

PRESS RELEASE

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 31 MARCH 2022

REVENUES + 40.2% COMPARED TO Q1 2021, THANKS TO THE STRATEGIC INITIATIVES AND THE RESTART OF MOBILITY AND CONSEQUENTLY OF THE DEMAND

**DEVELOPMENT AND SUSTAINABLE INNOVATION ACTIVITIES SPEED UP:
PUBLISHED THE ESG REPORT DRAFTED, ON A VOLUNTARY BASIS, ACCORDING TO THE GRI PRINCIPLES**

ADVISORS SELECTED FOR THE EXAMINATION OF THE NON-BINDING LETTER OF INTENT OF ESPRINET S.p.A.

- **Revenue from sales** of Euro 23.3 million (Euro 16.6 million in the period ended 31 March 2021), of which Euro 0.3 million attributable to Coverlab, consolidated with effect from July 2021.
- **Adjusted EBITDA¹** of Euro -0.6 million (Euro -1.2 million in the period ended 31 March 2021).
- **Adjusted Net Result²** of Euro -1.3 million (Euro -1.7 million in the period ended 31 March 2021).
- **Net financial debt** of Euro 43.7 million Euro (37.4 million as of 31 December 2021) including IFRS 16 payables of Euro 5.0 million Euro (1.8 million as of 31 December 2021); Leverage ratio³ at 2.6x.

Reggio Emilia, 12 May 2022 - The Board of Directors of Cellularline S.p.A. (hereinafter "**Cellularline**" or the "**Company**" or the "**Group**"), a European leader in the sector of accessories for smartphones and tablets listed on the Euronext STAR Milan, today examined and approved the Consolidated Interim Financial Report as at 31 March 2022.

In accordance with applicable regulations, the consolidated interim financial report at 31 March 2022 is available from the Company's registered office and may be consulted on its website at the address www.cellularlinegroup.com, in addition to the authorised storage facility "1infostorage" operated by Computershare S.p.A. at the address www.1info.it.

Marco Cagnetta, Co-CEO of the Cellularline Group, commented: "*We are very pleased with the results obtained during the first quarter, we are finally starting to reap the benefits of the many actions and activities put in place following the development guidelines of our medium- and long-term strategic plan. Furthermore, with the publication of the ESG Report, prepared for the first time according to GRI principles, we confirm, through ambitious but tangible and measurable objectives, our commitment to the pursuit of growth that is also sustainable. We are only in the first quarter and the year began with many uncertainties, on the geopolitical front, but we are convinced that thanks to strategic choices and the resumption of people's movements, there are concrete prospects for short and medium-term growth for the Group.*"

¹ Adjusted EBITDA is calculated as EBITDA adjusted for *i*) non-recurring charges/(income), *ii*) the effects of non-recurring events, *iii*), events relating to extraordinary transactions and *iv*) operating foreign exchange gains/(losses).

² *Adjusted Net Result* is calculated as adjusted Result of the Period of the *i*) adjustments incorporated in Adjusted EBITDA, *ii*) adjustments of amortisation and depreciation relating to the Purchase Price Allocation, *iii*) adjustments of non-recurring financial charges/(income) and *iv*) the theoretical tax impact of these adjustments.

³ The leverage ratio is the ratio of Net Financial Indebtedness to the Adjusted EBITDA for the last 12 months.

Overview of Q1 2022

The first quarter of the current year⁴ closed with a very positive performance thanks to both the recovery in demand and the results achieved by the numerous initiatives pursued by the management; a climate of uncertainty persists, deriving from the macroeconomic context following the Russia - Ukraine conflict.

Analysis of consolidated revenue

In the first quarter of 2022, the Group's **sales revenues** totalled Euro 23.3 million, a clear rise (+40.2%) on the same period last year. The newly acquired Coverlab (start-up active in the Social Commerce channel) contributed Euro 0.3 million in the period.

