

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

[CELLULARLINEGROUP]

www.cellularlinegroup.com

2023 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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COMPANY OFFICERS AND CONTROL BODIES

Board of Directors

Antonio Luigi Tazartes	Chairman
Christian Aleotti	Deputy Chairman and Chief Executive Officer
Marco Cagnetta	Executive Director
Donatella Busso	Independent Director
Paola Vezzani	Independent Director
Alessandra Bianchi	Independent Director
Davide Danieli	Director
Marco Di Lorenzo	Director
Walter Alba	Independent Director
Laura Elena Cinquini	Independent Director

Risk and Control Committee

Donatella Busso	Chairwoman and Director
Alessandra Bianchi	Director
Paola Vezzani	Director

Appointments and Remuneration Committee

Paola Vezzani	Chairwoman and Director
Walter Alba	Independent Director
Donatella Busso	Director

Committee for Transactions with Related Parties

Donatella Busso	Chairwoman and Director
Alessandra Bianchi	Director
Laura Elena Cinquini	Independent Director

Board of Statutory Auditors

Lorenzo Rutigliano	Chairman
Daniela Bainotti	Standing Auditor
Paolo Chiussi	Standing Auditor
Guido Prati	Alternate Auditor
Andrea Fornaciari	Alternate Auditor



Supervisory Body

Anna Doro

Alessandro Cencioni

Ester Marino

Chairwoman

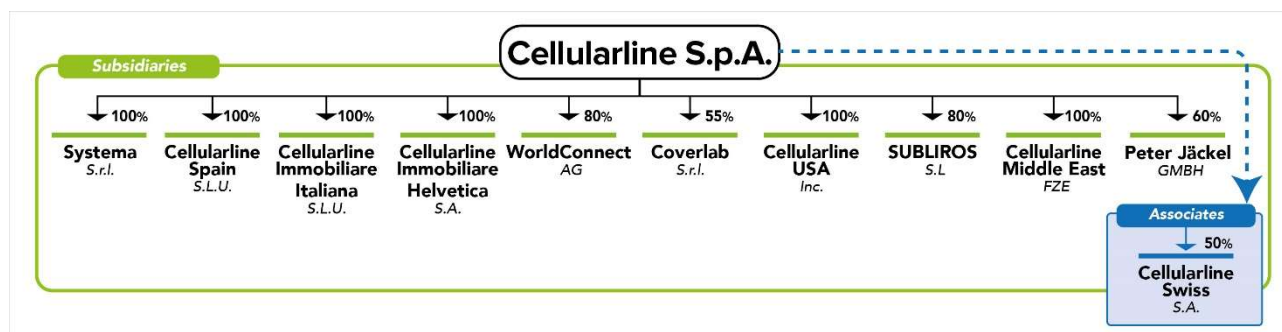
Member

Member

Independent Auditors

KPMG S.p.A.

GROUP STRUCTURE AS AT 31 December 2023



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 Immobiliaria Italiana S.L.U., a company incorporated under Spanish law with registered office in Cl. Industrial no. 50 Sur edificio 2 nave 27, Leganés (Madrid), a full 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 full subsidiary, which owns the property leased to the commercial company Cellular Swiss S.A.;
- Systema S.r.l., a company incorporated under Italian law with registered office in Via della Previdenza Sociale 2, Reggio Emilia (Italy), a full subsidiary, operates in the European market for mobile phone accessories for telecommunications. On 18 December 2023, Systema S.r.l. resolved to merge with Pegaso S.r.l.;
- 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;
- Sublirós SL, a company incorporated under Spanish law with registered office in C/Jacquard 97, Sabadell (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;
- Peter Jäckel GmbH, a major German operator in the field of smartphone accessories, based in Alfeld, a small town in Lower Saxony (Germany), 60%-owned. The company was acquired in January 2023 and has been operating in the German market for over 25 years with leading consumer electronics players;
- Cellular Middle East FZE a company incorporated in April 2023 with the purpose of better serving the Middle East region through the distribution of Cellularline branded products. It is a 100%-owned subsidiary with registered office in Dubai;
- 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.

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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 2023, compared with the prior year figures as at 31 December 2022.

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 2023 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. 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 indicators¹

(In thousands of Euro)	Year ended	
	31 December 2023	31 December 2022
Performance indicators		
Revenue	158,648	137,644
Adjusted EBITDA ²	20,757	16,636
Adjusted EBIT ³	14,015	10,253
Profit (loss) for the year attributable to owners of the parent	3,595	(75,166)
Adjusted profit for the year attributable to owners of the parent ⁴	7,678	5,702

(In thousands of Euro)	Balance at	
	31 December 2023	31 December 2022
Financial indicators		
Cash flows generated by operating activities	18,181	8,511
Net financial indebtedness	35,384	40,384
Net financial indebtedness/Adjusted LTM EBITDA	1.7x	2.4x

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.

¹ The adjusted indicators are not identified as indicators under IFRS and, therefore, should not be considered an alternative measure to assess 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) 7exchange 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 and amortisation relating to the purchase price allocation procedure.

⁴ Adjusted profit for the year attributable to the owners of the parent is calculated as the profit (loss) for the year adjusted by (i) adjustments in adjusted EBITDA, (ii) adjustments of amortisation and depreciation relating to the Purchase Price Allocation, (iii) impairment of goodwill (iv) adjustments of non-recurring financial expense/(income) and (v) the theoretical tax impact of these adjustments.

The EMEA market context of accessories for smartphones with a value of less than EUR 100 - which is the one in which the Group mainly operates - showed an upward trend in 2023 compared to the previous year, recording an increase of approximately 2%, while reporting a slight decrease in volumes (-2.4%), the latter being a phenomenon that is very much linked to the trend of the primary market for smartphones. The trend in accessories was positive for almost all major European markets, with significant increases in the Spanish market (+7% year-on-year compared to 2022).

6. Group performance

The income statement presented in this Directors' Report were reclassified in accordance with the presentation methods deemed useful by Management to represent the trend in the Group's operating profitability during the year.

Reclassified Income Statement

<i>(thousands of Euro)</i>	2023	Of which related parties	% of revenue	2022	Of which related parties	% of revenue
Revenue from sales	158,648	5,433	100%	137,644	5,120	100%
Cost of sales	(97,459)		-61.4%	(88,849)		-64.5%
Gross profit margin	61,189		38.6%	48,795		35.5%
Sales and distribution costs	(29,233)		-18.4%	(25,604)		-18.6%
General and administrative costs	(27,818)	(12)	-17.5%	(101,272)	(12)	-73.6%
Other non-operating revenue	737		0.5%	1,787		1.3%
Operating profit/(loss)	4,876		3.1%	(76,294)		-55.4%
* of which PPA amortisation	6,669		4.2%	6,463		4.7%
* of which impairment of goodwill	-		-	75,425		54.8%
* of which non-recurring expense	2,134		1.3%	2,731		2.0%
* of which exchange gains	335		0.2%	1,928		1.4%
Adjusted operating profit (Adjusted EBIT)	14,015		8.8%	10,253		7.4%
* of which depreciation and amortisation (excluding PPA amortisation)	6,742		4.2%	6,384		4.6%
Adjusted EBITDA	20,757		13.1%	16,636		12.1%
Financial income	2,434		1.5%	1,632		1.2%
Financial expense	(3,942)		-2.5%	(2,287)		-1.7%
exchange gains	622		0.4%	2,095		1.5%
Gains on equity investments	260		0.2%	38		0.0%
Profit/(loss) before taxes	4,250		2.7%	(74,816)		-54.4%
* of which PPA amortisation	6,669		4.2%	6,463		4.7%
* of which impairment of goodwill	-		-	75,425		54.8%
* of which non-recurring expense	2,134		1.3%	2,731		2.0%
* of which fair value impact on the warrants and put / call	(2,296)		-1.4%	(1,514)		-1.1%
Adjusted profit before taxes	10,757		6.8%	8,289		6.0%
Current and deferred taxes	(655)		-0.4%	(349)		-0.3%
Profit (loss) for the year attributable to owners of the parent	3,595		2.3%	(75,166)		-54.6%
* of which PPA amortisation	6,669		4.2%	6,463		4.7%
* of which impairment of goodwill	-		-	75,425		54.8%
* of which non-recurring expense	2,134		1.3%	2,731		2.0%
* of which fair value impact on the warrants and put / call	(2,296)		-1.4%	(1,514)		-1.1%
* of which tax effect on the above items	(2,424)		-1.5%	(2,237)		-1.6%
Adjusted profit for the year attributable to owners of the parent	7,678		4.8%	5,702		4.1%

6.1 Consolidated revenue

In 2023, revenue from sales amounted to EUR 158,648 thousand (EUR 137,644 thousand in 2022), an increase of EUR 21,004 thousand (+15.3%), due to increased sales on both the domestic and international markets. In particular, the latter is benefiting from the momentum of the recent distribution agreement signed with reference to the DACH region, the increase in sales by Worldconnect, a new trade agreement signed with a Spanish distribution chain and, finally, the inclusion of the revenue of the newly acquired companies.

The share of revenue generated by the Group outside Italy reached 51.6% in 2023 (47.7% in 2022).

It should be noted that Peter Jäckel GmbH (acquired in January 2023) and Subliros SL (controlled from the last quarter of 2022) contributed 3.3% of the Group's comprehensive turnover; therefore, the like-for-like revenue development (i.e., the comparison of sales with last period on a like-for-like basis) was approximately +11%.

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						
<i>(In thousands of Euro)</i>						
	2023	% of revenue	2022	% of revenue	Change	
					Δ	%
Red – Italy	52,716	33.2%	49,504	36.0%	3,212	6.5%
Red – International	75,804	47.8%	61,028	44.3%	14,776	24.2%
Revenue from sales - Red	128,520	81.0%	110,532	80.3%	17,988	16.3%
Black – Italy	3,809	2.4%	4,059	2.9%	(250)	-6.2%
Black – International	3,524	2.2%	3,752	2.7%	(228)	-6.1%
Revenue from sales - Black	7,333	4.6%	7,811	5.7%	(478)	-6.1%
Blue – Italy	20,334	12.8%	18,099	13.1%	2,235	12.4%
Blue – International	2,460	1.6%	1,201	0.9%	1,259	104.9%
Revenue from sales - Blue	22,795	14.4%	19,300	14.0%	3,495	18.1%
Total revenue from sales	158,648	100.0%	137,644	100.0%	21,004	15.3%

- the **Red Line**, which represents the Group's core business, recorded a marked increase over the previous year of 16.3% (EUR 128,520 thousand in 2023 compared to EUR 110,532 thousand in 2022). In 2023, sales of the Red line accounted for approximately 81.0% of total revenue, in line with the previous year. Growth was driven by increased demand in international markets (+24.2% compared with the previous year) due to the contribution of both Cellularline and Worldconnect products, as well as the positive effect of new acquisitions and the new sales agreements signed in Germany and in Spain;
- the **Black Line** recorded sales of EUR 7,333 thousand; the proportion of sales of the Black Line in 2023 (4.6%) was slightly lower than the previous year (5.7%), although this line recorded a growth in online distribution of around 16% compared to the previous year;

- the **Blue Line** grew by 18.1%, to EUR 22,795 thousand in 2023 from EUR 19,300 thousand in 2022.

6.1.2 Consolidated revenue by geographical area

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

Revenue from sales by geographical area

<i>(In thousands of Euro)</i>	Change					
	2023	% of revenue	2022	% of revenue	Δ	%
Italy	76,859	48.4%	71,926	52.3%	4,933	6.9%
Spain/Portugal	14,292	9.0%	12,013	8.7%	2,279	19.0%
Germany	12,240	7.7%	3,280	2.4%	8,960	>100%
Eastern Europe	8,574	5.4%	8,566	6.2%	8	0.1%
Switzerland	8,225	5.2%	6,094	4.4%	2,131	35.0%
Benelux	7,961	5.0%	6,629	4.8%	1,332	20.1%
Northern Europe	7,880	5.0%	7,086	5.3%	794	11.2%
France	6,688	4.2%	6,492	4.7%	196	3.0%
Great Britain	5,412	3.4%	5,356	3.9%	56	1.0%
Middle East	5,220	3.3%	4,382	3.2%	838	19.1%
North America	1,750	1.1%	966	1.1%	784	81.2%
Others	3,546	2.2%	4,854	3.5%	(1,308)	-26.9%
Total revenue from sales	158,648	100%	137,644	100%	21,004	15.3%

With regard to the analysis of sales by geographic area, it should be noted that - thanks to the growth in sales recorded internationally - the share of sales in foreign markets accounted for over 51.6% of the Group's total sales, with an increase in the incidence of approximately 4.0% compared with the previous year. Particularly noteworthy is the growth in Germany, one of the most significant markets for the Group, where revenues more than doubled compared to 2022 (+118.0%), net of the effect of Peter Jäckel GmbH consolidated from 2023 (amounting to EUR 5 million).

6.2 Cost of sales

In 2023, the cost of sales came to EUR 97,459 thousand, compared with EUR 88,849 thousand in 2022, equating to 61.4% of revenue, as compared with 64.5% of the previous year.

6.3 Sales and distribution costs

(In thousands of Euro)	Changes			
	2023	2022	Δ	%
Sales and distribution personnel expense	12,998	11,415	1,584	13.9%
Commissions to agents	6,906	6,088	818	13.4%
Transport	4,315	3,789	526	13.9%
Advertising and advertising consultancy expenses	2,435	2,340	95	4.0%
Other sales and distribution costs	2,578	1,972	606	30.7%
Total sales and distribution costs	29,233	25,604	3,628	14.2%

Although this item increased by EUR 3,628 thousand in absolute terms as compared to the previous period, it decreased by 0.2% as a percentage of revenue to 18.4% as compared to 18.6% in 2022. This efficiency improvement is a direct consequence of both the higher absorption of fixed costs due to the growth in revenue in the year, and the careful cost control policy implemented by management.

6.4 General and administrative costs

General and administrative costs amounted to EUR 27,818 thousand in 2023, compared to EUR 101,272 thousand in 2022. The significant decrease was mainly due to the recognition of the impairment of goodwill of EUR 75.4 million in 2022; excluding this impact, the incidence of general and administrative costs as a percentage of revenue decreased by approximately -1.0% compared to 2022 (17.5% in 2023 compared to 18.8% in 2022).

Also note that the consolidation of Peter Jäckel GmbH and Subliros SL in 2023 had an impact of EUR 944 thousand on “General and administrative costs”.

(In thousands of Euro)	Changes			
	2023	2022	Δ	%
Amortisation	11,750	11,388	362	3.2%
Depreciation	1,655	1,455	200	13.7%
Impairment of goodwill	-	75,425	(75,425)	100%
Provisions for risks and impairment losses	913	415	498	>100%
Administrative personnel expense	6,177	5,425	753	13.9%
Strategic, administrative, legal, HR consultancy, etc.	2,780	2,931	(151)	-5.1%
Commissions and fees	321	215	106	49.3%
Directors' and Statutory Auditors' fees	964	946	17	1.8%
Other general and administrative costs	3,258	3,071	187	6.1%
Total General and administrative costs	27,818	101,272	(73,454)	-72.5%

6.5 Other non-operating revenue

This item includes non-operating revenue of EUR 737 thousand. 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			
	2023	2022	Δ	%
(SIAE and CONAI contributions)	(193)	(118)	(74)	62.7%
Recoveries of SIAE fees	4	(3)	7	<-100%
Prior year and income	176	145	32	21.8%
Other non-operating revenue	749	1,764	(1,014)	-57.5%
Total Other non-operating revenue	737	1,787	(1,049)	-58.7%

6.6 Adjusted EBITDA

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

(In thousands of Euro)	Changes			
	2023	2022	Δ	%
Operating profit/(loss)	4,876	(76,294)	81,170	<-100%
Amortisation and depreciation	13,411	12,847	564	4.4%
Impairment of goodwill	-	75,425	(75,425)	100%
Non-recurring expense	2,134	2,731	(597)	-21.8%
exchange gains	335	1,928	(1,592)	-82.6%
Adjusted EBITDA	20,757	16,636	4,121	24.8%

Adjusted EBITDA amounted to EUR 20,757 thousand, an increase of 24.8% compared to the previous year. The adjusted EBITDA margin shows a 0.9% margin recovery over the year, from 12.1% in 2022 to the current 13.1%, as a direct result of the increased margins following an improvement seen to exchange rates and transport costs, higher absorption of fixed costs due to the strong revenue growth in the period and a careful cost control policy implemented by management.

Adjustments made to EBITDA, excluding amortisation, depreciation and impairment, amounted to EUR 2,469 thousand during 2023 (EUR 4,659 thousand at 31 December 2022) and mainly consisted of:

- (i) non-recurring revenue (EUR 2,134 thousand); these are revenue and expense related to non-recurring, atypical events or related to extraordinary transactions;
- (ii) exchange gains of EUR 335 thousand due to currency purchase for transactions in USD; although these are not non-recurring revenue and expense, with this adjustment the Group intends to present the operating performance, net of currency effects.

6.7 Financial expense

Net financial expense amounts to EUR 1,508 thousand (expense of EUR 655 thousand in 2022):

(In thousands of Euro)	Change			
	2023	2022	Δ	%
Fair value gains	2,432	1,630	802	49.2%
Interest income	2	2	-	0.0%
Total Financial income	2,434	1,632	802	49.1%
Fair value losses	(1,263)	(1,064)	(199)	18.7%
Interest expense on loans	(2,337)	(958)	(1,379)	>100%
Other interest expense	(342)	(265)	(77)	29.1%
Total Financial expense	(3,942)	(2,287)	(1,655)	72.4%
Total Financial expense)	(1,508)	(655)	(853)	>100%

Financial expense in 2023 increased by EUR 1,655 thousand compared to the previous year, mainly due to the increase in interest rates on existing loans. The item, amounting to EUR 3,942 thousand, is mainly attributable to:

- EUR 2,337 thousand for interest from banks for short and medium/long-term loans;
- EUR 1,263 thousand for bank commission costs and premiums paid for currency exchange rate risk hedging transactions and factoring transactions;
- EUR 342 thousand for other interest expense.

The change in financial income for 2023, compared to the previous year, was EUR 802 thousand, mainly due to the effect of a benefit arising from the fair value measurement of put options, which contributed financial income of EUR 2,296 thousand; this impact was partly mitigated by the absence, in 2023, of the positive effect of the change in the fair value of outstanding warrants no longer exercisable as of 5 June 2023.

6.8 Exchange gains

Exchange gains showed a positive balance of EUR 622 thousand (EUR 2,095 thousand in 2022):

(In thousands of Euro)	Change			
	2023	2022	Δ	%
Exchange gains	335	1,928	(1,592)	-82.6%
Net exchange gains on financial transactions	287	167	119	70.7%
Total exchange gains	622	2,095	(1,474)	-70.3%

The decrease of EUR 1,474 thousand is mainly due to the hedges implemented on the EUR/USD exchange rate.

