolescence/slow movement of inventories, in order to align their carrying amount to the estimated realisable value. The use of the allowance for EUR 1,200 thousand refers to partial scrapping of obsolete materials during 2022.

4.8 Trade receivables

At 31 December 2022 this item amounted to EUR 53,291 thousand, net of the loss allowance of EUR 3,437 thousand (EUR 52,117 thousand at 31 December 2021). Trade receivables at 31 December 2022 and 31 December 2021 are shown in detail below:

(In thousands of Euro)	31 December 2022	31 December 2021
Trade receivables from third parties	53022	50,557
Trade receivables from related parties (Note 5)	3707	4,996
Gross trade receivables	**56728**	**55,553**
(Loss allowance)	(3,437)	(3,436)
Total trade receivables	**53291**	**52,117**

The value of gross trade receivables is substantially in line with the previous year, confirming the improved management of collections and the solvency of the Group's customers.

Changes in the loss allowance at 31 December 2022 are shown below:

(In thousands of Euro)	Loss allowance
Opening balance	**(3,436)**
(Accruals)	(412)
Releases to profit or loss	0
Exchange difference	-
Utilisations	411
Closing balance	**(3,437)**

Impaired assets refer mainly to disputed amounts or customers subject to bankruptcy proceedings. The utilisations reflect amounts that, based on certain, precise information or pending bankruptcy procedures were impaired in full. As shown in the tables above, the loss allowance amounted to EUR 3,437 thousand at 31 December 2022 and to EUR 3,436 thousand as at 31 December 2021. Credit risk is the exposure to potential losses arising from non-performance of the obligations taken on by the counterparty. The Group has credit control processes in place that include customer creditworthiness analyses and credit exposure controls based on reports with a breakdown of due dates and average collection times. The change in the loss allowance is the result of an analytical assessment of non-performing assets and assets that have been proven to be of uncertain recoverability as well as a general assessment based on the asset's historical credit loss. As at the date of the assessment, there were no significant effects that could be attributed to the consequences of the pandemic. The carrying amounts of trade receivables are deemed to approximate their fair value.

4.9 Current tax assets

The breakdown of current tax assets at 31 December 2022 and 31 December 2021 is shown below:

(In thousands of Euro)	31 December 2022	31 December 2021
Amounts due from tax authorities for current taxes	970	1,214

Credit for withholding taxes on interest income	-	-
Total current tax assets	**970**	**1,214**

Current tax assets mainly include the following items recognised in the Parent's financial statements: (i) the tax credit for greater advances paid with respect to the amount due for 2022, amounting to EUR 404 thousand, (ii) the credit for research, development, innovation and design, amounting to EUR 353 thousand, (iii) the credit for taxes requested for rebate, amounting to EUR 115 thousand.

4.10 Financial assets

Financial assets amount to EUR 75 thousand (60 thousand at 31 December 2021) and mainly refer to guarantee deposits.

4.11 Other assets

The breakdown of other current assets at 31 December 2022 and 31 December 2021 is shown below:

(In thousands of Euro)	**31 December 2022**	**31 December 2021**
Prepaid expenses	2891	3,971
Others	480	977
Total Other current assets	**3371**	**4,948**

This item mainly includes prepaid expenses referring to the advance payment of contributions to customers following long-term trade contracts and the amount due from the tax authority for the VAT of the period, entered by the Parent.

4.12 Cash and cash equivalents

Cash and cash equivalents include cash balances and demand deposits with a maturity of three months or less from the original date of acquisition, which are subject to an insignificant risk of changes in fair value and are used by the Group to manage short-term commitments.

The breakdown of cash and cash equivalents at 31 December 2022 and 31 December 2021 is shown below:

(In thousands of Euro)	**31 December 2022**	**31 December 2021**
Bank accounts	9909	8,112
Cash on hand	7	26
Total Cash and cash equivalents	**9916**	**8,138**

Cash and cash equivalents amount to EUR 9,916 thousand at 31 December 2022 (EUR 8,138 thousand at 31 December 2021). The item consists of cash on hand, securities and demand deposits or short-term deposits with banks that are currently available and readily usable. For further details regarding the dynamics that influenced cash and cash equivalents, reference should be made to the Statement of Cash Flows.

EQUITY AND LIABILITIES

4.13 Equity

Equity amounts to EUR 130,468 thousand (EUR 205,359 thousand at 31 December 2021), having decreased mainly as a result of the loss for the year. During the year, there were no assets allocated for specific deals.

Share capital

The share capital at 31 December 2022 amounts to EUR 21,343, divided into 21,868,189 ordinary shares. There are also 6,130,954 warrants outstanding.

On 22 July 2019, Borsa Italiana S.p.A. commenced trading of the Parent's ordinary shares and warrants on the Mercato Telematico Azionario (MTA), including them in the STAR segment.