Revenue by product line

The table below shows sales by product line:

Revenue from sales by product line <i>Euro millions</i>	Reference period				Change	
	Q1 2022	% of revenue	Q1 2021	% of revenue	Value	%
Red – Italy	7.1	39.4%	7.0	51.5%	0.1	2,0%
Red – International	10.9	60.7%	6.7	49.0%	4.3	64%
Revenue from sales - Red	18.0	77.3%	13.6	81.9%	4.4	32.4%
Black – Italy	0.6	51.3%	0.6	48.5%	0.0	7.8%
Black – International	0.6	48.7%	0.6	51,5%	0.0	(3.6%)
Revenue from sales - Black	1.3	5.4%	1.2	7.5%	0.0	1.9%
Blue – Italy	2.5	62.7%	1.6	90.4%	0.9	57.4%
Blue – International	1.5	37.5%	0.2	9.6%	1.3	>100%
Revenue from sales - Blue	3.9	16.8%	1.7	10.4%	2.2	>100%
Others	0.1	0.4%	0.0	0.3%	0.1	>100%
Total Revenue from sales	23.3	100.0%	16.6	100.0%	6.7	40.2%

The analysis of sales for the individual product lines shows that:

- the **Red Line**, which represents the Group's core business through the marketing of accessories for smartphones and tablets and the audio products of the **Group's proprietary brands**⁵, accounted for more than two thirds of the performance for the period, recording a rise of 32.4% (Euro 4.4 million⁶). The performance is driven by the recovery of demand in international markets (+65.2%) for both Cellularline and Worldconnect products, the latter benefiting from traffic recovery in the Airport Travel Retail channel, also thanks to the reopening of some international hubs;
- Black Line, which primarily includes Interphone branded motorcycle accessories, was unchanged compared with the same period of the previous year;

⁴ Historically, Q1 weighs less than 20% of annual revenue.

⁵ Cellularline, AQL, MusicSound, Ploos+, Skross, Q2Power, Nova and Coverlab.

⁶ Coverlab's contribution to the Red Line was Euro 0.3 million.

- the **Blue Line**, dedicated to the sale of third-party brand products for distribution, recorded growth of Euro 2.2 million, equally distributed between the domestic and foreign markets.

With reference to the newly acquired start-up Coverlab (included in the Red Line), it should be noted that it recorded sales in the first three months of 2022 of Euro 0.3 million with a strong acceleration compared to last year.

Revenue by geographical area

The table below shows sales by geographical area:

Revenue from sales by geographical area						
Euro Millions	Reference period				Change	
	Q1 2022	% of revenue	Q1 2021	% of revenue	Δ	%
Italy	10.3	44.2%	9.2	55.0%	1.1	12.5%
Main European markets	7.6	32.5%	4.9	29.3%	2.7	56.0%
Other countries	5.4	23.3%	2.6	15.7%	2.8	>100%
Total Revenue from sales	23.3	100.0%	16.6	100.0%	6.7	40.2%

Regarding the analysis by geographical area, it should be noted that in the first quarter **international markets** accounted for 55.8% of total sales, thanks to the strong growth (+75.7%) registered in the period.

All markets recorded positive performance in the period, among which the most significant have been Spain (also thanks to the direct presence in the market), Eastern Europe, Benelux and Nordic countries, confirming a general recovery of the European accessories market.

Analysis of operating profit and consolidated profit for the year

Turning to an analysis of costs in the first quarter 2022:

- the **cost of goods sold**, amounting to Euro 14.2 million, was substantially unchanged in terms of percentage of sales (61.0%) compared with the same period of the previous year (60.6%);
- **Sales and distribution costs, General and administrative costs and Other non-operating costs** totalled Euro 12.9 million in the reporting period, corresponding to 55.2% of period sales. The total of the above structural costs, adjusted for impacts: *i*) Purchase Price Allocation⁷ (Euro 1.6 million), *ii*) D&A (Euro 1.4 million) and *iii*) Extraordinary expenses (Euro 0.2 million), totalled Euro 9.7 million (Euro 7.8 million in the first quarter of 2021) and showed a strong decrease in the incidence on sales (from 46.7% to the current 41.5%), as a direct consequence of the higher absorption of fixed costs due to the strong growth in revenues in the period.

Adjusted EBITDA (Adjusted operating income) increased by Euro 0.6 million compared with the same period of the previous year, with a recovery in margins of almost five percentage points (-2.5% Q1 2022 vs. -7.3% Q1 2021).

Net financial income in the first quarter of 2022, equal to Euro 0.1 million, increased by Euro 1.1 million mainly due to the negative effect (Euro 0.8 million) of the valuation of warrants recorded in the first quarter of 2021. Net of this effect, which is unrelated to business performance, financial income and expense are down primarily due to lower interest expense for the period following amortisation of the medium/long-term bank loan.