6.9 Adjusted EBIT

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

<i>(In thousands of Euro)</i>	Changes			
	2023	2022	Δ	%
Operating profit/(loss)	4,876	(76,294)	81,170	<-100%
PPA amortisation	6,669	6,463	206	3.2%
Impairment of goodwill	-	75,425	(75,425)	-100%
Non-recurring expense	2,134	2,731	(597)	-21.9%
exchange gains	335	1,928	(1,592)	-82.6%
Adjusted EBIT	14,015	10,253	3,762	36.7%

Adjusted EBIT was positive for EUR 14,015 thousand (in 2022, it was EUR 10,253 thousand). The adjustments made to the Group EBIT refer to the factors mentioned in the section on adjusted EBITDA, and to the amortisation of purchase price allocation of EUR 6,669 thousand.

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:

<i>(In thousands of Euro)</i>	Changes			
	2023	2022	Δ	%
Profit/(loss) attributable to owners of the parent	3,595	(75,166)	78,761	>100%
Non-recurring expense	2,134	2,731	(597)	-21.8%
PPA amortisation	6,669	6,463	206	3.2%
Impairment of goodwill	-	75,425	(75,425)	-100.0%
<i>Fair value warrants and put / call</i>	<i>(2,296)</i>	<i>(1,514)</i>	<i>(782)</i>	<i>51.7%</i>
Tax effect of the above items	(2,424)	(2,237)	(187)	4.2%
Adjusted profit for the year attributable to owners of the parent	7,678	5,702	1,976	34.7%

The Group's adjusted result for 2023 is a profit of EUR 7,678 thousand, an improvement on 2022 by EUR 1,976 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

<i>(In thousands of Euro)</i>	at 31 December 2023	Of which related parties	%	December 2022	Of which related parties	%
ASSETS						
Intangible assets	50,594		21.7%	54,826		25.4%
Goodwill	38,505		16.5%	34,272		15.9%
Property, plant and equipment	7,816		3.3%	7,726		3.6%
Equity investments in associates and other companies	331		0.1%	71		0.0%
Right-of-use assets	3,994		1.7%	4,388		2.0%
Deferred tax assets	5,805		2.5%	5,122		2.4%
Financial assets	54		0.0%	-		0.0%
Total non-current assets	107,099		45.9%	106,405		49.4%
Inventories	46,931		20.1%	41,400		19.2%
Trade receivables	51,459	3,761	22.0%	53,291	3,707	24.7%
Current tax assets	473		0.2%	970		0.5%
Financial assets	338		0.1%	75		0.0%
Other assets	13,066		5.6%	3,371		1.6%
Cash and cash equivalents	14,041		6.0%	9,916		4.6%
Total current assets	126,308		54.1%	109,023		50.6%
TOTAL ASSETS	233,407		100.0%	215,428		100.0%
Share capital	21,343		9.1%	21,343		9.9%
Other reserves	107,056		45.9%	168,737		78.3%
Retained earnings	2,665		1.1%	15,554		7.2%
Profit (loss) for the year attributable to owners of the parent	3,595		1.5%	(75,166)		-34.9%
Equity attributable to owners of the parent	134,659		57.7%	130,468		60.6%
Equity attributable to non-controlling interests	-		0.0%	-		0.0%
Total Equity	134,659		57.7%	130,468		60.6%
LIABILITIES						
Bank loans and borrowings and loans and borrowings from other financial backers	8,600		3.7%	15,709		7.3%
Deferred tax liabilities	3,547		1.5%	2,762		1.3%
Employee benefits	544		0.2%	524		0.2%
Provisions for risks and charges	1,939		0.8%	1,356		0.6%
Other financial liabilities	9,061		3.9%	9,457		4.4%
Total non-current liabilities	23,691		10.2%	29,808		13.8%
Bank loans and borrowings and loans and borrowings from other financial backers	29,170		12.5%	23,788		11.0%
Trade payables	32,330		13.9%	23,580		10.9%
Current tax liabilities	1,686		0.7%	772		0.4%
Provisions for risks and charges	-		0.0%	-		0.0%
Other liabilities	8,939		3.8%	5,591		2.6%
Other financial liabilities	2,932		1.3%	1,421		0.7%
Total current liabilities	75,057		32.2%	55,152		25.6%
TOTAL LIABILITIES	98,748		42.3%	84,960		39.4%
TOTAL EQUITY AND LIABILITIES	233,407		100.0%	215,428		100.0%

Financial Position

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Liquid funds/(Financial liabilities):		
Cash	11	7
Bank deposits	14,030	9,909
Cash and cash equivalents	14,041	9,916
Current financial assets	338	75
Current bank loans and borrowings	(29,170)	(23,788)
Other financial liabilities	(2,932)	(1,421)
Current financial indebtedness	(31,764)	(25,134)
Net current financial indebtedness	(17,722)	(15,218)
Non-current bank loans and borrowings	(8,600)	(15,709)
Other financial liabilities	(9,061)	(9,457)
Non-current financial indebtedness	(17,661)	(25,166)
Net financial indebtedness	(35,384)	(40,384)

The composition of the Group's net working capital and net invested capital as at 31 December 2023 and 31 December 2022 is detailed below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Inventories	46,931	41,400
Trade receivables	51,459	53,291
Trade payables	(32,330)	(23,580)
Net trade working capital	66,060	71,111
Other working capital items	2,914	(2,022)
Net working capital	68,974	69,089
Non-current assets	107,099	106,405
Non-current provisions and other liabilities	(6,030)	(4,642)
Net invested capital	170,043	170,852
Net financial indebtedness	35,384	40,384
Equity	134,659	130,468
Total equity and financial liabilities	170,043	170,852

The Group's net trade working capital at 31 December 2023 amounted to EUR 66,060 thousand with a decrease in absolute value of EUR 5,051 thousand compared to the previous year.

Total assets assigned without recourse to factoring companies amounted to EUR 13,217 thousand at 31 December 2023 (EUR 7,850 thousand at 31 December 2022).

Below is a reconciliation of the net financial indebtedness at 31 December 2023, of EUR 35,384 thousand, and at 31 December 2022, of EUR 40,384 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 2023	31 December 2022	Δ	%
(A) Cash	14,041	9,916	4,125	41.6%
(B) Other cash and cash equivalents	-	-	0	
(C) Other current financial assets	338	75	263	>100%
(D) Cash and cash equivalents (A)+(B)+(C)	14,379	9,991	4,388	43.9%
(E) Current financial indebtedness	16,270	13,703	2,567	18.7%
(F) Current portion of non-current indebtedness	15,831	11,506	4,326	37.6%
(G) Current financial indebtedness (E) + (F)	32,101	25,209	6,892	27.3%
- of which guaranteed	-	-		
- of which not guaranteed	32,101	25,209	6,892	27.3%
(H) Net current financial indebtedness (G) - (D)	17,722	15,218	2,504	16.5%
(I) Non-current financial indebtedness	17,661	25,166	(7,505)	-29.8%
(J) Debt instruments	-	-	0	
(K) Trade payables and other non-current liabilities	-	-	0	
(L) Non-current financial indebtedness (I)+(J)+(K)	17,661	25,166	(7,505)	-29.8%
- of which guaranteed	-	-		
- of which not guaranteed	17,661	25,166	(7,505)	-29.8%
(M) NET FINANCIAL INDEBTEDNESS (H) + (L)	35,384	40,384	(5,000)	-12.4%

Net financial indebtedness of EUR 35,384 thousand includes:

- EUR 14,041 thousand in liquid funds;
- EUR 16,270 thousand for current financial liabilities mainly related to current accounts, hot money and short-term portion of liabilities related to the valuation of put/call options for the purchase of minority interests;
- EUR 15,831 thousand mainly related to short-term loan instalments and current portion of IFRS16 lease liabilities;
- EUR 17,661 thousand for non-current financial liabilities, including long-term portions of bank loans and borrowings, long-term liabilities related to the valuation of put/call options and lease liabilities in application of IFRS 16.

The reduction in net financial indebtedness at 31 December 2023, compared to 31 December 2022, was EUR 5,000 thousand.

Eliminating the accounting effects deriving from the recognition of right-of-use assets (IFRS 16), the Group's net financial indebtedness (M) is substantially unchanged from the previous year end (EUR 31,252 thousand at 31 December 2023 and EUR 35,882 thousand at 31 December 2022); 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

<i>(In thousands of Euro)</i>	2023	2022
Cash flows from operating activities		
Profit/(loss) for the year	3,595	(75,166)
<i>Adjustments for:</i>		
- Current and deferred taxes	655	349
- Net impairment losses and accruals	1,270	397
- Gains on equity investments	(260)	(38)
- Accrued financial expense	886	549
- Amortisation, depreciation and impairment of goodwill	13,405	88,070
- Other non-monetary changes	(717)	80
<i>Changes in:</i>		
- Inventories	(4,587)	(11,654)
- Trade receivables	2,498	(1,170)
- Trade payables	8,595	3,755
- Other changes in operating assets and liabilities	(7,159)	3,474
- Payment of employee benefits and change in provisions	(1)	(136)
Cash flows generated by operating activities	18,181	8,511
Taxes paid/offset	(1,432)	(1,335)
Interest and other net charges paid	(3,703)	(2,287)
Cash flows generated by operating activities	13,047	4,889

Net cash flow generated by operating activities records an increase of EUR 8,158 thousand, mainly due to the performance of working capital, explained previously.

Cash flows used in investing activities

<i>(In thousands of Euro)</i>	2023	2022
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired and other costs	(2,552)	(786)
Purchase of property, plant and equipment and intangible assets	(4,893)	(4,609)
Cash flows used in investing activities	(7,445)	(5,395)

In 2023, the investing activity mainly concerned:

- investments in intangible assets of about EUR 2,934 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 of about EUR 1,555 thousand (including the effect of converting financial statements carried in foreign currencies);
- the consideration paid for the acquisition of the first tranche of Peter Jäckel GmbH, net of the cash acquired.

Cash flows generated by/(used in) financing activities

<i>(In thousands of Euro)</i>		
	2023	2022
Cash flows from financing activities		
Increase/(decrease) in bank loans and borrowings and loans and borrowings from other financial backers	(1,727)	3,811
Decrease in other financial liabilities	(245)	(1,827)
(Dividend distributed)	-	(1,012)
Payment of transaction costs relating to financial liabilities	-	106
Other changes in equity	(592)	400
Net cash flows generated by (used in) financing activities	(2,564)	1,478

The cash flows from financing activities for 2023 mainly reflect the decrease of EUR 1,727 thousand in bank loans and borrowings as a result of the payment of instalments on the existing non-current bank loans and borrowings for EUR 12,000 thousand and the opening of new non-current financing lines for EUR 10,000 thousand; a change is also noted in current debt for approximately EUR 280 thousand.

8. Investments and research and development activities

During 2023 - 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 related party transactions

Information on related party transactions is presented in Note 5 of the Notes 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 4.12 to the Consolidated Financial Statements.

12. Treasury shares and shares of the parent

During 2023, 741,108 treasury shares were assigned on the occasion of the distribution of the extraordinary dividend resolved by the shareholders' meeting of 28 April 2023; in the same year, the parent implemented a treasury share buyback programme, later renewed by resolution passed by the shareholders' meeting on 22 November 2023; therefore, due to the combined effect of these actions, the number of treasury shares held in portfolio at 31 December 2023 was 527,207 (1,038,174 at 31 December 2022), or 2.41% 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 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 2023	31 December 2023	Average 2022	31 December 2022
Euro/US Dollar	1.08	1.11	1.05	1.07

In 2023, 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. Compared to the latter months of 2022, during which the Group witnessed a progressive generalised increase in prices mainly due to the increase in energy and transport costs, in 2023 this phenomenon gradually receded thanks to the decrease in the energy component and the impact of the restrictive monetary policies of the major Central Banks.

The increase in interest rates due to the tightening of monetary policies implemented to tackle inflation, in addition to impacting the cost of debt, could lead to a contraction in consumption also in the sector in which the Group operates, with unfavourable effects on results.

13.5 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:

<i>(In thousands of Euro)</i>	within 12 months	1 - 5 years	after 5 years	Total
Employee benefits	-	544	-	544
Trade payables	32,330	-	-	32,330
Deferred tax liabilities	-	3,547	-	3,547
Bank loans and borrowings and loans and borrowings from other financial backers	29,170	8,600	-	37,770
Current provisions for risks and charges	-	1,939	-	1,939
Other liabilities	8,939	-	-	8,939
Other financial liabilities	2,932	8,965	96	11,993
Current tax liabilities	1,686	-	-	1,686
Total	75,057	23,595	96	98,748

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 (1.7x), the current cash and cash equivalents (EUR 14,041 thousand) and the unsecured commercial credit lines made available by various credit institutions and not used (about EUR 10.5 million).

13.6 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:

<i>(In thousands of Euro)</i>	Not yet due	Due within 6 months	Due in 6 to 12 months	Due after 12 months	Total
Trade receivables (gross of loss allowance)	39,440	5,094	1,186	5,237	50,958
Amounts due from associates	2,567	1,874	16	(11)	4,447
Total gross trade receivables	42,008	6,969	1,202	5,226	55,405
(Loss allowance)	-	-	-	(3,946)	(3,946)
Total net trade receivables	42,008	6,969	1,202	1,280	51,459

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.

13.7 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 loans in place (residual debt at 31 December 2023 of approximately EUR 23.0 million), meaning that interest rates fluctuations could lead to an increase in financial expense relating to indebtedness. In order to align forecasts on interest rate trends, the Group has taken care to receive, with regard to the syndicated loan, a precise forecast of the cost of debt itself, projected to 30 June 2024.

13.8 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.

13.9 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.

Within the ESG report, the Group regularly and thoroughly examines the risk of climate change. The “ESG Report 2022”, while not being an “NFS” (Non-Financial Statement) pursuant to Italian Legislative Decree no. 254/2016 implementing Directive 2014/95/EU, was presented to the Board of Directors on 28 July 2023 and was made public and distributed to all stakeholders. 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 and 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.

13.10 Risk of cybercrimes and computer system disruptions

The Group is very sensitive to the risks associated with possible interference with the IT system, on which the continuity and operability of the business very much depends. Also with reference to the Cyber Risk (the risk connected to the handling of information in the computer system that may be hacked, stolen or deleted due to accidental events or malicious actions - such as hacker attacks), it should be noted that the parent has adopted various measures to guarantee the continuity of IT services, including the use of distinct server locations and various levels of security for access to systems, and has also drawn up a plan to guarantee data recovery in the event of a disaster event through a Disaster Recovery system and plan. With reference to the remaining Group companies, the parent's management is continuing the process of reconnaissance and evaluation of the measures activated locally with the aim of implementing adequate safeguards at Group level through a programme of continuous improvement of the posture in the area of Cyber Security through the set of measures, policies and technologies put in place to protect its digital assets. In addition, an insurance policy has been stipulated to cover the cyber risk.

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 13 March 2024, 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 2023. 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 2023 and 31 December 2022.

(In thousands of Euro)	Carrying amount at 31/12/2023	Carrying amount			Fair value level		
		Amortised cost	FV to OCI	FV to PL	Level 1	Level 2	Level 3
Cash and cash equivalents	14,041	14,041	-	-	-	-	-
Trade receivables and other assets	64,525	64,525	-	-	-	-	-
Other financial assets	338	338	-	-	-	-	-
Total financial assets	78,904	78,904	-	-	-	-	-
Financing	37,770	37,770	-	-	-	-	-
Trade payables and other liabilities	41,269	41,269	-	-	-	-	-
Other financial liabilities	10,878	-	-	10,878	-	10,878	-
Total financial liabilities	89,917	79,039	-	10,878	-	10,878	-

(In thousands of Euro)	Carrying amount at 31/12/2022	Carrying amount			Fair value level		
		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	-

IFRS 13 establishes a fair value hierarchy that classifies three levels of inputs 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 parent 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 2023, 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 2023 was 299, an increase compared with the previous year (254), mainly due to the acquisition of Peter Jäckel GmbH.

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. In particular, the assessment and management of environmental and social impacts along the supply chain, as well as the traceability of its suppliers are extensively analysed in the Environment, Social and Governance (ESG) report published annually. 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

- **New CFO and IR *ad Interim*:** on 9 January 2023, the Board of Directors appointed Marco Cagnetta as Interim Investor Relator of the parent effective as of the same date. On 12 December 2022, the parent announced the appointment of Mauro Borgogno as the new Group Chief Financial Officer and Manager responsible for preparing the accounting information, pursuant to Article 154-bis of the Consolidated Finance Law, to replace Davide Danieli, Chief Corporate and Financial Officer, Investor Relator and Manager responsible for preparing the accounting information, who had tendered his resignation for personal reasons, effective as of 8 January 2023. Davide Danieli retained his position as Director on the Company's Board of Directors.
- **Peter Jäckel Closing:** on 11 January 2023, Cellularline S.p.A. signed the closing of the acquisition of 60% of the share capital of Peter Jäckel Kommunikationssysteme GmbH, a major German player in the smartphone accessories sector. The company was consolidated by Cellularline starting 1 January 2023. Peter Jäckel GmbH, based in Alfeld, a German town in Lower Saxony, has been successfully operating on the German market for more than 25 years with leading consumer electronics players. By joining the Cellularline Group, Peter Jäckel GmbH will benefit from the expansion of its product and service offering, as well as from operational and financial synergies, resulting in development opportunities for both companies. The transaction will allow the Cellularline Group to operate in a more structured manner in Germany, significantly strengthening its presence in the German market, which is Europe's most important market for smartphone accessories, while also accelerating its long-term growth strategy in international markets as envisaged in the 2022 - 2025 business plan. The preliminary consideration for the acquisition of 60% of the share capital of Peter Jäckel GmbH amounted to EUR 3.05 million and was paid at the closing, during the third quarter of 2023, following the approval of Peter Jäckel GmbH's 2022 financial statements; a price adjustment has been defined, determined on the basis of an adjustment mechanism that takes into consideration the ultimate net financial position and net working capital at year end. This price was financed through the use of a credit facility exclusively intended for M&A transactions, already signed with Banco BPM S.p.A. and Intesa Sanpaolo S.p.A.. The entrepreneurs-founders of Peter Jäckel GmbH have maintained their role in the company and are working alongside Cellularline's management team to achieve ambitious growth goals in the German market. To this end, Cellularline has agreed on an incentive mechanism through incremental valuations over the three-year period 2023-2025, in which the parties will have the right to exercise put & call options over the minority interests, totalling 40%, divided into two tranches. The amount to be paid for each tranche will be calculated taking into

account certain economic and financial parameters recorded by Peter Jäckel GmbH over 2024 and 2025. The exercise of the aforementioned options could therefore allow Cellularline to increase its stake to 100% by 2025.