Other reserves

At 31 December 2022, other reserves amount to EUR 168,737 thousand (EUR 159,174 thousand at 31 December 2021) and were mainly broken down as follows:

- The share premium reserve, which amounts to EUR 140,662 thousand, including EUR 59,253 in suspended taxation following the realignment of trademarks and customer relationships.
- Other reserves amounting to EUR 31,498 thousand which mainly originated as a result of the effects of the application of the IFRS and the Business Combination which took place in 2018;
- Treasury shares of EUR 9,425 thousand.

Retained earnings

At 31 December 2022, retained earnings from consolidation amount to EUR 15,554 thousand.

Loss for the year attributable to owners of the parent

2022 ended with a loss for the year attributable to the owners of the parent of EUR 75,166 thousand.

Share-based payment arrangements

In 2022, the Group approved a Stock Grant Plan, which envisages the award of rights to certain employees to receive Company shares free of charge.

The free award of such rights to receive shares comes under the scope of the "Cellularline S.p.A. 2021-2023 Incentive Plan", submitted for approval by the ordinary shareholders' meeting on 28 April 2021.

The following table summarises the main conditions of the stock grant plan:

Date of assignment	Maximum number of instruments	Vesting conditions	Contractual duration of options
09 June 2021	90,000 *	30% Relative Total Shareholder Return 70% Consolidated Adjusted EBITDA	Three years

Date of assignment	Maximum number of instruments	Vesting conditions	Contractual duration of options
17 March 2022	90,000 *	30% Relative Total Shareholder Return 70% Consolidated Adjusted EBITDA	Three years

(*) The number of instruments reported refers to the first tranche of awards of the three-year cycle, of which 55,000 assigned to CEOs and key managers. At the date of this Report, two award cycles have been activated

The Plan envisages three cycles of annual awards of rights to Beneficiaries (2021, 2022 and 2023), each of which with a three-year performance period and a two-year lock-up on the shares assigned by virtue of the rights awarded for each cycle, where conditions are met and in accordance with the terms and conditions set forth in the Plan and its Regulation. The rights assigned to the beneficiaries will accrue, and accordingly give entitlement to their holders to receive shares of the Parent, according to the degree to which measurable long-term performance objectives, pre-determined by the Parent, are achieved. These performance objectives contribute with a different percentage weighting towards the accrual of the rights and attribution of the shares, all as indicated:

(i) the Relative Total Shareholder Return (or Relative TSR) is the share performance objective and contributes towards the incentive variable remuneration envisaged by the Plan (in the form of shares), weighing for 70%,
(ii) the Consolidated Three-Year Adjusted EBITDA is the corporate performance objective and contributes towards the incentive variable remuneration envisaged by the Plan (in the form of shares), weighing for 30%.
At 30 June 2021, in accordance with IFRS 2, the measurement regarded the total fair value of the approved plan.
The "market based" component (Relative Total Shareholder Return) has been estimated using a stochastic simulation with the Monte Carlo Method, which, on the basis of suitable hypotheses, made it possible to define a significant number of alternative scenarios over the time frame considered.
The non-market-based component was measured at the reporting date to account for expectations regarding the number of rights that may vest.

Reconciliation of the Parent's equity and profit (loss) for the year with consolidated equity and profit (loss) for the year.

The following table shows the reconciliation between the equity reported in the financial statements of the Parent at 31 December 2022 and those reported in the consolidated financial statements at the same date (in Euro thousands).

RECONCILIATION OF PARENT'S EQUITY WITH CONSOLIDATED EQUITY	equity at 31/12/2020	Profit for 2021	equity at 31/12/2021	Profit for 2022	Other variation on Shareholders' equity parent company	equity at 31/12/2022
Cellularline S.p.A.	**208,935208935**	**(4,862)**	**204,125204125**	**(75,893)**	**(701)**	**127,531**
IFRS effects	10,65210652	(511)	10,695	628	(36)	11,287
Dividends	-	-	-	(1,012)	1.012	0

Differences between the adjusted equity of consolidated companies and their carrying amount in the Parent's financial statements	(10,488)	1,113	(9,230)	952	0	(8,278)
Measurement of Cellular Swiss at equity	(97)	122	25	13	0	38
Derecognition of intra-group gains	(547)	292	(256)	146	0	(110)
Cellularline Group	**208,455208455**	**(3,846)**	**205,359**	**(75,166)**	**275**	**130,468**

4.14 Bank loans and borrowings and loans and borrowings from other financial backers (current and non-current)

The breakdown of this item (current and non-current) at 31 December 2022 is shown below:

(In thousands of Euro)	31 December 2022	31 December 2021
Current bank loans and borrowings and loans and borrowings from other financial backers	23,788	10,129
Non-current bank loans and borrowings and loans and borrowings from other financial backers	15,709	25,642
Total bank loans and borrowings and loans and borrowings from other financial backers	**39,497**	**35,771**
Other current financial liabilities	1,421	2,285
Other non-current financial liabilities	9,457	7,493
Total other financial liabilities	**10,878**	**9,778**
Total financial liabilities	**50,375**	**45,549**

At 31 December 2022, Bank loans and borrowings and loans and borrowings from other financial backers come to EUR 39,497 thousand (EUR 35,711 thousand at 31 December 2021) and mainly include:

- the bank loan of the Parent, agreed in October 2020 in the re-financing transaction for EUR 25,000 thousand, net of the amortised cost;
- the Parent's short-term hot money bank loan in the amount of EUR 10,100 thousand;
- the loan agreed by the subsidiary Worldconnect, in connection with the Covid-19 emergency for EUR 973 thousand.