⁷The purchase price allocation mainly originated from the accounting effects of the business combination in June 2018 and the acquisitions of Systema, Worldconnect and Coverlab.

The **Adjusted Net Result** for the period was Euro -1.3 million, up Euro 0.4 million compared to the first quarter of 2021, mainly due to the higher percentage margin in the period described above.

Analysis of consolidated net debt

Net financial debt, equal to Euro 43.7 million as of 31 March 2022, increased by Euro 6.3 million compared to 31 December 2021 (Euro 37.4 million) mainly due to the following effects: *i*) accounting according to IFRS16 principles of the three-year logistics contract equal to Euro 3.2 million and *ii*) higher absorption by the Net working capital due to the seasonality typical of the business in which the Group operates.

The Leverage ratio at the end of the period was 2.6x; excluding payables relating to *i*) Fair value of the Put&Call for the purchase of minorities, *ii*) Leasing (ex IFRS 16) and *iii*) Warrants in circulation, the leverage ratio is equal to 1.95x.

Significant events in Q1 2022

- **1 February:** obtained 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.
- **7 February:** resignation of the Non-executive Director Mr. Stefano Cerrato.
- **9 February:** appointment by co-option of Davide Danieli – currently Group Chief Corporate & Financial Officer, Investor Relator and manager responsible for preparing the company's financial reports 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 always been fully consolidated since it was included in the reporting scope in April 2019.

Significant events after 31 March 2022

- **27 April:** the Shareholders' Meeting approved all the items on the agenda and, in particular:
 - i. the separate and consolidated financial statements as at 31 December 2021, as proposed by the Board of Directors on 17 March 2022;
 - ii. 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.

The proposed dividend distribution schedule is as follows: ex-dividend date 23 May 2022; record date 24 May 2022; payment date 25 May 2022.

- **8 May:** the Board of Directors met to examine the non-binding letter of intent received from Esprinet S.p.A. aimed at promoting a voluntary takeover bid, with a view to delisting, for all of Cellularline S.p.A.'s ordinary shares.

Outlook

Despite a challenging macroeconomic environment, the management continues to pursue the objectives defined in the strategic development plan along four main lines:

- *Brand and products*: innovation and expansion of the product range, interpreting market trends to meet the needs of the end consumer;
- *Core business*: confirmation of leadership in the domestic market through the strengthening of partnerships with major retailers and expansion in international markets through the acquisition of new customers and agreements with strategic local distributors;
- *E-commerce*: implementation of both business-to-consumer - through Group's proprietary sites and marketplaces - and business-to-business with the strengthening of partnerships with the online sites of the main players in the sector from an omnichannel perspective;
- *M&A*: *scouting* out potential operations in channels, products and markets considered strategic, also exploiting the opportunities provided by the current market context.

The main risk factors relating to the future performance of the business may come from a further worsening of the macroeconomic environment resulting from the escalation of the conflict between Russia and Ukraine and a decrease in overall demand as a result of the general increase in prices.

Based on the performance recorded in the first quarter of 2022 and the additional benefits expected from the many strategic actions implemented, management remains positive about the continuation of the year expecting growth over 2021, both in terms of revenues and margins, and with a gradual reduction in the level of net debt.

Legal statements

The Manager responsible for preparing the financial information, Davide Danieli, states, pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Act, that the financial reporting in this press release corresponds with the documentary records, ledgers and accounting entries.

The following are appended:

- **Annex A**: the IFRS financial statements of the consolidated interim financial report as at 31 March 2022, examined and approved by the Board today;
- **Annex B**: the consolidated income statement, reclassified as deemed more representative of the Group's operating profitability by the management.

Analyst conference call

The management will present the consolidated results for the period ended 31 March 2021 to the financial community during a conference call to be held on 13 May 2022 at 12:00 CET.

To participate in the conference call, dial: +39 02 805 88 11

The slides from the presentation and any supporting material will be available before the start of the conference call, on the site www.cellularlinegroup.com/investors/presentazioni.

Other resolutions

Today, the Board of Directors - having consulted the internal Committee in charge of such matters - appointed the financial and legal advisors to assist in the examination and assessment of the non-binding letter of interest of Esprinet S.p.A. (in this regard, reference should also be made to the Company's press release of 8 May 2022).