- **Three-year agreement MediaMarktSaturn Germany:** on 28 February 2023, Cellularline S.p.A. announced that it has signed a commercial agreement with MediaMarktSaturn Germany - the leading retail distributor of consumer electronics products in Germany, strategically focused on the shopping experience, with related services and selection of accessories. The agreement extends for the distribution of Cellularline's range of products dedicated to charging and protecting smartphones in the approximately 400 German sales outlets of MediaMarktSaturn Germany. The widespread presence of the stores in Germany will allow the Cellularline Group to reach a large pool of potential new users throughout the country. Thanks to this new agreement, Cellularline has completed its presence in the major countries in which MediaMarktSaturn Retail Group operates, already an historical sales partner of the company in Italy, Spain, Portugal, Switzerland, Benelux, Turkey, and other markets. The agreement is effective from February 2023 and will last at least until December 2025. The Cellularline Group is continuing to pursue its globalisation strategy, and the agreement with MediaMarktSaturn Germany will help to strengthen Cellularline's position in Germany, which has always been considered crucial for the company as Europe's largest market for smartphone accessories.
- **The Shareholders' Meeting** (28 April) approved all the items on the agenda and, in particular:
 - Approval of the Financial Statements at 31 December 2022 and resolution to cover the loss for the year, amounting to EUR 75,893,350 thousand, through the utilisation of the available reserves.
 - The distribution of a dividend through the assignment of treasury shares held in the portfolio at a ratio of 1 share for every 28 ordinary shares of Cellularline S.p.A. (rounded down to the nearest unit), for a total maximum of 743,499 shares (corresponding to 3.40% of the share capital; dividend yield 3.6%) that can be entirely withdrawn from the treasury shares held by the Company, with a consequent reduction in the related Reserve (a total of 741,108 shares have been distributed, post-rounding).
 - approval of the Report on the remuneration policy and fees paid;
 - appointment of the Board of Directors, determination of the number of members, term of office, appointment of the Chairman and remuneration;
 - appointment of the Board of Statutory Auditors and remuneration.
- **Inauguration of the new Board of Directors** (4 May) for the attribution of powers and appointment of Committees, which, in view of continuity, confirmed Christian Aleotti as Deputy Chairman and Chief Executive Officer, with the office also of General Manager, and attributed operating powers to Marco Cagnetta; Independent Directors were identified and members of the board committees were appointed.
- **New operational hub in Dubai to speed up the company's growth in the Middle East:** on 17 May 2023, in line with one of the company's development guidelines, i.e. growth in international markets, the creation of an operational hub in the Jebel Ali Free Zone, in Dubai, is announced in order to better serve the Middle East region, drastically reducing delivery times, facilitating operations and improving service quality.

- The **exercise deadline for the Warrants** pursuant to the Cellularline Regulation (the "Deadline") **passed** on 5 June 2023; therefore, any Warrants not exercised by such Deadline are extinguished.
- **The Tax Authorities general audit** of the Parent commenced on 26 June 2023, with reference to the year 2019 and then extended to include 2017 and 2018. Following a series of internal audits carried out in response to certain objections raised during the audit, on 29 December 2023, the company proceeded to submit a request for the reversal of the tax credit on the total R&D Credits accrued on 2015, 2016 and 2017, for a total of EUR 516 thousand.
- **Commercial agreement** signed on 1 July with the Spanish chain **El Corte Inglés**, the most important department store in Europe, which provides for Cellularline's exclusivity on certain specific categories such as phone protection and car mounts in all 83 stores located in the centres of the most important cities, with experiential spaces dedicated to the brand.
- **Publication of the ESG report** (27 July 2023). For the third consecutive year, the company's new course based on an all-round sustainable business model is reaffirmed. Inside are best practices and outstanding performances the Group has achieved in six main areas of action - Governance, People, Community, Suppliers, Environment and Customers;
- **Publication of the Interim Consolidated half-year Report** (12 September 2023).
- **Red Sea crisis**, on 19 October 2023, following the start of the Israeli-Palestinian conflict, the Yemeni Houthi group launched missile attacks on Israel and piracy actions against merchant ships transiting the Red Sea, with the aim of damaging the Israeli and Western economy. Indeed, trade in the port of Eilat collapsed by 85%. The need to revise routes by the world's major shipping companies has led to an increase in shipping times and consequently in transport and insurance costs, with a strong impact on the timing of supplies and the final prices of consumer goods. Management is closely monitoring the development of the situation in order to take the necessary corrective actions, should the need arise.
- **Approval of the Interim Consolidated Financial statements as at and for the nine months ended 30 September 2023** (8 November 2023)
- **Initiation of a share buyback and disposal programme**, starting on 23 November 2023 on the basis of the authorisation resolution approved by the Shareholders' Meeting of 22 November 2023, which provides for the purchase of a maximum number of shares that shall not, in total, exceed 7% of the share capital, for a period of no more than eighteen months. As part of this resolution, the Board of Directors initiated the programme for the purchase and disposal of treasury shares, providing that the purchase will be carried out in one or more tranches, up to a maximum number of 1,003,566 Cellularline shares, equating to approximately 4.6% of the share capital, for a maximum value of EUR 3.0 million. It is recalled that at 22 November 2023, the Company held 527,207 treasury shares, equal to 2.4% of the share capital.

The initiation of the purchasing programme was ruled necessary in order to: i) preserve for subsequent use, including, by way of example, consideration in extraordinary transactions, including the exchange or sale of equity investments to be carried out through an exchange, contribution or other act of disposition and/or use, with other parties, or use to service bonds convertible into shares of the Company or bonds with warrants; ii) use for the service of future compensation and incentive plans based on financial instruments and reserved

for the directors and employees of the Company and/or the companies directly or indirectly controlled by the same, either through the granting of stock options free of charge, or through the free allocation of shares (stock option and stock grant plans); and iii) use to service any future programmes for the free assignment of shares to shareholders. The programme will run for eighteen months from the date of the Shareholders' Meeting.

- **Approval of the financial calendar** (13 December 2023)

21. Key events after the reporting date

- From the beginning of 2024 until today, Cellularline S.p.A., within the scope of the authorisation to purchase treasury shares resolved by the Issuer's Shareholders' Meeting on 22 November 2023, purchased 258,074 ordinary treasury shares for a total value of EUR 703,181. As of today, Cellularline directly holds 785,281 treasury shares, equal to 3.59% of the share capital with voting rights.
- During the early months of 2024, as per the internal dealing communication, moreover:
 - the Chief Executive Officer, Christian Aleotti, purchased 500,368 ordinary shares, reaching a total shareholding of 12.15%;
 - the Chairman of the Board of Directors, Antonio Luigi Tazartes, purchased a total of 920,368 ordinary shares, reaching a total shareholding of 7.08%.
- On 28 February 2024, the Board of Directors approved the 2024-2027 Business Plan.

22. Outlook

Based on the revenue trend in 2023, as well as the expected positive impacts and the strategic actions taken by the management, the Company overall confirms the long-term strategic directions and the soundness of the development activities implemented.

Reggio Emilia, 13 March 2024

The Chairman of the Board of Directors

Antonio Luigi Tazartes

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**CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED 31 DECEMBER 2023**

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**CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED 31 DECEMBER 2023**

**CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2023
STATEMENT OF FINANCIAL POSITION**

<i>(thousands of Euro)</i>	Notes	31 December 2023	Of which related parties	31 December 2022	Of which related parties
ASSETS					
Non-current assets					
Intangible assets	4.1	50,594		54,826	
Goodwill	4.2	38,505		34,272	
Property, plant and equipment	4.3	7,816		7,726	
Equity investments		331		71	
Right-of-use assets	4.4	3,994		4,388	
Deferred tax assets	4.5	5,805		5,122	
Financial assets		54		-	
Total non-current assets		107,099		106,405	
Current assets					
Inventories	4.6	46,931		41,400	
Trade receivables	4.7	51,459	3,761	53,291	3,707
Current tax assets	4.8	473		970	
Financial assets	4.9	338		75	
Other assets	4.10	13,066		3,371	
Cash and cash equivalents	4.11	14,041		9,916	
Total current assets		126,308		109,023	
TOTAL ASSETS		233,407		215,428	
EQUITY AND LIABILITIES					
Equity					
Share capital	4.12	21,343		21,343	
Other reserves	4.12	107,056		168,737	
Retained earnings	4.12	2,665		15,554	
Profit (loss) for the year attributable to owners of the parent		3,595		(75,166)	
Equity attributable to owners of the parent		134,659		130,468	
Equity attributable to non-controlling interests		-		-	
TOTAL EQUITY		134,659		130,468	
LIABILITIES					
Non-current liabilities					
Bank loans and borrowings and loans and borrowings from other financial backers	4.13	8,600		15,709	
Deferred tax liabilities	4.5	3,547		2,762	
Employee benefits	4.14	544		524	
Provisions for risks and charges	4.15	1,939		1,356	
Other financial liabilities	4.19	9,061		9,457	
Total non-current liabilities		23,691		29,808	
Current liabilities					
Bank loan and borrowings and loans and borrowings from other financial backers	4.13	29,170		23,788	
Trade payables	4.16	32,330		23,580	
Current tax liabilities	4.17	1,686		772	
Provisions for risks and charges	4.15	-		-	
Other liabilities	4.18	8,939		5,591	
Other financial liabilities	4.19	2,932		1,421	
Total current liabilities		75,057		55,152	
TOTAL LIABILITIES		98,748		84,960	
TOTAL EQUITY AND LIABILITIES		233,407		215,428	

**CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED 31 DECEMBER 2023
INCOME STATEMENT**

<i>(thousands of Euro)</i>	Notes	2023	Of which related parties	2022	Of which related parties
Revenue from sales	5.1	158,648	5,433	137,644	5,120
Cost of sales	5.2	(97,459)		(88,849)	
Gross operating profit		61,189		48,795	
Sales and distribution costs	5.3	(29,233)		(25,604)	
General and administrative costs	5.4	(27,818)	(12)	(101,272)	(12)
Other non-operating costs	5.5	737		1,787	
Operating profit/(loss)		4,876		(76,295)	
Financial income	5.6	2,434		1,632	
Financial expense	5.6	(3,942)		(2,287)	
Exchange gains	5.7	622		2,095	
Gains on equity investments	5.8	260		38	
Profit/(loss) before taxes		4,250		(74,816)	
Current and deferred taxes	5.9	(655)		(349)	
Profit (loss) for the year before non-controlling interests		3,595		(75,166)	
Profit (loss) for the year attributable to non-controlling interests		-		-	
Profit (loss) for the year attributable to owners of the parent		3,595		(75,166)	
Basic earnings per share (Euro per share)	5.10	0.17		(3.65)	
Diluted earnings per share (Euro per share)	5.10	0.17		(3.65)	

STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euro)</i>	Notes	2023	2022
Profit (loss) for the year attributable to owners of the parent		3,595	(75,166)
<i>Other components of comprehensive income that will not be reclassified to profit or loss</i>			
Actuarial gains (losses) on defined benefit plans		(40)	196
Actuarial gains (losses) on provisions for risks		(85)	359
Gains/(losses) on translation of foreign operations		1,177	806
Income taxes		35	(155)
Other components of comprehensive income for the year		1,087	1,206
Total comprehensive income (expense) for the year		4,683	(73,960)

**CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2023
STATEMENT OF CASH FLOWS**

<i>(thousands of Euro)</i>	Notes	2023	2022
Profit (loss) for the year		3,595	(75,166)
Amortisation, depreciation and impairment of goodwill		13,405	88,070
Net impairment losses and accruals		1,270	397
Gains on equity investments		(260)	(38)
Accrued financial expense		886	549
Current and deferred taxes		655	349
Other non-monetary changes		(717)	80
Cash flow generated by operating activities net of NWC		18,835	14,241
Increase in inventories		(4,587)	(11,654)
(Increase)/decrease in trade receivables		2,498	(1,170)
Increase in trade payables		8,595	3,755
Increase/(decrease) in other assets and liabilities		(7,159)	3,474
Payment of employee benefits and change in provisions		(1)	(136)
Cash flow generated by operating activities		18,181	8,510
Interest paid and other net charges paid		(3,703)	(2,287)
Income taxes paid		(1,432)	(1,335)
Net cash flow generated by operating activities		13,047	4,889
Acquisition of subsidiaries, net of cash acquired		(2,552)	(786)
Purchase of property, plant and equipment and intangible assets		(4,893)	(4,609)
Cash flow used in investing activities		(7,445)	(5,395)
(Dividends distributed)		-	(1,012)
Other financial assets and liabilities		(245)	(1,827)
Other changes in equity		(592)	400
Decrease in bank loans and borrowings and loans and borrowings from other financial backers		(1,727)	3,811
Payment of transaction costs relating to financial liabilities		-	106
Net cash flow used in financing activities		(2,564)	1,478
Increase in cash and cash equivalents		3,038	972
Effect of exchange rate fluctuations		1,087	806
Total cash flow		4,125	1,778
Opening cash and cash equivalents	4.12	9,916	8,138
Closing cash and cash equivalents	4.12	14,041	9,916

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other reserves	Retained earnings	Profit (loss) for the year	Non- controlling interests	Total Equity
<i>(thousands of Euro)</i>						
Balance at 31 December 2021	21,343	159,174	28,688	(3,846)		205,359
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 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	21,343	168,644	15,648	(75,166)		130,468
Profit for the year				3,595		3,595
Other components of the statement of comprehensive income		1,087				1,087
Total statement of comprehensive income for the year		1,087		3,595		4,683
Allocation of profit for previous year		(62,162)	(13,003)	75,166		
Dividend distribution						
Other changes		(512)	20			(492)
Balance at 31 December 2023	21,343	107,056	2,665	3,595		134,659

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**NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023**

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 24 April 2024, in line with the financial calendar approved by the Board of Directors on 13 December 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 2023, the shareholders of Cellularline holding more than 5% of the share capital with voting rights are as follows:

- Christian Aleotti 9.86%
- First Capital S.p.A. 7.66%
- Quaero Capital S.A. 7.48%

1.1 Impact of 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.

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 such impacts have now been attenuated, these generalised increases have contributed to a global inflationary spiral; the consequent harshening of interest rates applied by the Central Banks to cope with this phenomenon 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 had a significant impact on some financial statements items and on the cost of the Group's financial debt.

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 2023 are described below. These standards and criteria have been applied consistently for all the years presented in this document, taking into account what is stated in Note 2.4.1 "New accounting standards, amendments and interpretations endorsed by the European Union that became effective as of the year beginning 1 January 2023".

2.1 Basis of preparation of the Consolidated Financial Statements

The financial statements as at and for the year ended 31 December 2023 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 2023, 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 2023 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 2023, 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 revenues 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 2024-27 Business Plan of the Parent and the Group, approved by the Parent's Board of Directors on 28 February 2024;
- 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 2023 have been prepared on a going concern basis, as the Directors have verified that there are no income, financial, managerial or other indicators that could indicate critical issues or uncertainties regarding the Parent 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 in the consolidated income statement 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 13 March 2024.

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 2023 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:

Company	Office	Currency	Share Capital	Equity	Type of ownership P	Profit (loss) for the latest year	Percentage of ownership P	Carrying amount
			(in currency/000)	(in currency/000)		(in currency/000)		(in Euro/000)
Cellular Spain S.L.U.	Spain (Madrid)	EUR	3	1,212	Direct	256	100%	1,103
Cellular Inmobiliaria S.L.U.	Spain (Madrid)	EUR	3	77	Direct	(9)	100%	3
Cellular Immobiliare Helvetica S.A.	Switzerland (Lugano)	CHF	100	284	Direct	16	100%	71
Systema S.r.l. (*)	Italy (Reggio Emilia)	EUR	100	2,399	Direct	228	100%	3,665
WorldConnect AG	Switzerland (Diepoldsau)	CHF	100	5,163	Direct	1,395	80%	14,757
Cellularline USA Inc.	USA (New York)	USD	50	357	Direct	(128)	100%	474
Coverlab S.r.l.	Italy (Parma)	EUR	69	166	Direct	(120)	55%	295
Subliros S.L.	Spain (Barcelona)	EUR	11	-36	Direct	(82)	80%	177
Peter Jäckel GmbH	Germany (Alfeld)	EUR	100	862	Direct	(578)	60%	2,945
Cellularline Middle East FZE	Arab Emirates (Dubai)	USD	41	19	Direct	(60)	100%	38

(*) On 18 December 2023 Systema S.r.l. resolved to merge with Pegaso S.r.l. through its incorporation

It is specified that Worldconnect AG, Coverlab S.r.l., Subliros S.L. and Peter Jäckel GmbH 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.

The associate Cellular Swiss S.A. is measured using the equity method, as shown in the table below:

Company	Office	Currency	Share Capital	Equity	ownership %		Profit (loss) for the latest year	Carrying amount
			(in currency/000)	(in currency/000)	Direct	Indirect	(in currency/000)	(in Euro/000)
Cellular Swiss S.A.	Switzerland (Aigle)	CHF	100	460	50%	-	37	33

It should be noted that the scope of consolidation at 31 December 2023 changed compared to 31 December 2022 due to the following:

- Completion on 11 January 2023 of the acquisition of 60% of Peter Jäckel GmbH, a German player in the smartphone accessories sector;
- On 18 April 2023, Cellularline Middle East established an operational hub in the Jebel Ali Free Zone, Dubai, in order to serve the Middle East region more efficiently.

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.

Estimates and assumptions are based on elements known at the date of preparation of the Consolidated Financial Statements, management's experience and other elements considered relevant. The values resulting from the final data may differ from these estimates; these assumptions and hypotheses are reviewed regularly. 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 to the valuation techniques used to measure fair value, as illustrated below:

- 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 tests goodwill for impairment annually and whenever there is any indication of impairment, in order to determine the recoverable amount of the cash-generating unit to which the goodwill is allocated. For the purposes of impairment testing, the recoverable amount of each cash-generating unit was determined as value in use using the discounted cash flow model. This model is based on the general concept that the Enterprise Value is equal to the discounted 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.

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 consolidated financial statements at 31 December 2023, the Group 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 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 February 2024 and the results of which were approved on 13 March 2024. The test revealed no impairment losses on Goodwill.

Refer to note "4.2 Goodwill" for more detailed information.

Measurement of customer relationships 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 2023, 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 key customers during the year 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 relationships that emerged during the Purchase Price allocation of Worldconnect, considering: (i) the economic-financial performance (revenue and EBITDA) in 2023 (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. In 2023, the value of Peter Jäckel GmbH's customer relationship, in which the controlling interest was acquired in January of that year, was also recognised for the first time.