The Parent's bank loan, gross of bank fees, is shown below:

(In thousands of Euro)	**Inception**	**Maturity**	**Original amount**	**31 December 2022**		
				Outstanding debt	**current portion**	**non-current portion**
Banco BPM S.p.A.	26 October 2020	20 June 2025	25000	12,500	5,000	7,500
Intesa Sanpaolo S.p.A.	26 October 2020	20 June 2025	25000	12,500	5,000	7,500
Bank loans and borrowings and loans and borrowings from other financial backers			**50,000**	**25,000**	**10,000**	**15,000**

The bank loan to the above institutions is subject to economic and financial covenants. These covenants have been complied with at 31 December 2022. The agreement also provides for a credit line for M&A operations, amounting to EUR 20 million, aimed at supporting the growth strategy by external lines. This line was partially activated in December 2022 and utilised for approximately EUR 3 million in January 2023 in connection with the extraordinary acquisition of the German company Peter Jackel.

Loans are measured at amortised cost in accordance with IFRS 9 and therefore their carrying amount of EUR 39,497 thousand at 31 December 2022 (EUR 35,771 thousand at 31 December 2021), is reduced by transaction costs.

For details regarding the item Other financial liabilities (current and non-current), please refer to Note4.20.

Below is a reconciliation of the net financial indebtedness (also adjusted) at 31 December 2022, of EUR 40,384 thousand, and at 31 December 2021, of EUR 37,351 thousand, according to the scheme envisaged by ESMA Guidance 32-382-1138 dated 4 March 2021 and indicated in the Consob Note 5/21 dated 29 April 2021:

			Changes	
(In thousands of Euro)	**31 December 2022**	**31 December 2021**	**Δ**	**%**
(A) Cash	9,916	8,138	1,778	*21.8%*
(B) Other cash and cash equivalents	-	-	-	-
(C) Other current financial assets	75	60	15	*25.0%*
(D) Cash and cash equivalents (A)+(B)+(C)	**9,991**	**8,198**	**1,793**	***21.9%***
(E) Current financial indebtedness	1,421	2,285	(864)	*-37.8%*
(F) Current portion of non-current indebtedness	23,788	10,129	13,659	*>100%*
(G) Current financial indebtedness (E) + (F)	**25,209**	**12,414**	**12,795**	***>100%***
- of which guaranteed	-	-	-	-
- of which not guaranteed	*25,209*	*12,414*	*12,795*	>100%
(H) Net current financial indebtedness (G) - (D)	**15,218**	**4,215**	**11,003**	***>100%***
(I) Non-current financial indebtedness	25,166	33,135	(7,969)	*-24.1%*
(J) Debt instruments	-	-	-	-
(K) Trade payables and other non-current liabilities	-	-	-	-
(L) Non-current financial indebtedness (I)+(J)+(K)	**25,166**	**33,135**	**(7,969)**	***-24.1%***
- of which guaranteed	-	-	-	-
- of which not guaranteed	*25,166*	*33,135*	*(7,969)*	-24.1%
(M) NET FINANCIAL INDEBTEDNESS (H) + (L)	**40,384**	**37,351**	**3,033**	***8.1%***
Other financial liabilities - warrants	-	(1,226)	1,226	*-100%*
Adjusted net financial indebtedness	**40,384**	**36,125**	**4,259**	***11.8%***

The increase in the NFP, net of the reduction in debt related to the warrant, is mainly related to the increase in net working capital, the growth of which, compared to last year, is largely linked to the changed transportation methods of purchased products (increasing those by sea to the detriment of air transport) in order to contain their sharp increase during the year.

A breakdown of the financial liabilities is shown below based on their maturity:

(In thousands of Euro)	**31 December 2022**	**31 December 2021**
Within 1 year	25,030	12,639
From 1 to 5 years	25,226	32,845

After 5 years	119	65
Total	**50,375**	**45,549**

4.15 Employee benefits

At 31 December 2022, the item amounts to EUR 524 thousand (EUR 772 thousand as at 31 December 2021) and derives from the actuarial valuations of the Italian companies' post-employment benefits (TFR). These valuations were made on the basis of the accrued benefits method using the "Project Unit Credit" criterion, as required by IAS 19.

The actuarial model is based on:

- discount rate of 3.77%, which was derived from the Iboxx Corporate AA index with a duration of 10+;
- annual inflation rate of 2.30%;
- annual rate of increase in the post-employment benefits of 3.23%, which is equal to 75% of inflation plus 1.5 percentage points.