*Cellularline S.p.A., founded in Reggio Emilia in 1990, is, together with its brands **Cellularline**, **PLOOS**, **AQL**, **MusicSound**, **Interphone**, **Nova**, **Skross** and **Coverlab**, the leading company in the smartphone and tablet accessories sector. The Group is at the technological and creative forefront of the multimedia device accessories industry, striving to deliver products synonymous with outstanding performance, ease of use and a unique user experience. The Group currently has 250 employees. Cellularline brand products are sold in over 60 countries.*

Cellularline S.p.A. - Investor Relations

E-mail: ir@cellularlinegroup.com

Spencer & Lewis - Press Office

Aurelio Calamuneri - 389.5206965

calamuneri@spencerandlewis.com

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euro)</i>	31/03/2022	Of which related parties	31/12/2021	Of which related parties
ASSETS				
Non-current assets				
Intangible assets	59,603		61,355	
Goodwill	108,847		108,773	
Property, plant and equipment	7,429		7,487	
Equity investments	58		58	
Right-of-use assets	4,927		1,774	
Deferred tax assets	5,767		4,748	
Total non-current assets	186,631		184,195	
Current assets				
Inventories	37,863		30,518	
Trade receivables	45,572	4,559	52,117	4,702
Current tax assets	1,481		1,214	
Financial assets	568		60	
Other assets	4,809		4,948	
Cash and cash equivalents	9,911		8,138	
Total current assets	100,204		96,995	
TOTAL ASSETS	286,835		281,190	
EQUITY AND LIABILITIES				
Equity				
Share capital	21,343		21,343	
Other reserves	159,281		159,174	
Retained earnings	24,844		28,688	
Profit (loss) for the year attributable to owners of the parent	(2,627)		(3,846)	
Equity attributable to owners of the parent	202,841		205,359	
Equity attributable to non-controlling interests	-		-	
TOTAL EQUITY	202,841		205,359	
LIABILITIES				
Non-current liabilities				
Financial liabilities	25,664		25,642	
Deferred tax liabilities	2,313		2,349	
Employee benefits	746		772	
Provisions for risks and charges	1,643		1,616	
Other financial liabilities	10,046		7,494	
Total non-current liabilities	40,412		37,873	
Current liabilities				
Financial liabilities	15,568		10,129	
Trade payables	19,387		19,825	
Current tax liabilities	1,233		1,230	
Other liabilities	4,464		4,489	
Other financial liabilities	2,930		2,285	
Total current liabilities	43,582		37,958	
TOTAL LIABILITIES	83,994		75,831	
TOTAL EQUITY AND LIABILITIES	286,835		281,190	

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022

INCOME STATEMENT

<i>(thousands of Euro)</i>	Q1 2022	Of which related parties	Q1 2021	Of which related parties
Revenue from sales	23,329	749	16,636	743
Cost of sales	(14,220)		(10,079)	
Gross operating profit	9,109		6,557	
Sales and distribution costs	(7,324)		(5,547)	
General and administrative costs	(6,024)	(3)	(5,725)	(18)
Other non-operating costs/(revenues)	475		110	
Operating profit/(loss)	(3,764)		(4,605)	
Financial income	508		84	
Financial expense	(453)		(1,096)	
Foreign exchange gains/(losses)	31		(68)	
Gains/(losses) on equity investments	-		-	
Profit/(loss) before taxes	(3,678)		(5,685)	
Current and deferred taxes	1,051		1,742	
Profit for the year before non-controlling interests	(2,627)		(3,942)	
Profit for the year attributable to non-controlling interests	-		-	
Profit (loss) for the year attributable to owners of the parent	(2,627)		(3,942)	

STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euro)</i>	Q1 2022	Q1 2021
Profit for the year attributable to owners of the parent	(2,627)	(3,942)
<i>Other components of comprehensive income that will not be reclassified to profit or loss</i>		
Actuarial gains (losses) on defined benefit plans	-	59
Actuarial gains (losses) on provisions for risks	-	64
Gains/(losses) on translation of foreign operations	95	(304)
Income taxes	-	(34)
Other components of comprehensive expense for the year	95	(215)
Total comprehensive income for the year	(2,532)	(4,158)