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 the 2021-2023 three-year period, 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 AG and Immobiliare Helvetica SA as at and for the year ended 31 December 2023 were as follows:

Currency	2023 average	31 December 2023	2022 average	31 December 2022
Euro/CHF	0.97	0.93	1.00	0.98

The exchange rates used to translate the financial statements of Cellularline USA Inc. and Cellularline Middle East FZE⁵ at 31 December 2023 into EUR were as follows:

Currency	2023 average	December 2023	2022 average	December 2022
Euro/USD	1.08	1.11	1.05	1.07

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%
Peter Jäckel customer relationships	7.7%
Worldconnect patents	10%
Other	33%

⁵ The company keeps its accounts in US Dollars

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 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 relationships deriving from the acquisition of Worldconnect in 2020 and the customer relationships of Peter Jäckel, deriving from the acquisition in January 2023. 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 companies after a given period of time, can be estimated as approximately 13 years. At 31 December 2023, 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, we point out that the original useful life of the customer relationships resulting from the acquisition of Worldconnect can be estimated at 14 years; the original useful life of Peter Jäckel's customer relationships is 13 years. It should be noted that the customer relationships of Worldconnect and Peter Jäckel were also not deemed necessary to be tested for impairment as there were no indicators.

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 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 Company and transferred, sold or licensed for use to a third party and the Company has the option of limiting access by third parties as they are registered trademarks. In addition, the Company 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 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 verify, 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 as no indicators of impairment were identified.

Goodwill

Goodwill acquired in business combinations is initially recognised at cost and represents the excess of the acquisition cost over the Company'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 asset or cash-generating unit is increased 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 Section 4.2.1 for the test results at 31 December 2023.

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 placed 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 the 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 other 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 benefit plan; the discipline of this provision was 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, contributions classified as a reduction of trade payables. These bonuses, 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.

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 spot 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 Company 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 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:

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

1. Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements)

With the Amendments to IAS 1, the IASB Board set out some guidelines for deciding which accounting policies to disclose in the financial statements.

IAS 1, prior to the amendments, required entities to disclose significant accounting policies, 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 has amended IAS 1 by requiring disclosure of the material accounting policy information.

In particular, IAS 1.117 clarifies that “information about accounting policies is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

In order to identify material disclosures of accounting policy information, an entity should consider the following guidelines:

- accounting policy information are considered immaterial, and therefore not to be included in the notes to the financial statements, if they relate to immaterial transactions, other events or conditions; if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information;
- accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; however, not all accounting policy information relating to material transactions, other events or conditions is itself material;
- accounting policy information that focuses on how an entity has applied the requirements of the IFRSs to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, (“boilerplate”) or information that only duplicates or summarises the requirements of the IFRSs;
- accounting policy information deemed immaterial does not affect the related disclosure requirements set out in other IFRSs.

The Amendments to IAS 1 describe certain circumstances in which an entity might normally conclude that an accounting policy information is material to its financial statements. For example, an entity is likely to consider

accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and:

- a) the entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) the entity chose the accounting policy from one or more options permitted by IFRSs (e.g. investment properties measured at cost rather than fair value in accordance with IAS 40);
- c) the accounting policy was developed in accordance with IAS 8 in the absence of an IFRS that specifically applies;
- d) the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy and the entity discloses those judgements or assumptions in accordance with IAS 1.122 and 125, or;
- e) the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

2. 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 changes in accounting estimates from changes 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.

New definition of “accounting estimates”

The IASB has replaced the definition of “change in accounting estimates” with the new concept of “accounting estimates” and in particular “accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty”.

The term “monetary amount” refers to any amount to be recognised in the financial statements and is, therefore, different from the concept of “monetary item” defined in IAS 21 - The Effects of Changes in Foreign Exchange Rates.

The term “measurement uncertainty”, which is consistent with the definition in the Appendix to the Conceptual Framework in the IFRSs published in March 2018, refers instead to the uncertainty that arises when a monetary amount, which is to be included in the financial statements, cannot be directly observed and must, instead, be estimated.

The IASB did not deem it necessary to include the definition of “non-monetary item” in IAS 8, as this terminology usually refers to the inputs used to estimate monetary amounts and changes to these inputs are, in turn, changes to accounting estimates.

The definition of “accounting estimates” does not include estimates made in the application of accounting policies for matters other than the measurement of items in the financial statements, such as estimates needed to decide whether to recognise an asset or liability in the financial statements.

Relationship between “accounting estimates” and “accounting policies”

The Amendments to IAS 8 clarify that in order to achieve the objective of an accounting policy, an entity must make an accounting estimate.

Accounting estimates represent the result of measurement techniques, which, in addition to the inputs, include estimation techniques and valuation techniques.

Since accounting estimates represent the output of measurement techniques, changes to the inputs used or in measurement techniques (as a result of the availability of new information, increased experience or new developments) represent changes in accounting estimates, unless they result from corrections of prior periods, and do not represent changes in accounting policies.

Below are the (EU) Regulations published in the Official Journal of the European Union by which two documents previously published by the International Accounting Standards Board were endorsed by the European Union:

1. Regulation (EU) no. 2022/1392 of 11 August 2021, which 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;
2. Regulation (EU) No. 2022/1491 of 8 September 2022 endorsing the “First-time Application of IFRS 17 and IFRS 9 - Comparative Disclosures (Amendments to IFRS 17 Insurance Contracts)”, published by the IASB on 9 December 2021.

1. *Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income taxes)*

With Regulation (EU) No. 2023/2468 of 8 November 2023, the European Commission endorsed the document “International Tax Reform - Model Rules (Pillar 2) (Amendments to IAS 12 Income Taxes)”. For the IASB the publication date of the Regulation was 23 May 2023, while for the European Union the publication date was 9 November 2023, the date of publication of the endorsement regulation.

In October 2021, more than 135 countries, representing more than 90% of the world's GDP, agreed to implement a global tax reform. This reform is based on two pillars:

- Pillar 1: aims to ensure a fair distribution of profits and taxation rights between countries
- Pillar 2: aims to ensure that large multinational groups pay a minimum of 15% income tax in each jurisdiction in which they operate through the introduction of a top-up tax.

On 14 December 2022, the European Commission adopted EU Directive 2022/2523 introducing the top-up tax for multinational groups and, in order to ensure compliance with the EU Treaties, extended it to domestic groups of companies.

The deadline for the transposition of the directive by Member States has been set for 31 December 2023.

Under IAS 12, an entity is required to reflect the deferred tax impacts of its assets and liabilities on the basis of tax rules enacted or substantively enacted at the reporting date.

On the basis of the operating mechanisms of the Pillar 2 model, a number of application issues of IAS 12 emerged, with particular reference to the accounting of deferred taxes:

- possible emergence of further temporary differences;
- need to redetermine deferred tax assets and liabilities to reflect the potential effects of the top-up tax;
- tax rate to be used to measure deferred tax assets and liabilities.

Given the complexity of the accounting aspects, the IASB Board decided, in an urgent process, to amend IAS 12 in order to ensure greater comparability of financial statements and to avoid the risk of entities defining accounting treatments that conflict with the requirements of IAS 12.

Temporary and mandatory exception to deferred taxation accounting related to Pillar 2 tax legislation

Due to the temporary and mandatory exception introduced in IAS 12, entities are not required to recognise or disclose deferred tax assets and liabilities related to Pillar 2 income taxes. The entity shall disclose in the notes to the financial statements the application of the temporary exception.

New disclosure obligations

- In periods when Pillar 2 tax legislation is enacted or substantively enacted but has not yet become effective, an entity shall provide qualitative and quantitative disclosures that enable users of financial statements to understand the entity's exposure to Pillar 2 income taxes determined in accordance with such new legislation.

Where exposure information is not known or reasonably estimable, the entity shall disclose in the notes to the financial statements a specific statement to that effect and information on the entity's progress in evaluating its exposure.

- In periods when the new tax legislation is in effect, the entity shall disclose separately in the notes the amount of top-up tax recognised in the period.

The Group is not subject to the top-up tax illustrated in Pillar 2 because the scope of application of the legislation provide for a higher turnover threshold than has been realised to date.

2. Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17 Insurance Contracts).

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

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.

As an option, comparative information for a financial asset related to insurance business need not be restated in accordance with IFRS 9 if:

- the entity chooses not to restate prior periods; or
- the entity restates prior periods, but the financial asset was derecognised in the previous financial years.

An entity that applies the classification overlay shall present comparative information as if the classification and measurement requirements of IFRS 9 had always been applied and use reasonable and supportable information, available at the transition date, to determine how financial assets were classified and measured on initial application of IFRS 9. In applying the classification overlay to a financial asset, the entity is not required to apply the impairment requirements in Section 5.5 of IFRS 9, and therefore continues to present the amounts recognised in respect of impairment in the prior period in accordance with IAS 39.

Any difference between the previous carrying amount of a financial asset before and the carrying amount at the transition date as a result of the classification overlay shall be recognised in the opening retained earnings (or other component of equity, as appropriate).

Entities applying the Amendments to IFRS 17 shall disclose qualitative information that enables users of the financial statements to understand:

- the extent to which the classification overlay was applied (e.g., whether it was applied to all financial assets derecognised in the comparative period)
- whether and to what extent the impairment requirements in Section 5.5 of IFRS 9 were applied.

Below is a list of New Accounting Standards, Amendments and Interpretations endorsed by the European Union and effective from 1 January 2023, along with the related descriptions:

Date of entry into force	New accounting standard/amendment	Date of EU endorsement regulation (publication date in the EUOJ)
1 January 2023	Disclosure of accounting policies (Amendments to IAS 1)	3 Mar 2022 L68/1 (EU) 2022/357
1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8)	3 Mar 2022 L68/1 (EU) 2022/357
1 January 2023	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	12 Aug 2022 L211/78 (EU) 2022/1392
1 January 2023	International Tax Reform - Model Rules (Second Pillar) (Amendments to IAS 12)	9 Nov 2023 (EU) 2023/2468
1 January 2023	First-time Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	9 Sep 2022 L234/10 (EU) 2022/1491

2.4.2 New accounting standards, amendments and interpretations endorsed by the European Union and effective from 1 January 2024

1. With Regulation (EU) No. 2023/2579 of 20 November 2023, the European Commission endorsed the document “Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)”, published by the IASB® Board on 22 September 2022.

With the Amendments to IFRS 16, the IASB clarified the following accounting treatment for subsequent measurement of the lease liability arising from a sale and leaseback:

- the seller-lessee shall apply the requirements of IFRS 16.36-46 for the subsequent measurement of lease liabilities arising from the leaseback;
- in applying the above paragraphs of IFRS 16, the seller-lessee shall determine the “lease payments” or “revised lease payments” in a way that the seller-lessee would not recognise any amount of gain or loss that relates to the right of use retained by the seller-lessee. The lease liability is then reduced by the amount of the initially estimated lease payments, with any difference between the estimated and actual payments recognised in profit/(loss) for the period;
- the application of the above requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease as required by IFRS 16.46, letter a).

the seller-lessee shall establish its own accounting policy for determining the lease payments to be included in the initial estimate of the lease liability.

The Amendments to IFRS 16 are effective for financial statements for financial years beginning on or after 1 January 2024. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

2. With Regulation (EU) No. 2023/2822 of 19 December 2023, the European Commission endorsed the following documents published by the IASB:

- Classification of liabilities as current or non-current (Amendments to IAS 1 Presentation of Financial Statements), published on 23 January 2020;
- Non-current liabilities with covenants (Amendments to IAS 1 Presentation of Financial Statements), published on 31 October 2022.

2.1) Amendments to IAS 1

Right to defer settlement of a liability for at least 12 months after the end of the reporting period

The IASB's first objective was to clarify the apparently conflicting concepts expressed in paragraphs 69(d) and 73 of IAS 1.

In particular, IAS 1.69(d) provided as a general criterion for classifying a liability as non-current the existence of an “unconditional right of the entity to defer settlement of the liability for at least 12 months after the reporting period” and IAS 1.73 referred instead to “an entity's discretion to refinance or roll over the obligation for at least 12 months after the reporting period of an existing financing arrangement”. It was therefore unclear from a combined reading of these two paragraphs whether it was sufficient to have at the reporting date a right to defer settlement of a liability for at least 12 months, or whether it was also relevant to the classification of a liability in the financial statements whether the entity intended to exercise that right or not.

With the Amendments to IAS 1, the IASB clarified that:

- the right to defer the settlement of a liability for at least 12 months after the end of the reporting period, referred to in paragraph 69(d), need not be unconditional but need only be “substantive and [...] must exist at the end of the reporting period”;
- the classification of a liability as current or non-current shall not be affected by an entity's intentions to exercise or not to exercise the right to defer payment after 12 months (e.g. an intention to refinance or roll over a loan by extending its maturity) and by decisions made between the reporting date and the date of its publication (e.g. a decision to repay a loan early).

Ways of settling a liability

The Amendments to IAS 1 clarified that, for the purposes of classifying a liability as current or non-current, settlement (in paragraph 69(a), (c) and (d)) refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:

- a) cash or other economic resources, e.g. goods or services; or
- b) the entity's own equity instruments, unless paragraph 76B applies.

Terms of a liability that allow the counterparty to require the liability to be settled by the transfer of the entity's own equity instruments (e.g. a convertible bond) do not affect its classification as current or non-current if, applying IAS 32 Financial Instruments: presentation, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument (e.g. an option to convert into a fixed number of shares of a convertible bond).

Information on the financial statements

An entity shall disclose information in the financial statements about events that occur between the end of the reporting period and the date the financial statements are authorised for issue that are specifically defined in IAS 1 as non-adjusting subsequent events in accordance with the requirements of IAS 10 Events after the reporting period:

- a) long-term refinancing of a liability classified as current
- b) rectification of the breach of a long-term financing agreement classified as current
- c) granting by the lender of a grace period to rectify a breach of a long-term loan agreement classified as current
- d) discharge of a liability classified as non-current.

If management intends or expects to settle a liability classified as non-current within twelve months after the reporting period, it does not change the classification in the financial statements but must disclose in the notes the timing of such settlement.

Liabilities from loan agreements with covenants

The IASB has clarified that where the right to defer the settlement of a liability arising from a loan agreement for at least 12 months after the reporting period is subject to compliance with specific covenants, the liability is classified as non-current if all covenants under the agreement have been met up to the reporting period, even if they are calculated in the first few months of the following reporting period.

Compliance with contractual covenants to be calculated after the reporting date is not relevant to the classification of the liability in the statement of financial position.

Disclosure of liabilities arising from loan agreements with covenants

The Amendments to IAS 1 introduced the following disclosure requirements with respect to liabilities arising from loan agreements, which are classified as non-current liabilities in the statement of financial position, and whose right to defer their settlement for at least 12 months after the reporting date is subject to compliance with covenants:

- a) information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of the related liabilities
- b) information about facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. These facts and circumstances could also refer to the situation where the covenants to be met in the 12 months following the reporting date would not be met using the figures at the end of the financial year.

The Amendments to IAS 1 are effective for financial statements for years beginning on or after 1 January 2024 and are to be applied retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

The following is a list of documents applicable beginning with the financial statements for years beginning 1 January 2024 described above:

Date of entry into force	New accounting standard/amendment	Date of EU endorsement regulation (publication date in the EUOJ)
1 January 2024	Amendments to IAS 1: - Classification of liabilities as current or non-current - Classification of liabilities as current or non-current - Deferment of the date of entry into force - Non-current liabilities with clauses	20 Dec 2023 (EU) 2023/2822
1 January 2024	Lease liabilities in a sale and leaseback (Amendments to IFRS 16)	21 Nov 2023 (EU) 2023/2579

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 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 23 million as at 31 December 2023), given also the current limited level of net indebtedness; consequently, interest rates fluctuations, if any, could lead to an increase in financial expense on the loan. In order to align forecasts on interest rate trends, the Group has taken care to receive, with regard to the syndicated loan, a precise forecast of the cost of debt itself, projected to 30 June 2024.

4. 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 2023 and 31 December 2022.

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 2023 and 31 December 2022, is shown below:

<i>(In thousands of Euro)</i>	Carryin amount 31 December 2022	Increases	(Decreases)	Acquisitions	(Amortisation)	(Impairment losses)	Reclassifications	Exchange difference	Carrying amount 31 December 2023
Start-up and capital costs	1	27	-	-	(6)	-	-	-	22
Development costs	1,111	1,247	-	-	(1,314)	-	42	13	1,097
Industrial patents and intellectual property rights	4,582	1,570	-	37	(1,866)	-	69	200	4,592
Concessions, licenses, trademarks and similar rights	17,765	31	-	-	(1,532)	-	-	113	16,376
<i>Customer relationships</i>	31,256	-	-	2,327	(5,305)	-	-	170	28,448
Assets under development and payments on account	114	59	(2)	-	-	-	(111)	-	59
Total intangible assets	54,826	2,934	(2)	2,364	(10,023)	-	-	496	50,594

The changes in intangible assets between 31 December 2022 and 31 December 2023, are shown below:

<i>(In thousands of Euro)</i>	
Balance at 31 December 2022	54,826
Increases	2,934
Business combinations	2,364
(Decreases)	(2)
Exchange difference	496
(Amortisation and impairment losses)	(10,023)
<i>Impairment test</i>	-
Balance at 31 December 2023	50,594

With reference to the consolidated financial statements at 31 December 2023, it should be noted that the Group made investments of EUR 2,934 thousand, mainly for the implementation of IT systems and for R&D of product and brand.

In particular, investments are mainly attributable to:

- development costs of approximately EUR 1,247 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 1,570 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.

Concerning the registration of the customer relationships in connection with the acquisition of 60% of the capital of Peter Jäckel GmbH, see paragraph 4.2

4.1.1 Measurement of customer relationships and trademarks

At 31 December 2023, Cellularline's customer relationships with a defined useful life recognised in the consolidated financial statements amounted to EUR 28,448 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 identify any specific impairment indicators, in consideration of the fact that several long-term renewals were carried out with key customers during 2023 and, therefore, the core of the most relevant customers from the 2018 business combination scope does not appear to be at risk. Similarly, the value of Trademarks, net of amortisation, amounted to EUR 16,376 thousand and, as previously reported, following internal analyses carried out by the management, no impairment indicators were identified.