In addition, sensitivity analyses were carried out for each actuarial assumption, considering the effects that would have occurred as a result of reasonably possible changes in the actuarial assumptions at the reporting date; the results of these analyses do not give rise to significant effects.

4.16 Provisions for risks and charges

Changes in the Provisions for risks and charges, broken down for the period between 31 December 2021 and 31 December 2022 are shown below:

(In thousands of Euro)	Provision to cover investee losses	Agents' severance indemnity provision (FISC)	Total
Opening balance	**-**	**1,616**	**1,616**
- of which current portion	-		
- of which non-current portion		*1616*	*1,616*
Accruals		165	165
Utilisations/Releases	-	(426)	(426)
Closing balance	**-**	**1,356**	**1,356**
- of which current portion	-	-	
- of which non-current portion	-	*1,356*	*1,356*

The Agents' severance indemnity provision (FISC) refers to the measurement of the agents' severance indemnity of the Parent and of Systema for the amount to be paid to agents for the termination of the agency relationship through no fault of the agent. The actuarial valuation, consistent with IAS 37, was carried out by quantifying future payments through the projection of the indemnity accrued at the reporting date by the agents operating until the presumed (random) termination of the contractual relationship. For actuarial valuations, demographic and economic-financial assumptions were adopted; specifically, the discount rate was set with reference to the IBoxx Eurozone AA index in relation to the duration of the collective at 3.77%. The provision to cover investee losses has been zeroed following the positive results obtained by the associate Cellular Swiss, in application of the equity method.

4.17 Trade payables

The breakdown of Trade payables at 31 December 2022 and 31 December 2021 is shown below:

(In thousands of Euro)	31 December 2022	31 December 2021
Trade payables to third parties	23,580	19,825
Total trade payables	**23,580**	**19,825**

At 31 December 2022, trade payables amount to EUR 23,580 thousand (EUR 19,825 thousand at 31 December 2021) and refer to the acquisition of goods and services, all due within the year.

4.18 Current tax liabilities

The item, equal to EUR 772 thousand, mainly includes: (i) the residual amount due for the substitute tax on the realignment of the civil and tax values of the *Cellularline* and *Interphone* trademarks and Cellularline's customer relationship, amounting to EUR 611 thousand, the third and final instalment of which will be paid in June 2023, in addition to minor amounts related to other Group companies.

4.19 Other liabilities

The breakdown of Other liabilities at 31 December 2022 and 31 December 2021 is shown below:

(In thousands of Euro)	31 December 2022	31 December 2021
Due to employees	1,892	1,849
Tax liabilities	1,507	1,031
Social security liabilities	909	949
Other liabilities	1,283	660
Total Other liabilities	**5,591**	**4,489**

At 31 December 2022, the item amounts to EUR 5,591 thousand (EUR 4,489 thousand as at 31 December 2021) and mainly consists of:

- EUR 1,892 thousand due to employees for wages to be settled and bonuses;
- tax liabilities of EUR 1,507 thousand (withholdings VAT);
- EUR 909 thousand due to social security institutions for contributions to be settled;
- EUR 1,283 thousand for other liabilities (advances to customers and accrued expenses and deferred income).

4.20 Other financial liabilities (current and non-current)

The breakdown of Other financial liabilities at 31 December 2022 and 31 December 2021 is shown below:

(In thousands of Euro)	31 December 2022	31 December 2021
Other current financial liabilities	1,421	2,285
Other non-current financial liabilities	9,457	7,494

Total other financial liabilities	10,878	9,779

At 31 December 2022, Other financial liabilities come to EUR 10,878 thousand (EUR 9,779 thousand at 31 December 2021) and mainly include:

- the financial liabilities relative to the put/call options and the agreements for the purchase of the remaining shares in the subsidiaries for EUR 6,376 thousand, of which EUR 4,253 thousand relative to Worldconnect, EUR 1,778 thousand relative to Coverlab and EUR 119 thousand relative to Subliros;
- the lease liability deriving from the application of IFRS 16 for EUR 4,503 thousand (EUR 1,839 at 31 December 2021).

5. Notes to the consolidated income statement

The notes to the consolidated income statement for 2022 and 2021 are provided below.

5.1 Revenue from sales

In 2022, revenue from sales amounts to EUR 137,644 thousand (EUR 110,575 thousand in 2021). As mentioned earlier, the Group's business is developed in a single operating segment and can be divided into three main product lines:

- Red line (accessories for multimedia devices);
- Black line (accessories for motorcycles and bicycles);
- Blue line (third party products marketed under distribution agreements).

The following tables show revenue, broken down by product line and geographic area.