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022

STATEMENT OF CASH FLOWS

<i>(thousands of Euro)</i>	Q1 2022	Q1 2021
Profit for the year	(2,627)	(3,942)
Amortisation, depreciation and impairment losses	2,984	2,792
Net impairment losses and accruals	256	71
Accrued financial (income)/expense	179	1,012
Current and deferred taxes	(1,051)	(1,742)
Other non-monetary changes (*)	6	409
	(253)	(1,401)
(Increase)/decrease in inventories	(7,547)	751
(Increase)/decrease in trade receivables	6,540	13,281
Increase/(decrease) in trade payables	(438)	(4,770)
Increase/(decrease) in other assets and liabilities	(329)	1,062
Payment of employee benefits and change in provisions	(49)	47
Cash flow generated (absorbed) by operating activities	(2,075)	8,972
Interest and other net charges paid	(251)	-
Income taxes paid	(103)	(133)
Net cash flows generated by (used in) operating activities	(2,429)	8,839
Purchase of property, plant and equipment and intangible assets (*)	(950)	(589)
Net cash flows generated by (used in) investing activities	(950)	(589)
Other financial assets and liabilities (*)	(260)	(744)
Decrease in bank loans and borrowings and loans and borrowings from other financial backers	5,300	650
Payment of transaction costs relating to financial liabilities	17	75
Net cash flows generated by (used in) financing activities	5,057	(19)
Increase/(decrease) in cash and cash equivalents	1,678	8,231
Effect of exchange rate fluctuations (*)	95	(215)
Total cash flow	1,773	8,016
Opening cash and cash equivalents	8,138	8,629
Closing cash and cash equivalents	9,911	16,645

(*) In order to provide better comparability, these items for Q1 2021 have been reclassified.

CONSOLIDATED INCOME STATEMENT

RECLASSIFIED

<i>(thousands of Euro)</i>	Q1 2022	Of which related parties	% of revenue	Q1 2021	Of which related parties	% of revenue
Revenue from sales	23,329	749	100.0%	16,636	743	100%
Cost of sales	(14,220)		-61.0%	(10,079)		-60.6%
Gross operating profit	9,109		39.0%	6,557		39.4%
Sales and distribution costs	(7,324)		-31.4%	(5,547)		-33.3%
General and administrative costs	(6,024)	(3)	-25.8%	(5,725)	(18)	-34.4%
Other non-operating costs/(revenues)	475		2.0%	110		0.7%
Operating profit/(loss)	(3,764)		-16.1%	(4,605)		-27.7%
* of which depreciation and amortisation (including PPA depreciation)	2,984		12.8%	2,796		16.8%
* of which COVID-19 non-recurring expense/(revenue)	6		0.0%	183		1.1%
* of which other non-recurring expense	193		0.8%	459		2.8%
* of which operating foreign exchange gains/(losses)	2		0.0%	(49)		-0.3%
Adjusted operating profit (EBITDA)	(579)		-2.5%	(1,216)		-7.3%
Financial income	508		2.2%	84		0.5%
Financial expense	(453)		-1.9%	(1,096)		-6.6%
Foreign exchange gains/(losses)	31		0.1%	(68)		-0.4%
Gains/(losses) on equity investments	-		0.0%	-		0.0%
Profit/(loss) before taxes	(3,678)		-15.8%	(5,685)		-34.2%
* of which PPA depreciation	1,612		6.9%	1,607		9.7%
* of which COVID-19 non-recurring expense/(revenue)	6		0.0%	183		1.1%
* of which other non-recurring expense	193		0.8%	459		2.8%
* of which fair value gains/(losses) on the warrant	-		-0.0%	751		4.5%
Adjusted pre-tax result	(1,867)		-8.0%	(2,685)		-16.1%
Current and deferred taxes	1,051		4.5%	1,742		10.5%
Profit (loss) for the period attributable to owners of the parent	(2,627)		-11.3%	(3,942)		-23.7%
* of which PPA depreciation	1,612		6.9%	1,607		9.7%
* of which COVID-19 non-recurring expense/(revenue)	6		0.0%	183		1.1%
* of which other non-recurring expense	193		0.8%	459		2.8%
* of which fair value gains/(losses) on the warrant	-		0.0%	751		4.5%
* of which tax effect on the above items	(498)		-2.1%	(794)		-4.8%
Adjusted Group profit (loss) for the period	(1,314)		-5.6%	(1,737)		-10.4%