4.2 Goodwill

The details of Goodwill at 31 December 2023 and 31 December 2022 are shown below:

(In thousands of Euro)	Balance at	
	31 December 2023	31 December 2022
Goodwill	38,505	34,272
Total Goodwill	38,505	34,272

Changes in Goodwill in the year are shown below:

(In thousands of Euro)	Goodwill
Balance at 31 December 2022	34,272
Acquisitions	3,445
Exchange difference	788
Increases	-
(Impairment losses)	-
Balance at 31 December 2023	38,505

Goodwill at 31 December 2023, amounting to EUR 38,505 thousand, increased compared with the year ended 31 December 2022 mainly because of EUR 3,445 thousand, deriving from the acquisition of Peter Jäckel GmbH in January 2023.

IFRS 3

On 11 January 2023, Cellularline S.p.A. completed the acquisition of 60% of the share capital of Peter Jäckel GmbH, a German player operating in the smartphone accessories sector. The Company was consolidated on a line-by-line basis starting January 2023.

In accordance with the investment agreement, Cellularline and the non-controlling interests of the newly-acquired company will have the power to exercise, in multiple tranches, the put & call options over the remaining non-controlling interest (up until the approval of the financial statements for the year ended 31 December 2025), corresponding to 40% of the share capital of Peter Jäckel. At the end of the year, the preliminary measurement of the liability comes to EUR 2,701 thousand.

From the date of acquisition, the acquiree contributed approximately EUR 5,000 thousand to the consolidated net turnover.

Accounting effects of the business combination

The accounting standard for business combinations is IFRS 3, which requires that all business combinations be accounted for by applying the acquisition method.

The difference between the total consideration transferred and the net assets acquired resulting from the acquisition has been recognised as shown in the table below:

<i>(In thousands of Euro)</i>	11 January 2023
Total consideration transferred	6,596
Total acquired equity	(1,522)
Difference to be allocated	5,074
Customer relationships	2,327
Deferred liabilities	(698)
Goodwill	3,445

The estimated fair value of the assets acquired during the purchase price allocation procedure was measured with the support of an independent advisor.

In relation to Customer Relationships, the parent's management considered it reasonable to assume a useful life of 13 years and a 7.7% churn rate.

As required by IFRS 3, the difference between the price paid and the fair value (corresponding to the carrying amount) of the net assets acquired (amounting to EUR 5,074 thousand, net of the tax effect of EUR 698 thousand) has been allocated for

- EUR 2,327 thousand to Customer Relationships;
- EUR 3,445 thousand, residually, to goodwill.

4.2.1 Impairment test on goodwill

At 31 December 2023, goodwill recognised in the Group's consolidated financial statements amounted to EUR 38.5 million and was allocated to the sole cash-generating unit (hereinafter also referred to as the "CGU"), which coincides with the entire Cellularline Group.

As required by the relevant accounting standards (IAS 36), the Directors checked annually, at the closing of the financial statements at 31 December 2023, whether there was any impairment of intangible assets with an indefinite useful life (goodwill) by comparing its carrying amount with its recoverable amount. The Directors therefore carried out a special impairment test with the help of a consultant (Deloitte & Touche).

In particular, the impairment test was carried out with reference to the entire Group, which represents the cash generating unit to which the goodwill was allocated, on the basis of the economic and financial forecasts based on the Business Plan 2024-2027 approved on 28 February 2024.

The recoverable amount is determined as value in use using the discounted cash flow model.

This model is based on the general concept that the Enterprise Value 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 12.02% (11.76% at 31 December 2022) and an estimated perpetually sustainable growth rate ("g") of 1.93% determined consistently with long-term inflation expectations (source: International Monetary Fund, October 2023), representative of the geographical market areas in which the Group operates.

The WACC is the average of the cost of equity and the cost of debt capital weighted according to financial structure of comparable companies. It should be noted that the estimates and data relating to the performance and financial forecasts to which the above parameters are applied are determined by Management on the basis of past experience and expectations of developments in the markets in which the Group operates.

In addition, it should be noted that WACC used for the purpose of the impairment test in these consolidated financial statements also includes an execution risk component, with an impact on the calculation of the finished rate equal to 1.37%, which represents an estimate of the risk of not completely achieving the plan objectives, as well as the current degree of volatility and uncertainty reflected by the macro-economic context. Therefore, this component, although reflected in the discount rate and not in the cash flows, originates from simulations carried out on the assumption that the Plan's objectives will not be fully achieved, given the persistence of a context of uncertainty.

The analyses performed, based on the assumptions and limitations highlighted above, led to an estimate of the recoverable amount, in terms of Enterprise Value, of approximately EUR 176.6 million. This value was higher than the carrying amount of the Company at the reference date (approximately EUR 170.4 million), giving rise to no impairment losses.

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 group'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.

In addition, sensitivity analyses were carried out which simultaneously consider a change in:

- the WACC and the growth rate (g-rate), in order to verify the impact generated by changes in these parameters on the Enterprise Value and, consequently, on the difference between the latter and the Carrying Amount at the reporting date;
- the WACC and EBITDA according to the 2024-2027 Plan and the Terminal Value in order to verify the impact generated by changes in these parameters on the Enterprise Value and, consequently, on the difference between the latter and the carrying amount at the reporting date.

The sensitivity analyses revealed potential impairment situations in the event of a worsening of the WACC or g-rate, and in the event of a reduction in Plan EBITDA and Terminal Value.

Sensitivity analysis: Cover/(Impairment) - WACC and g-rate (€ thousand)

		WACC				
		-1.0%	-0.5%	Company	+0.5%	+1.0%
		11,0%	11,5%	12,0%	12,5%	13,0%
G-rate	-	8,2	(0,2)	(8,0)	(15,1)	(21,7)
	0,4%	11,8	2,9	(5,2)	(12,7)	(19,5)
	0,9%	16,4	6,9	(1,8)	(9,6)	(16,8)
	1,4%	21,4	11,2	2,0	(6,3)	(13,9)
	1,9%	26,9	16,0	6,2	(2,7)	(10,7)
	2,4%	33,1	21,3	10,8	1,4	(7,2)
	2,9%	40,0	27,3	15,9	5,8	(3,4)

Sensitivity analysis: Cover/(Impairment) - WACC and EBITDA (€ thousand)

		WACC
		Company
		12,0%
EBITDA reduction - over and above what is already included in the execution (WACC)	(10,0%)	(17,5)
	(7,5%)	(11,5)
	(5,0%)	(5,6)
	(2,5%)	0,3
	-	6,2

It should be noted that the inclusion of an Execution Risk Premium in the WACC implies a tolerance - with respect to a possible reduction of EBITDA with respect to the plan forecasts - in the specific case this tolerance is 14.3% over the Plan period; consequently, the sensitivity shown here is calculated starting from an EBITDA that is 14.3% lower than that of the 2024-27 Business Plan.

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 2023 and 31 December 2022, is shown below:

(In thousands of Euro)	Carrying amount 31 December 2022	Increases	(Decreases)	Acquisitions	(Depreciation)	(Impairment losses)	Exchange difference	Reclassifications	Carrying amount 31 December 2023
Land and buildings	4,940	8	-	20	(175)	-	70	-	4,863
Plant and machinery	396	77	-	-	(118)	-	1	-	356
Industrial and commercial equipment	2,284	1,399	(15)	110	(1,362)	-	9	42	2,468
Assets under construction and payments on account	106	71	(6)	-	-	-	-	(42)	129
Total property, plant and equipment	7,726	1,555	(21)	130	(1,655)	0	80	-	7,816

The changes in Property, plant and equipment between 31 December 2022 and 31 December 2023 are shown below:

(In thousands of Euro)

Balance at 31 December 2022	7,726
Increases	1,555
Acquisitions	130
(Decreases)	(21)
(Depreciation and impairment losses)/revaluations	(1,655)
Exchange difference	80
Balance at 31 December 2023	7,816

At 31 December 2023 the item consisted mainly of buildings used as the operating offices of Group companies for EUR 4,863 thousand and industrial and commercial equipment for EUR 2,468 thousand (mainly furniture, furnishings, office equipment and moulds). The Group made investments of EUR 1,555 thousand, mainly relating to industrial and commercial equipment.

4.4 Right-of-use assets

This item, amounting to EUR 3,994 thousand (EUR 4,388 thousand at 31 December 2022), 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
Balance at 31 December 2022	4,388
Increases	613
Acquisitions	900
Exchange difference	6
(Decreases)	(188)
(Depreciation)	(1,726)
Balance at 31 December 2023	3,994

The increases in the year, equal to EUR 613 thousand, mainly refer to some new contracts to lease cars and commercial vehicles. Increases from acquisitions, amounting to EUR 900 thousand, are attributable to the integration of leasing contracts recognised in the newly acquired Peter Jäckel GmbH.

4.5 Deferred tax assets and liabilities

Changes in Deferred tax assets and liabilities between 31 December 2022 and 31 December 2023 are shown below.

Deferred tax assets

(In thousands of Euro)	
Balance at 31 December 2022	5,122
Accruals in profit or loss	671
Increase from acquisition	-
Releases in comprehensive income	10
Balance at 31 December 2023	5,805

The balance at 31 December 2023, amounting to EUR 5,805 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 other minor changes amounting to EUR 414 thousand. This item also includes deferred tax assets recognised by the subsidiaries Cellular Spain for a total of EUR 89 thousand, Subliros S.L. for EUR 25 thousand arising from losses, and Cellular Immobiliaria Italiana for EUR 3 thousand.

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)

Balance at 31 December 2022	2,762
Accruals in profit or loss	809
Change in the scope of consolidation	-
Releases in comprehensive income (income tax)	(24)
Balance at 31 December 2023	3,547

Deferred tax liabilities at 31 December 2023 are primarily attributable to the deferred taxation arising from the fair value of the warrant and the PPA of Worldconnect, Systema and Peter Jäckel.

The change for the year, amounting to EUR 785 thousand, is mainly attributable to the provision for deferred taxes on the first entry of the value of the Customer Relationships of Peter Jäckel GmbH, under the scope of purchase price allocation.

It is estimated that this debt is attributable to differences that will be absorbed in the medium and long term.

CURRENT ASSETS

4.6 Inventories

Inventories at 31 December 2023 amounted to EUR 46,931 thousand (EUR 41,400 thousand at 31 December 2022), net of the allowance for inventory write-down of EUR 2,505 thousand. Inventories include those at the Group's warehouses and goods in transit, for which the Group has already acquired ownership, for EUR 3,199 thousand (EUR 3,202 thousand at 31 December 2022).

Inventories are made up as follows:

(In thousands of Euro)		
	31 December 2023	31 December 2022
Finished products and goods	45,230	38,806
Goods in transit	3,199	3,202
Advances	1,007	1,606
Gross inventories	49,436	43,614
(Allowance for inventory write-down)	(2,505)	(2,214)
Total Inventories	46,931	41,400

The increase in gross inventories of EUR 5,822 thousand compared to 31 December 2022 is mainly attributable to the increase in sales in FY 2023 compared to FY 2022 and the impact of the newly acquired Peter Jäckel. 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 2022 and 31 December 2023 are shown below:

<i>(In thousands of Euro)</i>		Allowance for inventory write-down
Balance at 31 December 2022		(2,214)
(Accruals)		(165)
Releases to profit or loss		-
Exchange difference		(126)
Utilisations		-
Balance at 31 December 2023		(2,505)

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.

4.7 Trade receivables

At 31 December 2023 this item amounted to EUR 51,459 thousand, net of the loss allowance of EUR 3,946 thousand (EUR 53,291 thousand, net of a loss allowance of EUR 3,437 thousand at 31 December 2022). Trade receivables at 31 December 2023 and 31 December 2022 are shown in detail below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Trade receivables from third parties	51,644	53,022
Trade receivables from related parties (Note 5)	3,761	3,707
Gross trade receivables	55,406	56,728
(Loss allowance)	(3,946)	(3,437)
Total trade receivables	51,459	53,291

Trade receivables are presented net of total receivables assigned without recourse to factoring companies and amounted to EUR 13,217 thousand at 31 December 2023 (EUR 7,850 thousand at 31 December 2022).

Changes in the loss allowance at 31 December 2023 are shown below:

<i>(In thousands of Euro)</i>		Loss allowance
Balance at 31 December 2022		(3,437)
(Accruals)		(571)
Change in the scope of consolidation		(9)
Releases to profit or loss		-
Exchange difference		(7)
Utilisations		78
Balance at 31 December 2023		(3,946)

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 3,946 thousand at 31 December 2023 and to EUR 3,437 thousand at 31 December 2022. 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.

4.8 Current tax assets

The breakdown of current tax assets at 31 December 2023 and 31 December 2022 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Tax asset of prior years	-	855
Amounts due for tax payments on account	358	-
Tax rebate assets	115	115
Total current tax assets	473	970

Current tax assets mainly include the following items recorded in the Parent's financial statements: (i) the tax credit for advances paid amounting to EUR 83 thousand, (ii) the tax credit for research, development, innovation and design, amounting to EUR 217 thousand, (iii) the tax credit requested for rebate, amounting to EUR 115 thousand. In addition, current tax assets include those recognised in the financial statements of other Group companies: Coverlab S.r.l. (EUR 43 thousand), Subliros S.L. (EUR 10 thousand) and Cellularline USA Inc. (EUR 5 thousand).

4.9 Financial assets

Financial assets amounted to EUR 338 thousand (75 thousand at 31 December 2022) and mainly refer to guarantee deposits.

4.10 Other assets

The breakdown of other current assets at 31 December 2023 and 31 December 2022 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Prepaid expenses	11,043	2,891
Others	2,023	480
Total Other current assets	13,066	3,371

This item mainly includes prepaid expenses referring to the advance payment of costs relating to future years and the amount due from the tax authority for period VAT.

4.11 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 2023 and 31 December 2022 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Bank accounts	14,030	9,909
Cash on hand	11	7
Total Cash and cash equivalents	14,041	9,916

Cash and cash equivalents amount to EUR 14,041 thousand at 31 December 2023 (EUR 9,916 thousand at 31 December 2022). 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

4.12 Equity

Equity amounts to EUR 134,659 thousand (EUR 130,468 thousand at 31 December 2022), having increased mainly as a result of the profit for the year. During the year, there were no assets allocated for specific deals.

Share capital

The share capital at 31 December 2023 amounts to EUR 21,343, divided into 21,868,189 ordinary shares.

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 2023, other reserves amounted to EUR 107,056 thousand (EUR 168,737 thousand at 31 December 2022) and were mainly broken down as follows:

- The share premium reserve, which amounts to EUR 102,942 thousand, including EUR 59,253 in suspended taxation following the realignment of trademarks and customer relationships.
- Other reserves amounting to EUR 7,743 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 3,629 thousand.

Retained earnings

As at 31 December 2023, retained earnings from consolidation amounted to EUR 2,665 thousand.

Profit for the year attributable to owners of the parent

2023 ended with a profit for the year of EUR 3,595 thousand.

Long Term Incentive Plan Reserve (Share-based payment arrangements)

In 2021, 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
Date of assignment	Maximum number of instruments	Vesting conditions	Contractual duration of options
15 March 2023	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, all three 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 31 December 2023, 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.

The LTI reserve at 31 December 2023 amounts to EUR 279 thousand (EUR 179 thousand at 31 December 2022).

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 2023 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 31/12/2021	Loss for 2022	Other changes to equity on parent company	equity at 31/12/2022	Profit for 2023	Other changes to equity on parent	equity at 31/12/2023
Cellularline S.p.A.	204,125	(75,893)	(701)	127,531	1,136	(578)	128,089
IFRS effects	10,695	628	(36)	11,287	1,606	(80)	12,813
Dividends	-	(1,012)	1,012	-	-	-	-
Differences between the adjusted equity of consolidated companies and their carrying amount in the Parent's financial statements	(9,230)	952	-	(8,278)	965	1,254	(6,058)
Measurement of Cellular Swiss at equity	25	13	-	38	260	-	298
Derecognition of intra-group gains	(256)	146	-	(110)	(373)	-	(483)
Cellularline Group	205,359	(75,166)	275	130,468	3,595	596	134,659

4.13 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 2023 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Current bank loans and borrowings and loans and borrowings from other financial backers	29,170	23,788
Non-current bank loans and borrowings and loans and borrowings from other financial backers	8,600	15,709
Total Bank loans and borrowings and loans and borrowings from other financial backers	37,770	39,497
Other current financial liabilities	2,932	1,421
Other non-current financial liabilities	9,061	9,457
Total other financial liabilities	11,993	10,878
Total financial liabilities	49,763	50,375

At 31 December 2023, Bank loans and borrowings and loans and borrowings from other financial backers come to EUR 37,770 thousand (EUR 39,497 thousand as at 31 December 2022) and mainly include:

- the bank loan of the Parent, agreed in October 2020 in the re-financing transaction for EUR 15,000 thousand, in addition to use of the Capex facility in January 2023 for EUR 3,000 thousand;
- the bank loan signed in January 2023 for a residual EUR 5,000 thousand;
- the Parent's short-term hot money bank loans and other short-term financial liabilities, in the amount of EUR 14,770 thousand.

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

(In thousands of Euro)	Inception	Maturity	Original amount	31 December 2023		
				Outstanding debt	current portion	non-current portion
Syndicated loan						
“Ordinary” facility	26 October 2020	20 June 2025	50,000	15,000	10,000	5,000
“Capex” facility	11 January 2023	20 June 2025	4,000	3,000	2,000	1,000
Total syndicated loan (*)			54,000	18,000	12,000	6,000
BNL S.p.A.	25 January 2023	25 January 2026	6,000	5,000	2,400	2,600
Bank loans and borrowings and loans and borrowings from other financial backers			60,000	23,000	14,400	8,600

(*) The pool loan was signed with Banco BPM S.p.A. and Intesa Sanpaolo S.p.A..

The bank loan to the above institutions is subject to economic and financial covenants. These covenants have been complied with at 31 December 2023. 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 facility was partially activated in December 2022 and utilised for approximately EUR 4 million in January 2023 in connection with the extraordinary acquisition of the German company Peter Jäckel GmbH. Furthermore, in June 2023, the M&A facility was renegotiated with a residual availability of EUR 10 million that can be drawn until 31 December 2023. Loans are measured at amortised cost in accordance with IFRS 9 and therefore their carrying amount of EUR 37,770 thousand at 31 December 2023 (EUR 39,497 thousand at 31 December 2022), is reduced by transaction costs.

For details regarding the item Other financial liabilities (current and non-current), please refer to Note 4.20.