Revenue from sales by product line

(In thousands of Euro)					Change	
	2022	**% of revenue**	**2021**	**% of revenue**	**Δ**	**%**
Red – Italy	49,290	35.8%	46,023	41.6%	3,267	7.1%
Red – International	60,764	44.1%	43,132	39.0%	17,632	40.9%
Revenue from sales - Red	**110,054**	**80.0%**	**89,155**	**80.6%**	**21,311**	**23.4%**
Black – Italy	4,059	2.9%	3,970	3.6%	89	2.2%
Black – International	3,752	2.7%	4,154	3.8%	(402)	-9.7%
Revenue from sales - Black	**7,811**	**5.7%**	**8,124**	**7.3%**	**(313)**	**-8.6%**
Blue – Italy	18,099	13.1%	9,086	8.2%	9,013	99.2%
Blue – International	1,201	0.9%	3,752	3.4%	(2,551)	-68.0%
Revenue from sales - Blue	**19,300**	**14.0%**	**12,838**	**11.6%**	**6,434**	**50.1%**
Other – Italy	478	0.3%	458	0.4%	20	4.4%
Revenue from Sales - Others	**478**	**0.3%**	**458**	**0.4%**	**20**	**4.4%**
Total Revenue from sales	**137,644**	**100.0%**	**110,575**	**100.0%**	**27,069**	**24.5%**

- the **Red Line** recognised a year-on-year increase of 23.4% (EUR 20,889thousand), accounting for approximately 80,0% of the overall performance for the year; this is in line with the previous year. Growth was driven by the recovery of demand in international markets (+40.9%) thanks to the contribution of both Cellularline and Worldconnect branded products as described above;

- the **Black Line** recognised sales of EUR 7,811thousand; a decrease compared to the previous year (Euro -313 thousand) as a result of the drop in market sales in both the online and offline channels;
- the **Blue Line** recognised growth of EUR 6,462 thousand (+50.3%), mainly due to increased demand for products of non-Group owned brands distributed in Italy.

Revenue from sales by geographic area

(In thousands of Euro)

					Change	
	2022	**% of revenue**	**2021**	**% of revenue**	**Δ**	**%**
Italy	71,926	52.3%	59,537	53.8%	12,389	20.8%
Spain/Portugal	12,013	8.7%	11,003	10.0%	1,010	9.2%
DACH	11,313	8.2%	8,207	7.4%	3,106	37.8%
Eastern Europe	10,874	7.9%	8,298	7.5%	2,576	31.0%
Benelux	6,629	4.8%	6,954	6.3%	(325)	-4.7%
France	6,492	4.7%	6,092	5.5%	400	6.6%
Northern Europe	5,147	3.7%	5,354	4.8%	(207)	-3.9%
United Kingdom (*)	5,356	3.9%	597	0.5%	4,759	>100%
Middle East	2,233	1.6%	1,536	1.4%	697	45.4%
North America	966	0.7%	0	0.0%	966	100.0%
Others	4,694	3.4%	2,997	2.7%	1,697	56.6%
Total Revenue from sales	**137,644**	**100%**	**110,575**	**100.0%**	**27,069**	**24.5%**

(*) In 2021, the United Kingdom was classified within the 'Other' countries.

With regard to the analysis of sales by geographic area, it should be noted that - thanks to the growth in sales recorded in almost all countries - the share of sales in foreign markets accounted for over 47.7% of the Group's total sales, with an increase in the incidence of 1.5 p.p.

Particularly positive performances in the markets of the DACH region, the United Kingdom driven by WorldConnect sales, and Eastern Europe, among others, are highlighted.

5.2 Cost of sales

In 2022, the cost of sales amounts to EUR 84,218 thousand (EUR 62,363 in 2021) and mainly includes the costs of purchasing and processing raw materials (EUR 79,769 thousand), personnel expense (EUR 2,504 thousand), logistics costs (EUR 1,273 thousand) and related costs (EUR 654 thousand).

5.3 Sales and distribution costs

The following table shows details of sale and distribution costs:

(In thousands of Euro)				
	2022	**% of revenue**	**2021**	**% of revenue**
Sales and distribution personnel expense	11,415	*8.3%*	10,688	*9.7%*
Commissions to agents	6,088	*4.4%*	5,405	*4.9%*
Transport	8,419	*6.1%*	8,026	*7.3%*

Advertising and commercial consultancy expenses	2,340	*1.7%*	1,561	*1.4%*
Other sales and distribution costs	1,972	*1.4%*	654	*0.6%*
Total sales and distribution costs	**30,235**	***22.0%***	**26,334**	***23.8%***

In 2022, sales and distribution costs amount to EUR 30,235 thousand, compared to EUR 26,334 thousand in 2021.

5.4 General and administrative costs

The following table shows the breakdown of other general and administrative costs:

(In thousands of Euro)	**2022**	**% of revenue**	**2021**	**% of revenue**
Amortisation	10,103	*7.3%*	9,917	*9.0%*
Depreciation	2,741	*2.0%*	1,897	*1.7%*
Impairment of customer relationships	-	*0.0%*	7,174	*6.5%*
Impairment of goodwill	75,425	*54.8%*	-	*0.0%*
Provisions for risks and impairment losses	412	*0.3%*	216	*0.2%*
Administrative personnel expense	5,425	*3.9%*	5,074	*4.6%*
Administrative, legal and management consultancy	2,931	*2.1%*	2,369	*2.1%*
Commissions and fees	215	*0.2%*	114	*0.1%*
Directors' and Statutory Auditors' fees	946	*0.7%*	947	*0.9%*
Other general and administrative costs	3,071	*2.2%*	2,699	*2.4%*
Total general and administrative costs	**101,272**	***73.6%***	**30,407**	***27.5%***

General and administrative costs amounted to EUR 101,272 thousand in 2022, compared to EUR 30,407 thousand in 2021. General and administrative costs increased compared to the previous year, due to the effect of the Goodwill impairment of EUR 75,425 thousand.