Below is a reconciliation of the net financial indebtedness at 31 December 2023, of EUR 35,384 thousand, and at 31 December 2022, of EUR 40,384 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 2023	31 December 2022	Δ	%
(A) Cash	14,041	9,916	4,125	41.6%
(B) Other cash and cash equivalents	-	-	-	-
(C) Other current financial assets	338	75	263	>100%
(D) Cash and cash equivalents (A)+(B)+(C)	14,379	9,991	4,388	43.9%
(E) Current financial indebtedness	16,270	13,703	2,567	18.7%
(F) Current portion of non-current indebtedness	15,831	11,506	4,326	37.6%
(G) Current financial indebtedness (E) + (F)	32,101	25,209	6,892	27.3%
- of which guaranteed	-	-	-	-
- of which not guaranteed	32,101	25,209	6,892	27.3%
(H) Net current financial indebtedness (G) - (D)	17,722	15,218	2,504	16.5%
(I) Non-current financial indebtedness	17,661	25,166	(7,505)	-29.8%
(J) Debt instruments	-	-	-	-
(K) Trade payables and other non-current liabilities	-	-	-	-
(L) Non-current financial indebtedness (I)+(J)+(K)	17,661	25,166	(7,505)	-29.8%
- of which guaranteed	-	-	-	-
- of which not guaranteed	17,661	25,166	(7,505)	-12.4%
(M) NET FINANCIAL INDEBTEDNESS (H) + (L)	35,384	40,384	(5,000)	-12.4%

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

(In thousands of Euro)		
	31 December 2023	31 December 2022
Within 1 year	32,101	25,030
From 1 to 5 years	17,566	25,226
Over 5 years	96	119
Total	49,763	50,375

4.14 Employee benefits

At 31 December 2023, the item amounts to EUR 544 thousand (EUR 524 thousand at 31 December 2022) 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 3.17%, which was derived from the Iboxx Corporate AA index with a duration of 10+;
- annual inflation rate of 2.00%;
- annual rate of increase in the post-employment benefits of 3.00%, 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.

4.15 Provisions for risks and charges

Changes in the Provisions for risks and charges, broken down for the period between 31 December 2022 and 31 December 2023 are shown below:

<i>(In thousands of Euro)</i>			
	Agents' severance indemnity provision (FISC)	Provision for future risks	Total
Balance at 31 December 2022	1,356	-	1,356
- of which current portion	-	-	-
- of which non-current portion	1,356	-	1,356
Accruals	226	357	584
From change in the scope of consolidation	-	-	-
Utilisations/Releases	-	-	-
Balance at 31 December 2023	1,582	357	1,939
- of which current portion	-	-	-
- of which non-current portion	1,582	357	1,939

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 3.17%.

4.16 Trade payables

The breakdown of Trade payables at 31 December 2023 and 31 December 2022 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Trade payables to third parties	32,330	23,580
Total trade payables	32,330	23,580

At 31 December 2023, trade payables amounted to EUR 32,330 thousand (EUR 23,580 thousand at 31 December 2022) and refer to the acquisition of goods and services, all due within the year.

4.17 Current tax liabilities

The item, amounting to EUR 1,686 thousand, mainly includes: the debt of the Parent for EUR 1,268 thousand, of the subsidiaries Worldconnect AG for EUR 210 thousand and Peter Jäckel GmbH for EUR 171 thousand, as well as tax payables of the other Group companies for EUR 37 thousand.

4.18 Other liabilities

The breakdown of Other liabilities at 31 December 2023 and 31 December 2022 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Due to employees	2,119	1,892
Tax liabilities	2,854	1,507
Social security liabilities	875	909
Other liabilities	3,091	1,283
Total Other liabilities	8,939	5,591

At 31 December 2023, the item amounts to EUR 8,939 thousand (EUR 5,591 thousand at 31 December 2022) and mainly consists of:

- EUR 2,119 thousand due to employees for wages to be settled and bonuses;
- tax liabilities of EUR 2,854 thousand (withholdings VAT);
- EUR 875 thousand due to social security institutions for contributions to be settled;
- EUR 3,091 thousand for other liabilities (accrued expenses and deferred income).

4.19 Other financial liabilities (current and non-current)

The breakdown of Other financial liabilities at 31 December 2023 and 31 December 2022 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Other current financial liabilities	2,932	1,421
Other non-current financial liabilities	9,061	9,457
Total other financial liabilities	11,993	10,878

At 31 December 2023, Other financial liabilities come to EUR 11,993 thousand (EUR 10,878 thousand 31 December 2022) 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 7,860 thousand, of which EUR 3,685 thousand relative to Worldconnect, EUR 2,701 thousand relative to Peter Jäckel, EUR 1,204 thousand relative to Coverlab, EUR 225 thousand relative to Systema and EUR 45 thousand relative to Subliros;
- the lease liability deriving from the application of IFRS 16 for EUR 4,132 thousand (EUR 4,143 at 31 December 2022).

5. Notes to the consolidated income statement

The notes to the consolidated income statement for 2023 and 2022 are provided below.

5.1 Revenue from sales

In 2023, revenue from sales amounts to EUR 158,648 thousand (EUR 137,644 thousand in 2022). 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 geographical area.

Revenue from sales by product line

<i>(In thousands of Euro)</i>	Change					
	2023	% of revenue	2022	% of revenue	Δ	%
Red – Italy	52,716	33.2%	49,504	36.0%	3,212	6.5%
Red – International	75,804	47.8%	61,028	44.3%	14,776	24.2%
Revenue from sales - Red	128,520	81.0%	110,532	80.3%	17,988	16.3%
Black – Italy	3,809	2.4%	4,059	2.9%	(250)	-6.2%
Black – International	3,524	2.2%	3,752	2.7%	(228)	-6.1%
Revenue from sales - Black	7,333	4.6%	7,811	5.7%	(478)	-6.1%
Blue – Italy	20,334	12.8%	18,099	13.1%	2,235	12.4%
Blue – International	2,460	1.5%	1,201	0.9%	1,259	104.9%
Revenue from sales - Blue	22,795	14.4%	19,300	14.0%	3,495	18.1%
Total revenue from sales	158,648	100.0%	137,644	100.0%	21,004	15.3%

- the **Red Line** recognised a year-on-year increase of 16.3% (EUR 17,988 thousand), accounting for approximately 81% 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 thanks to the contribution of both Cellularline and Worldconnect branded products as described above;
- the **Black Line** recognised sales of EUR 7,333 thousand; the proportion of sales of the Black Line in 2023 (4.6%) was slightly lower than the previous year (5.7%), although this line recorded a growth in online distribution of around 16% compared to the previous year;
- the **Blue Line** grew by EUR 3,495 thousand (+18.1%), to EUR 22,795 thousand in 2023 from EUR 19,300 thousand in 2022.

Revenue from sales by geographical area

(In thousands of Euro)

	Change					
	2023	% of revenue	2022	% of revenue	Δ	%
Italy	76,859	48.4%	71,926	52.3%	4,933	6.9%
Spain/Portugal	14,292	9.0%	12,013	8.7%	2,279	19.0%
Germany	12,240	7.7%	3,280	2.4%	8,960	>100%
Eastern Europe	8,574	5.4%	8,566	6.2%	8	0.1%
Switzerland	8,225	5.2%	6,094	4.4%	2,131	35.0%
Benelux	7,961	5.0%	6,629	4.8%	1,332	20.1%
Northern Europe	7,880	5.0%	7,086	5.1%	794	11.2%
France	6,688	4.2%	6,492	4.7%	196	3.0%
Great Britain	5,412	3.4%	5,356	3.9%	56	1.0%
Middle East	5,220	3.3%	4,382	3.2%	838	19.1%
North America	1,750	1.1%	966	0.7%	784	81.2%
Others	3,546	2.2%	4,854	3.5%	(1,308)	-26.9%
Total revenue from sales	158,648	100%	137,644	100.0%	21,004	15.3%

With regard to the analysis of sales by geographic area, it should be noted that - thanks to the growth in sales recorded internationally - the share of sales in foreign markets accounted for over 51.6% of the Group's total sales, with an increase in the incidence of 4 p.p..

Among others, the particularly positive performance of the markets in the Spain/Portugal area and Germany, are noted, with the latter being one of the most important markets for the Group, where revenue more than doubled compared to 2022 (+118%), net of the effect of the consolidation of Peter Jäckel GmbH from 2023 (amounting to EUR 5 million).

5.2 Cost of sales

In 2023, the cost of sales amounts to EUR 97,459 thousand (EUR 88,849 thousand in 2022) and mainly includes the costs of purchasing and processing raw materials (EUR 89,874 thousand), personnel expense (EUR 2,858 thousand), logistics costs (EUR 1,305 thousand) and related costs (EUR 564 thousand).

5.3 Sales and distribution costs

The following table shows details of sale and distribution costs:

(In thousands of Euro)				
	2023	% of revenue	2022	% of revenue
Sales and distribution personnel expense	12,998	8.2%	11,415	8.3%
Commissions to agents	6,906	4.4%	6,088	4.4%
Transport	4,315	2.7%	3,789	2.8%
Advertising and commercial consultancy expenses	2,435	1.5%	2,340	1.7%
Other sales and distribution costs	2,578	1.6%	1,972	1.4%
Total sales and distribution costs	29,233	18.4%	25,604	18.6%

In 2023, sales and distribution costs amount to EUR 29,233 thousand, compared to EUR 25,604 thousand in 2022.

5.4 General and administrative costs

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

<i>(In thousands of Euro)</i>				
	2023	% of revenue	2022	% of revenue
Amortisation	11,750	7.4%	11,388	8.3%
Depreciation	1,655	1.0%	1,455	1.1%
Impairment of goodwill	-	-	75,425	54.8%
Provisions for risks and impairment losses	913	0.6%	412	0.3%
Administrative personnel expense	6,177	3.9%	5,425	3.9%
Administrative, legal and management consultancy	2,780	1.8%	2,931	2.1%
Commissions and fees	321	0.2%	215	0.2%
Directors' and Statutory Auditors' fees	964	0.6%	946	0.7%
Other general and administrative costs	3,258	2.1%	3,071	2.2%
Total general and administrative costs	27,818	17.5%	101,272	73.6%

In 2023, general and administrative costs amounted to EUR 27,818 thousand, compared to EUR 101,272 thousand in 2022, and decreased compared to the previous period, mainly due to the effect of the impairment of goodwill of EUR 75,425 thousand, which was charged to 2022.

5.5 Other non-operating revenue

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

<i>(In thousands of Euro)</i>				
	2023	% of revenue	2022	% of revenue
Prior year income (expense)	176	0.1%	145	0.1%
Recoveries of SIAE fees	4	0.0%	(3)	0.0%
(SIAE and CONAI contributions)	(193)	-0.1%	(118)	-0.1%
Other non-operating revenue	749	0.5%	1,764	1.3%
Total other non-operating (expense)/revenue	737	0.5%	1,787	1.3%

Total other non-operating revenue was positive in the amount of EUR 737 thousand and decreases in comparison with 2022 by EUR 1,049 thousand.

5.6 Financial expense

Net financial expense amounts to EUR 1,508 thousand (EUR 655 thousand in 2022). The following table shows details of financial expense:

(In thousands of Euro)

	2023	% of revenue	2022	% of revenue
Fair value gains	2,432	1.5%	1,630	1.2%
Interest income	2	0.0%	2	0.0%
Total Financial income	2,434	1.5%	1,632	1.2%
Commissions and other financial expense from fair value	(1,263)	-0.8%	(1,064)	-0.8%
Interest expense on loans	(2,337)	-1.5%	(958)	-0.7%
Other interest expense	(342)	-0.2%	(265)	-0.2%
Total Financial expense	(3,942)	-2.5%	(2,287)	-1.7%
Total net Financial expense	(1,508)	-0.9%	(655)	-0.5%

Financial expense in 2023 increased by EUR 1,655 thousand compared to the previous year, mainly due to the increase in interest rates on existing loans. The item, amounting to EUR 3,942 thousand, is mainly attributable to:

- EUR 2,337 thousand for interest from banks for short and medium/long-term loans;
- EUR 1,263 thousand for bank commission costs and premiums paid for currency exchange rate risk hedging transactions and factoring transactions;
- EUR 342 thousand for other interest expense.

The change in financial expense for 2023, compared to the previous year, is EUR 802 thousand, mainly due to the effect of a benefit arising from the fair value measurement of put options, which contributed financial income of EUR 2,296 thousand; this impact was partly mitigated by the absence, in 2023, of the positive effect of the change in the fair value of warrants outstanding in the previous year and no longer exercisable as of 5 June 2023.

5.7 Exchange gains and losses

Exchange gains shows a balance of EUR 622 thousand (EUR 2,095 thousand in 2022).

(In thousands of Euro)

	2023	% of revenue	2022	% of revenue
Net exchange gainson trading	335	0.2%	1,928	1.4%
Net exchange gains on financial transactions	287	0.2%	168	0.1%
Total exchange gains	622	0.4%	2,095	1.5%

In 2023, exchange gains are 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 260 thousand in 2023 (EUR 38 thousand in 2022) 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 2023 and 2022 is shown below:

<i>(In thousands of Euro)</i>		
	2023	2022
Current taxes of the year	(1,301)	(460)
Current taxes of previous years	(9)	(4)
Deferred taxes	656	114
Total income taxes	(655)	(349)

The item includes the charge for current taxes pertaining to the year, amounting to EUR 1,301 thousand, and for taxes relating to previous years, amounting to EUR 9 thousand.

Deferred taxes of EUR 656 thousand mainly refer to:

- income due to the recognition of deferred tax assets of the Parent amounting to EUR 408 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;
- other minor changes arising from the consolidation entries of subsidiaries for EUR 248 thousand.

5.10 Basic and diluted earnings per share

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

<i>(thousands of Euro)</i>		
	2023	2022
Profit (loss) for the year attributable to owners of the parent	3,595	(75,166)
Average number of ordinary shares	21,164	20,608
Basic earnings per share	0.17	(3.65)

<i>(thousands of Euro)</i>		
	2023	2022
Profit (loss) for the year attributable to owners of the parent:	3,595	(75,166)
Average number of outstanding shares	21,164	20,608
Number of shares with a dilutive effect	-	-
Average number of shares to calculate the diluted earnings	21,164	20,608
Diluted earnings per share	0.17	(3.65)

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

<i>(thousands of Euro)</i>	2023	2022
Profit (loss) for the year	3,595	(75,166)
Amortisation, depreciation and impairment of goodwill	13,405	88,070
Net impairment losses and accruals	1,270	397
Gains on equity investments	(260)	(38)
Accrued financial expense	886	549
Current and deferred taxes	655	349
Other non-monetary changes	(717)	80
Cash flows generated by operating activities net of NWC	18,835	14,241
Increase in inventories	(4,587)	(11,654)
(Increase)/decrease in trade receivables	2,498	(1,170)
Increase in trade payables	8,595	3,755
Increase/(decrease) in other assets and liabilities	(7,159)	3,474
Payment of employee benefits and change in provisions	(1)	(136)
Cash flow generated by operating activities	18,181	8,510
Interest paid and other net charges paid	(3,703)	(2,287)
Income taxes paid	(1,432)	(1,335)
Net cash flows generated by operating activities	13,047	4,889

Cash flows used in investing activities

<i>(In thousands of Euro)</i>	2023	2022
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired and other costs	(2,552)	(786)
Purchase of property, plant and equipment and intangible assets	(4,893)	(4,609)
Cash flows used in investing activities	(7,445)	(5,395)

Cash flows generated by/(used in) financing activities

<i>(In thousands of Euro)</i>	2023	2022
Cash flows from financing activities		
Increase/(decrease) in bank loans and borrowings and loans and borrowings from other financial backers	(1,727)	3,811
Decrease in other financial liabilities	(245)	(1,827)
(Dividend distribution)	-	(1,012)
Payment of transaction costs relating to financial liabilities	-	106
Other changes in equity	(592)	400
Net cash flows generated by/(used in) financing activities	(2,564)	1,478

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 2023 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 2023, 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 2023:

(In thousands of Euro)	Current trade receivables	Other non-current assets	(Trade payables)
Cellular Swiss S.A.	3,761	-	-
Total	3,761	-	-
<i>Impact on the financial statements item</i>	<i>7.3%</i>	-	-

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 2023:

(In thousands of Euro)	Revenue from sales	(Sales and distribution costs)	(General and administrative costs)	Other non-operating costs/(revenue)
Cellular Swiss S.A.	5,433	-	(2)	-
Christian Aleotti	-	-	(10)	-
Total	5,433	-	(12)	-
<i>Impact on the financial statements item</i>	<i>3.4%</i>	-	<i>0.0%</i>	-

The main related parties with which Cellularline carried out transactions in 2023 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.

6. 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 payable, 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 2023	Average 2022
Managers	15	17
Junior managers	45	46
Clerical staff	217	177
Blue collar workers	1	1
Apprentices	13	12
TOTAL	291	253

Remuneration of Chief Executive Officers and Key Managers

The following table shows the fees:

Category	2023	2022
<i>(In thousands of Euro)</i>		
Chief Executive Officers	995	1,000
Other key managers	242	184
Total remuneration	1,237	1,184

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 2023 amount to approximately EUR 318 thousand.

The Board of Auditors' fees for 2023 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 177 thousand, in addition to EUR 37 thousand for other appointments for the issue of a certificate and EUR 23 thousand for other accounting services as shown in the following table:

(In thousands of Euro)			
Type of services	Recipient	KPMG Network	2023
A) Audit services	Parent	KPMG S.p.A.	147
		KPMG Network	-
B) Attestation services	Parent	KPMG S.p.A.	37
		KPMG Network	-
C) Other services	Parent	KPMG S.p.A.	3
		KPMG Network	15
Total - Parent			202
A) Audit services	Subsidiaries	KPMG S.p.A.	14
		KPMG Network	16
B) Attestation services	Subsidiaries	KPMG S.p.A.	-
		KPMG Network	-
C) Other services	Subsidiaries	KPMG S.p.A.	5
		KPMG Network	-
Total - Subsidiaries			35

Key events after the reporting date

- From the beginning of 2024 until today, Cellularline S.p.A., within the scope of the authorisation to purchase treasury shares resolved by the Issuer's Shareholders' Meeting on 22 November 2023, purchased 258,074 ordinary treasury shares for a total value of EUR 703,181. As of today, Cellularline directly holds 785,281 treasury shares, equal to 3.59% of the share capital with voting rights.
- During the early months of 2024, as per the internal dealing communication, moreover:
 - the Chief Executive Officer, Christian Aleotti, purchased 500,368 ordinary shares, reaching a total shareholding of 12.15%;
 - the Chairman of the Board of Directors, Antonio Luigi Tazartes, purchased a total of 920,368 ordinary shares, reaching a total shareholding of 7.08%.
- On 28 February 2024, the Board of Directors approved the 2024-2027 Business Plan.