5.5 Other non-operating revenue

The following table shows details of Other non-operating revenue.

(In thousands of Euro)	**2022**	**% of revenue**	**2021**	**% of revenue**
Prior year income (expense)	145	*0.1%*	(68)	*-0.1%*
Recoveries of SIAE fees	(3)	*0.0%*	475	*0.4%*
(SIAE and CONAI contributions)	(118)	*-0.1%*	(663)	*-0.6%*
Other non-operating revenue	1,764	*1.3%*	3,628	*3.3%*
Total other non-operating revenue	**1,787**	***1.3%***	**3,372**	***3.0%***

Total Other non-operating revenue is EUR 1,787 thousand and decreased by EUR 1,585 thousand compared to 2021, mainly due to the extraordinary disbursement of the Härtefall contribution, which was paid to Worldconnect in H1 2021.

5.6 Financial expense

Net financial expense amounts to EUR 655 thousand (EUR 2,124 thousand in 2021). The following table shows details of financial expense:

(In thousands of Euro)	2022	% of revenue	2021	% of revenue
Fair value gains	1,630	*1.2%*	-	*0.0%*
Interest income	**2**	*0.0%*	2	*0.0%*
Total Financial income	**1,632**	***1.2%***	**2**	***0.0%***
Commissions and other financial expense from fair value	(1,064)	*-0.8%*	(949)	*-0.9%*
Interest expense on medium/long-term loans	(958)	*-0.7%*	(1,091)	*-1.0%*
Other interest expense	(265)	*-0.2%*	(86)	*-0.1%*
Total Financial expense	**(2,287)**	***-1.7%***	**(2,126)**	***-1.9%***
Total Net Financial expense	**(655)**	***-0.5%***	**(2,124)**	***-1.9%***

The change in the item is mainly attributable to the fair value measurement of outstanding warrants, which in 2021 had generated a cost of EUR 573 thousand, while in 2022 it had a positive effect on the income statement of EUR 1,226 thousand.

Financial expense for 2022 comes to EUR 2,287 thousand and mainly refers to:

- EUR 958 thousand relative to interest to banks for the loan agreed in October 2020 for an original amount of EUR 50,000 thousand (the residual amount due at 31 December 2022 is EUR 25,000 thousand);
- EUR 1,251 thousand for other interest expense, various financial expense and commissions.

5.7 Exchange gains and losses

Exchange gains show a balance of EUR 2,095 thousand (EUR 603 thousand in 2021).

(In thousands of Euro)	2022	% of revenue	2021	% of revenue
Net exchange gains on trading	1928	*1.4%*	387	*0.3%*
Net exchange gains on Financial transactions	168	*0.1%*	216	*0.2%*
Total exchange gains	**2095**	***1.5%***	**603**	***0.5%***

In 2022, the item Exchange gains is mainly influenced by hedging transactions of US Dollar/Euro exchange rate differences.

5.8 Gains and losses on equity investments

Gains on equity investments amount to EUR 38 thousand in 2022 (EUR 122 thousand in 2021) and refer exclusively to the write-back of the investment in the associate Cellular Swiss, consolidated using the equity method.

5.9 Income taxes

The breakdown of Income taxes for 2022 and 2021 is shown below:

(In thousands of Euro)	2022	2021
Current taxes of the year	(460)	(769)
Current taxes of previous years	(4)	267

Deferred taxes	114	3,211
Total income taxes	**(349)**	**2,710**

The item includes the charge for current taxes pertaining to the year, amounting to EUR 460 thousand, and for taxes relating to previous years, amounting to EUR 4 thousand.

Deferred taxes of EUR 114 thousand mainly refer to:

- income due to the recognition of deferred tax assets of the Parent amounting to EUR 476 thousand on partially-deductible amortisation, like that of the Cellularline and Interphone trademarks, and on the provision made for the allowance for inventory (direct) write-down, as described in the section on deferred tax assets;
- expense arising from the provision for deferred taxes on the fair value of the warrant, amounting to approximately EUR 294 thousand, as detailed in the section on deferred tax liabilities;
- other minor changes for EUR 68 thousand.