Reggio Emilia, 13 March 2024

The Chairman of the Board of Directors

Antonio Luigi Tazartes

ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023 PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED AND SUPPLEMENTED

1. We, the undersigned Christian Aleotti, as Chief Executive Officer, 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 2023 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 2023 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, 13 March 2024

Christian Aleotti

Mauro Borgogno

Chief Executive Officer

Manager responsible for preparing the financial
information

**SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE
YEAR ENDED 31 DECEMBER 2023**

**SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE
YEAR ENDED
31 DECEMBER 2023**

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euro)</i>	Notes	31 December 2023	Of which related parties	31 December 2022	Of which related parties
ASSETS					
Non-current assets					
Intangible assets	6.1	39,333		45,102	
Goodwill	6.2	18,432		18,432	
Property, plant and equipment	6.3	5,282		5,411	
Equity investments in subsidiaries and associates	6.4	23,561		20,578	
Right-of-use assets	6.5	2,622		3,626	
Deferred tax assets	6.6	5,203		4,788	
Financial assets	6.7	6,912	6,912	6,391	6,391
Total non-current assets		101,344		104,328	
Current assets					
Inventories	6.8	37,710		35,008	
Trade receivables	6.9	48,864	17,341	48,961	12,794
Current tax assets	6.10	415		939	
Financial assets		269		34	
Other assets	6.11	10,392	75	2,581	
Cash and cash equivalents	6.12	6,356		4,818	
Total current assets		104,005		92,341	
TOTAL ASSETS		205,349		196,669	
EQUITY AND LIABILITIES					
Equity					
Share capital	6.13	21,343		21,343	
Other reserves	6.13	103,189		166,260	
Retained earnings	6.13	2,420		15,821	
Profit for the year		1,136		(75,893)	
TOTAL EQUITY		128,089		127,531	
LIABILITIES					
Non-current liabilities					
Bank loans and borrowings and loans and borrowings from other financial backers	6.14	8,600		14,821	
Deferred tax liabilities	6.6	1,727		1,673	
Employee benefits	6.15	211		209	
Provisions for risks and charges	6.17	1,795		1,249	
Other financial liabilities	6.21	1,909		2,796	
Total non-current liabilities		14,242		20,748	
Current liabilities					
Bank loans and borrowings and loans and borrowings from other financial backers	6.14	29,169		23,697	
Trade payables	6.18	27,296	605	18,881	254
Current tax liabilities	6.19	1,268		612	
Provisions for risks and charges	6.17	-		-	
Other liabilities	6.20	4,221		4,040	39
Other financial liabilities	6.21	1,063		1,160	
Total current liabilities		63,017		48,390	
TOTAL LIABILITIES		77,260		69,138	
TOTAL EQUITY AND LIABILITIES		205,349		196,669	

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

INCOME STATEMENT

<i>(thousands of Euro)</i>	Notes	r 2023	Of which related parties	r 2022	Of which related parties
Revenue from sales	7.1	126,766	20,832	113,022	16,322
Cost of sales	7.2	(81,560)	(1,491)	(76,299)	(1,257)
Gross operating profit		45,206		36,723	
Sales and distribution costs	7.3	(19,534)	61	(19,104)	44
General and administrative costs	7.4	(21,500)	(12)	(96,566)	(12)
Other non-operating revenue	7.5	476	(145)	1,826	(11)
Operating profit/(loss)		4,649		(77,121)	
Financial income	7.6	313	177	1,369	102
Financial expense	7.6	(3,862)		(2,164)	
Exchange gains	7.7	674		2,288	
Gains on equity investments		-		-	
Profit/(loss) before taxes		1,774		(75,628)	
Current and deferred taxes	7.8	(638)		(265)	
Profit (loss) for the year		1,136		(75,893)	

STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euro)</i>	Notes	2023	2022
Profit (loss) for the year		1,136	(75,893)
<i>Other components of comprehensive income that will not be reclassified to profit or loss</i>			
Actuarial gains (losses) on defined benefit plans		(19)	54
Actuarial gains (losses) on provisions for risks		(79)	335
Gains/(losses) on translation of foreign operations		-	-
Income taxes		27	(108)
Other components of comprehensive income (expense) for the year		(71)	280
Total comprehensive income (expense) for the year		1,065	(75,613)

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CASH FLOWS

<i>(thousands of Euro)</i>	Notes	2023	2022
Profit (loss) for the year		1,136	(75,893)
Amortisation, depreciation and impairment losses		10,842	86,081
Net impairment losses and accruals		1,203	412
(Gains)/losses on equity investments		-	-
Accrued financial expense		2,875	1,984
Current and deferred taxes		638	265
Other non-monetary changes		-	134
		16,694	11,688
Increase in inventories		(2,866)	(9,317)
(Increase)/decrease in trade receivables		(374)	2,119
Increase in trade payables		8,415	916
Increase/(decrease) in other assets and liabilities		(6,469)	2,425
Payment of employee benefits and change in provisions		(18)	(74)
Cash flows generated by operating activities		15,830	7,757
Interest paid and other net charges paid		(2,901)	(2,164)
Income taxes paid		(933)	(1,331)
Net cash flows generated by operating activities		11,547	4,262
Acquisition of subsidiary, net of cash acquired		(2,945)	(1,261)
Purchase of property, plant and equipment and intangible assets		(3,977)	(3,875)
Net cash flows used in investing activities		(6,922)	(5,136)
(Dividends distributed)		-	(1,012)
Other financial assets and liabilities (*)		(1,761)	(1,224)
Other changes in equity		(577)	280
Decrease in bank loans and borrowings and loans and borrowings from other financial backers		(749)	3,715
Payment of transaction costs relating to financial liabilities		-	106
Net cash flows generated by (used in) financing activities		(3,087)	1,865
Increase in cash and cash equivalents		1,538	991
Effect of exchange rate fluctuations (*)		-	-
Total cash flows		1,538	991
Opening cash and cash equivalents	6.12	4,818	3,827
Closing cash and cash equivalents	6.12	6,356	4,818

STATEMENT OF CHANGES IN EQUITY

<i>(thousands of Euro)</i>	Notes	Share Capital	Other reserves	Retained earnings/(Lo sses carried forward)	Profit (loss) for the year	Non- controllin g interests	Total Equity
Balance at 31 December 2021		21,343	157,767	29,877	(4,862)	-	204,125
Loss for the year		-	-	-	(75,893)	-	(75,893)
Other components of the statement of comprehensive income		-	311	-	-	-	311
Total statement of comprehensive income		-	311	-	(75,893)	-	(75,582)
Allocation of loss for previous year		-	-	(4,862)	4,862	-	-
Dividend distribution		-	5,868	(6,880)	-	-	(1,012)
Other changes		-	2,314	(2,314)	-	-	-
Balance at 31 December 2022		21,343	166,260	15,821	(75,893)	-	127,531
Profit for the year		-	-	-	1,136	-	1,136
Other components of the statement of comprehensive income		-	(71)	-	-	-	(71)
Total statement of comprehensive income		-	(71)	-	1,136	-	1,066
Allocation of profit for previous year		-	(75,893)	-	75,893	-	-
Dividend distribution		-	-	-	-	-	-
Other changes		-	508	-	-	-	-
Balance at 31 December 2023	4.12	21,343	89,790	15,821	1,136	-	128,089

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023**

1. Introduction

Cellularline S.p.A. (hereinafter also "Cellularline" or the "Company"), a company incorporated under Italian law with registered office in Reggio Emilia, Via G. Lambrakis 1/a, 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, in terms of volume, the Company ranks among the top operators in Switzerland, Spain, Belgium, the Netherlands, Germany and Austria and boasts a good competitive position in the other European countries.

The separate financial statements are submitted for approval by the Shareholders' Meeting convened for 24 April 2024, in line with the financial calendar approved by the Board of Directors on 13 December 2023.

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

At 31 December 2023, the shareholders of Cellularline holding more than 5% of the share capital with voting rights are as follows:

- Christian Aleotti 9.86%
- First Capital S.p.A. 7.66%
- Quaero Capital S.A. 7.48%

1.2 Impact of the Russia-Ukraine conflict on the Company's performance and financial position, measures taken, risks and areas of uncertainty

As it operates in several international markets, the Company is affected by changes in their macroeconomic conditions.

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 such impacts have now been attenuated, these generalised increases have contributed to a global inflationary spiral; the consequent harshening of interest rates applied by the Central Banks to cope with this phenomenon has already had its impact on consumption and which the Company's management is closely monitoring.

It should also be noted that the increase in interest rates had a significant impact on some financial statements items and on the cost of the Company's financial debt.

2. Basis of preparation and accounting policies

The basis of preparation and the main accounting policies adopted in the preparation of the Financial Statements as at and for the year ended 31 December 2023 are described below. They have been applied consistently for all previous years. The purpose of the notes is to illustrate the accounting policies adopted, to provide the information required by IAS/IFRS that is not contained in other parts of the financial statements, as well as to provide additional information that is not shown in the financial schedules, but is required to give a true and fair view of the Company's operations.

2.1 Basis of presentation

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 cease trading, or has no realistic alternative but to do so".

Therefore, when preparing the financial statements at 31 December 2023, 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 period of time, relating to a period of at least twelve months from the reference 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, as well as forecasts regarding future trends in revenue and core business;
- the positive economic and financial development forecasts contained in the 2024-27 Business Plan of the Company, approved by the Board of Directors on 28 February 2024;
- the (past and expected) ability of the Company 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 Company. The financial statements as at and for the year ended 31 December 2023 have been prepared on a going concern basis. The financial statements are expressed in Euro, which is the company's functional currency. 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 following schedules have been used in the preparation of these financial statements:

- **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 in the income statement 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 expenses and income recognised directly in equity for transactions other than those carried out with shareholders.
- **Statement of cash flows:** the statement of cash flows 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 statement of comprehensive income, also the transactions that took place directly with the shareholders who acted in this capacity and the details of each component. Where applicable, it also includes the effects of changes in accounting policies for each item of equity.
- **Notes to the financial statements.**

The income statement presents the following results, since management believes that they are significant for the purposes of providing a better understanding of the Company's results:

- Gross operating profit: this is the difference between revenue from sales and services and the cost of sales;
- Operating profit: this is the net profit for the year before financial income and expense and income taxes.

These operating results are not accounting measure in accordance with the IFRS and, therefore, should not be considered a substitute for assessing performance. Furthermore, the criteria for determining these operating results may not be consistent with those adopted by other companies and, therefore, that these data may not be comparable. The Statement of Cash Flows has been prepared using the indirect method and shows the cash flows for the year, classifying them under operating, investing and financing activities. With reference to CONSOB Resolution no. 15519 of 27 July 2006 on financial statement formats, it should be noted that the income statement and statement of financial position include mention of transactions with related parties.

2.2 Use of estimates and judgements in the preparation of the separate financial statements

In preparing the separate financial statements, management has 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 made by management in the application of the 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 Company makes use of observable market data as far as possible.

The Company applies a fair value hierarchy tahta categorise into three levels the inputs to the valuation techniques used to measure fair value, as follows:

- Level 1 inputs are quoted prices (unadjusted) on active markets for identical assets or liabilities that the Company 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 Company tests goodwill for impairment annually and whenever there is any indication of impairment, in order to determine the recoverable amount of the cash-generating unit to which goodwill is allocated. For the purposes of impairment testing, the recoverable amount of each cash-generating unit was determined as value in use using the discounted cash flow model. This model is based on the general concept that the Enterprise Value is equal to the discounted 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.

In applying this model, the Company 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 consolidated financial statements at 31 December 2023, the Company 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 Company was higher than the value of the Stock Exchange capitalisation at the same date. The Company, therefore, with the support of an Advisor (Deloitte & Touche), performed an impairment test, whose criteria were approved by the Board of Directors on 28 February 2024 and the results of which were approved on 13 March 2024. The test revealed no impairment losses on Goodwill.

Refer to note "6.2 Goodwill" for more detailed information.

Measurement of the customer relationships 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. The company 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 key customers during 2023 and, therefore, the core of the most relevant customers from the 2018 business combination perimeter does not appear to be at risk.

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 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 Company has adopted a specific credit assessment and allowance determination procedure.

Inventories

The allowance for inventory write-down reflects the estimate of the 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 2022 and 2023, was carried out based on the guidance contained in International Financial Reporting Standard 2 (IFRS 2) - "Share-based payments".

Deferred tax assets

The 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 Company.

Provisions for risks

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

2.3 Most significant accounting policies used in the preparation of the Separate Financial Statements

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rate in force at the transaction date. 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.

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 Company.

The amortisation rates used are summarised below, by category of intangible assets:

Category	Amortisation rate
Development costs	50%-33%
<i>Customer relationships</i>	7.7%
Software	33%
Licenses	33-50%
Cellularline trademark	5.5%
Interphone trademark	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 charged to the income statement in 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 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 2023, the Company 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 long-term renewals were carried out with strategic customers during 2023 and, therefore, the core of the most relevant customers from the 2018 business combination perimeter does not appear to be at risk.

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. 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 Company and transferred, sold or licensed for use to a third party and the Company has the option of limiting access by third parties as they are registered trademarks. In addition, the Company 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 Company 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 headroom. Software costs, including ancillary expense, relate to software acquired for the Company's use. Licenses refer to software licenses dedicated to specific service contracts.

Goodwill

Goodwill acquired in business combinations is initially recognised at cost and represents the excess of the acquisition cost over the Company'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.

Goodwill is not subject to amortisation.

Impairment

The Company 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 Company 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 asset or cash-generating unit is increased 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.

The Company used an independent advisor to measure this item.

Property, plant and equipment

Property, plant, machinery and industrial equipment (including that under finance lease) 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 placed 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.

Subsidiaries

Cellularline controls a company 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. Controlling interests are initially recognised at fair value and subsequently measured at cost, adjusted by any subsequent impairment.

Associates

The Company's investments in associates are measured using the equity method. An associate is a company over which the Company has a significant influence but which cannot be classified as a subsidiary or joint venture. Therefore, the investment in an associate is recognised in the statement of financial position at cost, subsequently adjusted for the post-acquisition in the Company'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 Company determines whether there is any objective evidence that its net investment in the associate is impaired. The income statement reflects the Company's share of the associate's profit (loss) for the year. If an associate recognises adjustments directly in equity, the Company 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

The application of IFRS 9 has not had a significant impact on financial assets and liabilities.

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 Company 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 Company 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;
- 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 Company 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 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

- 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 Company 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 Company 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 is presented in the statement of financial position if, and only if, the Company 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 Company 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 Company considers information that reflect reasonable and supportable assumptions that are relevant and available. This includes quantitative and qualitative information and analyses, based on the Company'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 the 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 Company is exposed to credit risk.

Impaired financial assets

At each reporting date, the Company 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 Company 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 Company under conditions that the Company not otherwise consider;
- it is becoming probable that the debtor will enter bankruptcy or other 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 Company'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 Company's credit recovery procedures.

Non-financial assets

At each reporting date, the Company 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 Company 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 date of acquisition, which are subject to an insignificant risk of changes in fair value and are used by the Company 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 benefit plan; the discipline of this provision was 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 Company 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 Company 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 Company holds contracts for the supply of goods that include the provision of bonuses, discounts and, in certain circumstances, contributions classified as a reduction of trade payables. These bonuses, 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.

Foreign currency translation

The functional and presentation currency adopted by the Company 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 and to the extent that the Company 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 interest 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 Company 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.

Dividends

Dividend income is recognised when the Company has the right to receive them, which normally coincides with the year when the investee's Shareholders' Meeting that approved the distribution of profit or reserves is held.

Dividend distributions on the Company's ordinary shares are recognised as a liability in the financial statements for the year in which the distribution is approved by shareholders.

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 Company 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.

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.

Right-of-use assets

The Company has adopted IFRS 16 Leases from 1 January 2019. IFRIC 23, IAS 28 and IAS 19, which became effective on 1 January 2019. IFRS 16 introduced a single model of accounting for leases in the financial statements of lessees whereby the Company, 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 Company has used the option to adopt IFRS 16 with the modified retrospective method, which provides for the possibility of recognising the right-of-use asset as 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 Company 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. As at the date of initial application of IFRS 16, the Company 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 Company leases assets such as buildings and motor vehicles. As a lessee, the Company 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 Company recognises the right-of-use assets and the lease liabilities in the statement of financial position. However, the Company has decided not to recognise right-of-use assets and lease liabilities of low value assets (less than USD 5,000). Therefore, the Company recognises the lease payments as a cost on a straight-line basis over the lease term. The Company recognises the right-of-use assets that do not meet the definition of investment property under "Property, plant and equipment", which is the same item it uses

to present the same kind of assets that it holds. The Company classifies lease liabilities under "Other financial liabilities" in the condensed statement of financial position. As at the commencement date of the lease, the Company 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 in the item of the same name and is initially measured at cost and subsequently at fair value, in accordance with the Company's accounting policies.

The Company 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 Company uses the incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

The lease liability is subsequently increased to reflect the 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 Company 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 Company has estimated the lease term of certain contracts in which it acts as a lessee and which provide for renewal options. The 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.

3. New accounting standards, amendments and interpretations endorsed by the European Union that became effective as of the year beginning 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:

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

3.1 Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements)

With the Amendments to IAS 1, the IASB Board set out some guidelines for deciding which accounting policies to disclose in the financial statements.

IAS 1, prior to the amendments, required entities to disclose significant accounting policies, 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 has amended IAS 1 by requiring disclosure of the material accounting policy information.

In particular, IAS 1.117 clarifies that “information about accounting policies is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

In order to identify material disclosures of accounting policy information, an entity should consider the following guidelines:

- accounting policy information are considered immaterial, and therefore not to be included in the notes to the financial statements, if they relate to immaterial transactions, other events or conditions; if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information;
- accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; however, not all accounting policy information relating to material transactions, other events or conditions is itself material;
- accounting policy information that focuses on how an entity has applied the requirements of the IFRSs to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, (“boilerplate”) or information that only duplicates or summarises the requirements of the IFRSs;
- accounting policy information deemed immaterial does not affect the related disclosure requirements set out in other IFRSs.

The Amendments to IAS 1 describe certain circumstances in which an entity might normally conclude that an accounting policy information is material to its financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and:

- f) the entity changed its accounting policy during the reporting period and that change resulted in a material change to the information in the financial statements;
- g) the entity chose the accounting policy from one or more options permitted by IFRSs (e.g. investment properties measured at cost rather than fair value in accordance with IAS 40);
- h) the accounting policy was developed in accordance with IAS 8 in the absence of an IFRS that specifically applies;
- i) the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy and the entity discloses those judgements or assumptions in accordance with IAS 1.122 and 125, or;
- j) the accounting required for them is complex and users of the entity’s financial statements would otherwise not understand those material transactions, other events or conditions.

3.2 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 changes in accounting estimates from changes 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.

New definition of “accounting estimates”

The IASB has replaced the definition of “change in accounting estimates” with the new concept of “accounting estimates” and in particular “accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty”.

The term “monetary amount” refers to any amount to be recognised in the financial statements and is, therefore, different from the concept of “monetary item” defined in IAS 21 - The Effects of Changes in Foreign Exchange Rates.