5.10 Basic and diluted earnings per share

Basic earnings per share were calculated by dividing the loss for the year by the average number of ordinary shares. The table below shows the details of the calculation:

(thousands of Euro)	**2022**	**2021**
Loss for the year attributable to owners of the parent	(75,166)	(3,846)
Average number of ordinary shares	20,608	20,232
Basic earnings per share	**(3.65)**	**(0.190)**

(thousands of Euro)	**2022**	**2021**
Loss for the year attributable to owners of the parent:	(75,166)	(3,846)
Average number of outstanding shares	20,608	20,232
Number of shares with a dilutive effect	-	-
Average number of shares to calculate the diluted earnings	20,608	20,232
Diluted earnings per share	**(3.65)**	**(0.190)**

5.11 Statement of cash flows

The main factor that influenced cash flow trends in the years considered are summarised below.

Net cash flows generated by operating activities

(thousands of Euro)	**2022**	**2021**
Loss for the year	(75,166)	(3,846)
Amortisation, depreciation and impairment of goodwill	88,070	18,988
Net impairment losses and accruals	397	124
Gains on equity investments	(38)	(122)
Accrued financial expense	549	2,124
Current and deferred taxes	349	(2,710)
Other non-monetary changes	80	59
	14,241	**14,617**

(Increase)/decrease in inventories	(11,654)	2,563
(Increase)/decrease in trade receivables	(1,170)	527
Increase in trade payables	3,755	4,340
Increase in other assets and liabilities	3,474	487
Payment of employee benefits and change in provisions	(136)	(186)
Cash flow generated by operating activities	**8,150**	**22,349**
Interest paid and other net charges paid	(2,287)	(925)
Income taxes paid	(1,334)	(2,352)
Net cash flow generated by operating activities	**4,889**	**19,072**
Acquisition of subsidiaries, net of cash acquired	(786)	(2,365)
Purchase of property, plant and equipment and intangible assets	(4,609)	(4,997)
Cash flows used in investing activities	**(5,395)**	**(7,362)**

Cash flows used in investing activities

(In thousands of Euro)	2022	2021
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired and other costs	(786)	(2,365)
Purchase of property, plant and equipment and intangible assets	(4,608)	(4,997)
Cash flows used in investing activities	**(5,395)**	**(7,362)**

Cash flows generated by (used in) financing activities

(In thousands of Euro)	2022	2021
Cash flows from financing activities		
Increase/(decrease) in bank loans and borrowings and loans and borrowings from other financial backers	3,811	(9,597)
Decrease in other financial liabilities	(1,827)	(3,447)
(Dividends distributed)	(1,012)	-
Payment of transaction costs relating to financial liabilities	106	151
Other changes in equity	400	-
Net cash flows generated by (used in) financing activities	**1,478**	**(12,893)**

Transactions with related parties

Transactions with related parties are neither atypical nor unusual and are part of the ordinary course of business of the Group's companies. These transactions mainly concern (i) the supply of products and accessories for mobile telephony, (ii) the provision of services that are functional to the performance of the business and (iii) the granting of loans to the above-mentioned related parties. Transactions with related parties, as defined by IAS 24 and governed by Article 4 of Consob Regulation 17221 of 12 March 2010 (and subsequent amendments), implemented by the Group up to 31 December 2022 concern mainly commercial transactions relating to the supply of goods and the provision of services. The following is a list of the related parties with which transactions took place in 2022, indicating the type of relationship:

Related parties	Type and main relationship
Cellular Swiss S.A.	Associate of Cellularline S.p.A. with a 50% investment (consolidated using the equity method); the remaining shareholders are: Maria Luisa Urso (25%) and Antonio Miscioscia (25%)
Christian Aleotti	Shareholder of Cellularline S.p.A.

The table below shows the equity balances of Cellularline's transactions with related parties for 2022:

(In thousands of Euro)	Current trade receivables	Other non-current assets	(Trade payables)
Cellular Swiss S.A.	3,707	-	-
Total	**3,707**	**-**	**-**
Impact on the financial statements item	*7.0%*	-	-

It should be noted that trade receivables are presented net of the related trade payables.

The table below shows the balances the transactions with related parties carried out by Cellularline in the income statement for 2022:

(In thousands of Euro)	Revenue from sales	(Sales and distribution costs)	(General and administrative costs)	Other non-operating costs/(revenue)
Cellular Swiss S.A.	5,120	-	(2)	-
Christian Aleotti	-	-	(10)	-
Total	**5,120**	**-**	**(12)**	**-**
Impact on the financial statements item	*3.7%*	-	*0.0%*	-

The main related parties with which Cellularline carried out transactions in 2022 are as follows:

- Cellular Swiss S.A.: commercial relationship involving the transfer of goods held for sale by Cellularline to Cellular Swiss S.A., with the latter recharging a portion of the commercial contributions incurred for the acquisition of new customers and/or the development of existing customers, in line with the Group's commercial policies;
- Christian Aleotti: two leases to which Cellularline is a party, as tenant, entered into on 1 September 2017 and 16 October 2017.

4. Other information

Contingent liabilities

On the basis of the information available to date, the Parent's Directors believe that, at the date of approval of these consolidated financial statements, the accrued provisions are sufficient to ensure the correct presentation of financial information.

Risks

The Group is exposed to the various risks already illustrated in Paragraph 13 of the Directors' Report.

Guarantees granted in favour of third parties

Guarantees in favour of third parties are outstanding, in particular EUR 600 thousand for a customer, EUR 11 thousand for a rent liability, EUR 10 thousand for prize competition.

Number of employees

The average number of employees of the Group for the year, broken down by category, was as follows:

AVERAGE NUMBER OF EMPLOYEES		
HEADCOUNT	**Average 2022**	**Average 2021**
Managers	17	17
Junior managers	46	44
Clerical staff	177	165
Blue collar workers	1	2
Apprentices	12	10
TOTAL	**253**	**238**

Remuneration of Chief Executive Officers and Key Managers

The following table shows the fees:

Category	2022	2021
(In thousands of Euro)		
Chief Executive Officers	1,000	1,069
Other key managers	184	152
Total remuneration	**1,184**	**1,221**

The remuneration of the Chief Executive Officers includes both the emolument for this office and the remuneration as executives.

Directors' and Statutory Auditors' fees

The Directors' fees for 2022 amount to approximately EUR 336 thousand.

The Board of Auditors' fees for 2022 amount to approximately EUR 77 thousand.

Independent Auditors' fees

The Parent is required to prepare consolidated financial statements and, by resolution of the Shareholders' Meeting of 16 April 2019, appointed KPMG S.p.A. as independent auditor until the approval of the 2027 financial statements. Fees for the statutory audit of the separate and consolidated financial statements (annual and half-yearly) amount to a total of approximately EUR 137 thousand, in addition to EUR 37 thousand for other appointments for the issue of a certificate and EUR 3 thousand for other accounting services as shown in the following table:

(In thousands of Euro)

Type of services	Recipient	2022	2021
A) Audit services	Parent	137	119
B) Attestation services	Parent	37	13
C) Other services	Parent	3	3
Total - Parent		**177**	**135**
A) Audit services	Subsidiaries	42	29
B) Attestation services	Subsidiaries	-	-
C) Other services	Subsidiaries	4	4
Total - Subsidiaries		**46**	**33**

KEY EVENTS AFTER THE REPORTING DATE

- 9 January 2023: the Board of Directors appointed Marco Cagnetta, Co-CEO of the Cellularline Group, as interim Investor Relator of the Company;
- 11 January 2023: signing of the closing for the acquisition of a 60% stake in Peter Jäckel GmbH, a major German player in the consumer electronics industry for over 25 years, in the smartphone accessories sector, which in 2021 achieved a turnover of EUR 9.4 million with a net profit of EUR 1.42 million. The preliminary consideration, paid at the closing, for the acquisition of 60% of the company amounted to EUR 3.05 million and a possible price adjustment is expected during the first half of 2023, following the approval of the 2022 financial statements of Peter Jäckel GmbH. The agreement provides for the right to exercise put-and-call options on the non-controlling interests of a total of 40% divided into two tranches, the amount of which for each tranche will be calculated taking into account economic-financial parameters that Peter Jäckel GmbH will recognise in 2024 and 2025.
- 12 January 2023: Mauro Borgogno was appointed as the new Group Chief Financial Officer and Manager responsible for preparing the financial information, pursuant to Article 154-bis of the Consolidated Law on Financial Intermediation, to replace Davide Danieli, who had tendered his resignation for personal reasons, while maintaining his position as Director in the Parent's Board of Directors.
- 28 February 2023: stipulation of a three-year agreement with MediaMarktSaturn Germany, the leading retail distributor of consumer electronics products in Germany, strategically focused on the shopping experience, with services and a selection of related accessories; the agreement expands the distribution of Cellularline's range of products dedicated to charging and protecting smartphones in MediaMarktSaturn Germany's approximately 400 shops.

Reggio Emilia, 15 March 2023

The Chairman of the Board of Directors

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Antonio Luigi Tazartes

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED AND SUPPLEMENTED

1. We, the undersigned Christian Aleotti and Marco Cagnetta, in our capacity as Chief Executive Officers, and Mauro Borgogno, in his capacity as Manager responsible for preparing the financial information of the Cellularline Group, attest, also considering the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- that the consolidated financial statements are consistent with the characteristics of the business;
- that the administrative and accounting procedures for the preparation of the consolidated financial statements as at and for the year ended 31 December 2022 have been effectively applied.

2. In this regard, we note that no significant issues have emerged.

3. We also attest that:

3.1. The Consolidated Financial Statements as at and for the year ended 31 December 2022 of the Cellularline Group:

- have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond with the entries in the ledgers and the accounting records;
- give a true and fair view of the performance and financial position of the issuer and of all the companies included in the consolidation.

3.2. The directors' report includes a reliable analysis of the performance and results of operations as well as of the issuer's position and of all the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Reggio Emilia, 15 March 2023

Christian Aleotti

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Chief Executive Officer

Marco Cagnetta

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Chief Executive Officer

Mauro Borgogno

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Manager responsible for preparing the financial