The term “measurement uncertainty”, which is consistent with the definition in the Appendix to the Conceptual Framework in the IFRSs published in March 2018, refers instead to the uncertainty that arises when a monetary amount, which is to be included in the financial statements, cannot be directly observed and must, instead, be estimated.

The IASB did not deem it necessary to include the definition of “non-monetary item” in IAS 8, as this terminology usually refers to the inputs used to estimate monetary amounts and changes to these inputs are, in turn, changes to accounting estimates.

The definition of “accounting estimates” does not include estimates made in the application of accounting policies for matters other than the measurement of items in the financial statements, such as estimates needed to decide whether to recognise an asset or liability in the financial statements.

Relationship between “accounting estimates” and “accounting policies”

The Amendments to IAS 8 clarify that in order to achieve the objective of an accounting policy, an entity must make an accounting estimate.

Accounting estimates represent the result of measurement techniques, which, in addition to the inputs, include estimation techniques and valuation techniques.

Since accounting estimates represent the output of measurement techniques, changes to the inputs used or in measurement techniques (as a result of the availability of new information, increased experience or new developments) represent changes in accounting estimates, unless they result from corrections of prior periods, and do not represent changes in accounting policies.

Below are the (EU) Regulations published in the Official Journal of the European Union by which two documents previously published by the International Accounting Standards Board were endorsed by the European Union:

1. Regulation (EU) no. 2022/1392 of 11 August 2022, which 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;
2. Regulation (EU) No. 2022/1491 of 8 September 2022 endorsing the "First-time Application of IFRS 17 and IFRS 9 - Comparative Disclosures (Amendments to IFRS 17 Insurance Contracts)", published by the IASB on 9 December 2021.

3.3 Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income taxes).

With Regulation (EU) No. 2023/2468 of 8 November 2023, the European Commission endorsed the document "International Tax Reform - Model Rules (Pillar 2) (Amendments to IAS 12 Income Taxes)". For the IASB the publication date of the Regulation was 23 May 2023, while for the European Union the publication date was 9 November 2023, the date of publication of the endorsement regulation.

In October 2021, more than 135 countries, representing more than 90% of the world's GDP, agreed to implement a global tax reform. This reform is based on two pillars:

- Pillar 1: aims to ensure a fair distribution of profits and taxation rights between countries
- Pillar 2: aims to ensure that large multinational groups pay a minimum of 15% income tax in each jurisdiction in which they operate through the introduction of a top-up tax.

On 14 December 2022, the European Commission adopted EU Directive 2022/2523 introducing the top-up tax for multinational groups and, in order to ensure compliance with the EU Treaties, extended it to domestic groups of companies.

The deadline for the transposition of the directive by Member States has been set for 31 December 2023.

Under IAS 12, an entity is required to reflect the deferred tax impacts of its assets and liabilities on the basis of tax rules enacted or substantively enacted at the reporting date.

On the basis of the operating mechanisms of the Pillar 2 model, a number of application issues of IAS 12 emerged, with particular reference to the accounting of deferred taxes:

- possible emergence of further temporary differences;
- need to redetermine deferred tax assets and liabilities to reflect the potential effects of the top-up tax;
- tax rate to be used to measure deferred tax assets and liabilities.

Given the complexity of the accounting aspects, the IASB Board decided, in an urgent process, to amend IAS 12 in order to ensure greater comparability of financial statements and to avoid the risk of entities defining accounting treatments that conflict with the requirements of IAS 12.

Temporary and mandatory exception to deferred taxation accounting related to Pillar 2 tax legislation

Due to the temporary and mandatory exception introduced in IAS 12, entities are not required to recognise or disclose deferred tax assets and liabilities related to Pillar 2 income taxes. The entity shall disclose in the notes to the financial statements the application of the temporary exception.

New disclosure obligations

- In periods when Pillar 2 tax legislation is enacted or substantively enacted but has not yet become effective, an entity shall provide qualitative and quantitative disclosures that enable users of financial statements to understand the entity's exposure to Pillar 2 income taxes determined in accordance with such new legislation.

Where exposure information is not known or reasonably estimable, the entity shall disclose in the notes to the financial statements a specific statement to that effect and information on the entity's progress in evaluating its exposure.

- In periods when the new tax legislation is in effect, the entity shall disclose separately in the notes the amount of top-up tax recognised in the period.

The Company is not subject to the top-up tax illustrated in Pillar 2 because the scope of application of the legislation provide for a higher turnover threshold than has been realised to date.

3.4 Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendments to IFRS 17 Insurance Contracts).

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

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.

As an option, comparative information for a financial asset related to insurance business need not be restated in accordance with IFRS 9 if:

- the entity chooses not to restate prior periods; or
- the entity restates prior periods, but the financial asset was derecognised in the previous financial years.

An entity that applies the classification overlay shall present comparative information as if the classification and measurement requirements of IFRS 9 had always been applied and use reasonable and supportable information,

available at the transition date, to determine how financial assets were classified and measured on initial application of IFRS 9. In applying the classification overlay to a financial asset, the entity is not required to apply the impairment requirements in Section 5.5 of IFRS 9, and therefore continues to present the amounts recognised in respect of impairment in the prior period in accordance with IAS 39.

Any difference between the previous carrying amount of a financial asset before and the carrying amount at the transition date as a result of the classification overlay shall be recognised in the opening retained earnings (or other component of equity, as appropriate).

Entities applying the Amendments to IFRS 17 shall disclose qualitative information that enables users of the financial statements to understand:

- the extent to which the classification overlay was applied (e.g., whether it was applied to all financial assets derecognised in the comparative period)
- whether and to what extent the impairment requirements in Section 5.5 of IFRS 9 were applied.

Below is a list of New Accounting Standards, Amendments and Interpretations endorsed by the European Union and effective from 1 January 2023, along with the related descriptions:

Date of entry into force	New accounting standard/amendment	Date of EU endorsement regulation (publication date in the EUOJ)
1 January 2023	Disclosure of accounting policies (Amendments to IAS 1)	3 Mar 2022 L68/1 (EU) 2022/357
1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8)	3 Mar 2022 L68/1 (EU) 2022/357
1 January 2023	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)	12 Aug 2022 L211/78 (EU) 2022/1392
1 January 2023	International Tax Reform - Model Rules (Second Pillar) (Amendments to IAS 12)	9 Nov 2023 (EU) 2023/2468
1 January 2023	First-time Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	9 Sep 2022 L234/10 (EU) 2022/1491

New accounting standards, amendments and interpretations endorsed by the European Union and effective from 1 January 2024

With Regulation (EU) No. 2023/2579 of 20 November 2023¹, the European Commission endorsed the document “Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)”, published by the IASB® Board on 22 September 2022.

With the Amendments to IFRS 16, the IASB clarified the following accounting treatment for subsequent measurement of the lease liability arising from a sale and leaseback:

- the seller-lessee shall apply the requirements of IFRS 16.36-46 for the subsequent measurement of lease liabilities arising from the leaseback;
- in applying the above paragraphs of IFRS 16, the seller-lessee shall determine the “lease payments” or “revised lease payments” in a way that the seller-lessee would not recognise any amount of gain or loss that relates to the right-of-use asset retained by the seller-lessee. The lease liability is then reduced by the amount of the initially estimated lease payments, with any difference between the estimated and actual payments recognised in profit/(loss) for the period

- the application of the above requirements does not prevent the seller-lessee- from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease as required by IFRS 16.46, letter a).

the seller-lessee shall establish its own accounting policy for determining the lease payments to be included in the initial estimate of the lease liability.

The amendments to IFRS 16 are effective for financial statements for financial years beginning on or after 1 January 2024. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

With Regulation (EU) No. 2023/2822 of 19 December 2023¹, the European Commission endorsed the following documents published by the IASB:

- Classification of liabilities as current or non-current (Amendments to IAS 1 Presentation of Financial Statements), published on 23 January 2020;
- non-current liabilities with covenants (Amendments to IAS 1 Presentation of Financial Statements), published on 31 October 2022.

Amendments to IAS 1

Right to defer settlement of a liability for at least 12 months after the end of the reporting period.

The IASB's first objective was to clarify the apparently conflicting concepts expressed in paragraphs 69(d) and 73 of IAS 1.

In particular, IAS 1.69(d) provided as a general criterion for classifying a liability as non-current the existence of an “unconditional right of the entity to defer settlement of the liability for at least 12 months after the reporting period” and IAS 1.73 referred instead to “an entity's discretion to refinance or roll over the obligation for at least 12 months after the reporting period of an existing financing arrangement”. It was therefore unclear from a combined reading of these two paragraphs whether it was sufficient to have at the reporting date a right to defer settlement of a liability for at least 12 months, or whether it was also relevant to the classification of a liability in the financial statements whether the entity intended to exercise that right or not.

With the Amendments to IAS 1, the IASB clarified that:

- the right to defer the settlement of a liability for at least 12 months after the end of the reporting period, referred to in paragraph 69(d), need not be unconditional but need only be “substantive and [...] must exist at the end of the reporting period”;
- the classification of a liability as current or non-current shall not be affected by an entity's intentions to exercise or not to exercise the right to defer payment after 12 months (e.g. an intention to refinance or roll over a loan by extending its maturity) and by decisions made between the reporting date and the date of its publication (e.g. a decision to repay a loan early).

Ways of settling a liability

The Amendments to IAS 1 clarified that, for the purposes of classifying a liability as current or non-current, settlement (in paragraph 69(a), (c) and (d)) refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:

- c) cash or other economic resources, e.g. goods or services; or
- d) the entity's own equity instruments, unless paragraph 76B applies.

Terms of a liability that allow the counterparty to require the liability to be settled by the transfer of the entity's own equity instruments (e.g. a convertible bond) do not affect its classification as current or non-current if, applying IAS 32 Financial Instruments: presentation, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument (e.g. an option to convert into a fixed number of shares of a convertible bond).

Information on the financial statements

An entity shall disclose information in the financial statements about events that occur between the end of the reporting period and the date the financial statements are authorised for issue that are specifically defined in IAS 1 as non-adjusting subsequent events in accordance with the requirements of IAS 10 Events after the reporting period:

- e) long-term refinancing of a liability classified as current;
- f) rectification of the breach of a long-term financing agreement classified as current;
- g) granting by the lender of a grace period to rectify a breach of a long-term loan agreement classified as current;
- h) discharge of a liability classified as non-current.

If management intends or expects to settle a liability classified as non-current within twelve months after the reporting period, it does not change the classification in the financial statements but must disclose in the notes the timing of such settlement.

Liabilities from loan agreements with covenants

The IASB has clarified that where the right to defer the settlement of a liability arising from a loan agreement for at least 12 months after the reporting period is subject to compliance with specific covenants, the liability is classified as non-current if all covenants under the agreement have been met up to the reporting period, even if they are calculated in the first few months of the following reporting period.

Compliance with contractual covenants to be calculated after the reporting date is not relevant to the classification of the liability in the statement of financial position.

Disclosure of liabilities arising from loan agreements with covenants

The Amendments to IAS 1 introduced the following disclosure requirements with respect to liabilities arising from loan agreements, which are classified as non-current liabilities in the statement of financial position, and whose

right to defer their settlement for at least 12 months after the reporting date is subject to compliance with covenants:

- c) information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of the related liabilities;
- d) information about facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. These facts and circumstances could also refer to the situation where the covenants to be met in the 12 months following the reporting date would not be met using the figures at the end of the financial year.

The Amendments to IAS 1 are effective for financial statements for years beginning on or after 1 January 2024 and are to be applied retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

The following is a list of documents applicable beginning with the financial statements for years beginning 1 January 2024 described above:

Date of entry into force	New accounting standard/amendment	Date of EU endorsement regulation (publication date in the EUOJ)
1 January 2024	Amendments to IAS 1: - Classification of liabilities as current or non-current - Classification of liabilities as current or non-current - Deferment of the date of entry into force - Non-current liabilities with clauses	20 Dec 2023 (EU) 2023/2822
1 January 2024	Lease liabilities in a sale and leaseback (Amendments to IFRS 16)	21 Nov 2023 (EU) 2023/2579

4 Segment reporting

The Company has identified one operating segment, which includes all the services and products provided to customers. The Company'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 bicycles);
- Blue line (third party products marketed under distribution agreements).

5 Notes to the Statement of Financial Position

The following are the notes to the main assets and liabilities in the separate financial statements of Cellularline S.p.A. at 31 December 2023.

ASSETS

NON-CURRENT ASSETS

6.1 Intangible assets

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. Amortisation was calculated using the rates that reflect the residual possibility of utilization of the related intangible assets.

Intangible assets at 31 December 2023 and 31 December 2022 are detailed below.

<i>(In thousands of Euro)</i>	Carrying amount at 31 December 2022	Increases	(Amortisation)	(Decreases/ Impairment losses)	Reclassifications	Carrying amount at 31 December 2023
Development costs	730	1,060	(1,128)	-	42	704
Industrial patents and intellectual property rights	1,650	1,535	(1,479)	-	65	1,771
Concessions, licenses, trademarks and similar rights	15,144	21	(1,184)	-	-	13,981
<i>Customer relationships</i>	27,469	-	(4,593)	-	-	22,876
Assets under development and payments on account	109	-	-	(2)	(107)	-
Total intangible assets	45,102	2,616	(8,383)	(2)	.	39,333

The changes in Intangible assets, broken down for the period between 31 December 2022 and 31 December 2023 are shown below:

<i>(In thousands of Euro)</i>	
Balance at 31 December 2022	45,102
Increases	2,616
(Decreases)	(2)
(Amortisation and impairment losses)/revaluations	(8,383)
(Decreases) in Accumulated amortisation	-
Balance at 31 December 2023	39,333

With reference to 31 December 2023, it should be noted that the Company has made investments of EUR 2,616 thousand.

In particular, investments are mainly attributable to:

- industrial patents and intellectual property rights, equal to EUR 1,535 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 3 years. The investments are mainly related to updates to the SAP management software, to the business intelligence systems and further innovations/IT projects, aimed at having increasingly effective and efficient information tools to support the Company's organisational structure;
- development costs of EUR 1,060 thousand; this item mainly 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.

6.1.2 Measurement of customer relationships and trademarks with a finite useful life

At 31 December 2023, the customer relationships with a defined useful life recognised in the separate financial statements amounted to EUR 22,876 thousand, net of accumulated amortisation; the Company did not carry out the impairment test, as, following internal analyses performed by the management, it did not identify any specific impairment indicators on the asset, in consideration of the fact that several long-term renewals were carried out with key customers during 2023 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 13,981 thousand and, as previously reported, following internal analyses carried out by the management, no specific impairment indicators were identified on this item.

6.2 Goodwill

The details of Goodwill at 31 December 2023 and 31 December 2022 are shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Goodwill	18,432	18,432
Total Goodwill	18,432	18,432

6.2.1 Impairment test on goodwill

At 31 December 2023, goodwill recognised in the Company's financial statements amounts to EUR 18,432 thousand and was allocated to the sole cash generating unit (hereinafter also referred to as the "CGU"). For the purpose of the impairment test, the Directors deemed it appropriate to maintain a single CGU. As required by the relevant accounting standards (IAS 36), the Directors checked annually, at the closing of the financial statements at 31 December 2023, whether there was any impairment of intangible assets with an indefinite useful life (goodwill) by comparing its carrying amount with its recoverable amount. The Directors therefore carried out a special impairment test with the help of a consultant (Deloitte & Touche).

In particular, the impairment test was carried out with reference to the Group, which represents the cash generating unit to which the goodwill was allocated, on the basis of the economic and financial forecasts based on the Business Plan 2024-2027 approved on 28 February 2024.

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.

The discount rate used was the weighted average cost of capital ("Weighted Average Cost of Capital" or "WACC") of approximately 12.02% (11.76% at 31 December 2022) and an estimated perpetually sustainable growth rate ("g") of 1.93% determined consistently with long-term inflation expectations (source: International Monetary Fund, October 2023), representative of the geographical market areas in which the Company operates.

The WACC is the average of the cost of equity and the cost of debt capital weighted according to financial structure of comparable companies. It should be noted that the estimates and data relating to the performance and financial forecasts to which the above parameters are applied are determined by Management on the basis of past experience and expectations of developments in the markets in which the Company operates.

In addition, it should be noted that WACC used for the purpose of the impairment test in these consolidated financial statements also includes an execution risk component, with an impact on the calculation of the finished rate equal to 1.37%, which represents an estimate of the risk of not completely achieving the plan objectives, as well as the current degree of volatility and uncertainty reflected by the macro-economic context. Therefore, this component, although reflected in the discount rate and not in the cash flows, originates from simulations carried out on the assumption that the Plan's objectives will not be fully achieved, given the persistence of a context of uncertainty.

The analyses performed, based on the assumptions and limitations highlighted above, led to an estimate of the recoverable amount, in terms of Enterprise Value, of approximately EUR 176.6 million. This amount was higher than the carrying amount of the Group at the reference date (approximately EUR 170.4 million), giving rise to no impairment losses.

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 rates and exchange rates) and that of the company'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.

In addition, sensitivity analyses were carried out which simultaneously consider a change in:

- the WACC and the growth rate (g-rate), in order to verify the impact generated by changes in these parameters on the Enterprise Value and, consequently, on the difference between the latter and the Carrying Amount at the reporting date;
- the WACC and EBITDA according to the 2024-2027 Plan and the Terminal Value in order to verify the impact generated by changes in these parameters on the Enterprise Value and, consequently, on the difference between the latter and the carrying amount at the reporting date.

The sensitivity analyses revealed potential impairment situations in the event of a worsening of the WACC or g-rate, and in the event of a reduction in Plan EBITDA and Terminal Value.

Sensitivity analysis: Cover/(Impairment) - WACC and g-rate (€ thousand)

		WACC				
		-1.0%	-0.5%	Company	+0.5%	+1.0%
		11,0%	11,5%	12,0%	12,5%	13,0%
G-rate	-	8,2	(0,2)	(8,0)	(15,1)	(21,7)
	0,4%	11,8	2,9	(5,2)	(12,7)	(19,5)
	0,9%	16,4	6,9	(1,8)	(9,6)	(16,8)
	1,4%	21,4	11,2	2,0	(6,3)	(13,9)
	1,9%	26,9	16,0	6,2	(2,7)	(10,7)
	2,4%	33,1	21,3	10,8	1,4	(7,2)
	2,9%	40,0	27,3	15,9	5,8	(3,4)

Sensitivity analysis: Cover/(Impairment) - WACC and EBITDA (€ thousand)

		WACC	
		Company	12,0%
EBITDA reduction - over and above what is already included in the execution (WACC)	(10,0%)	(17,5)	
	(7,5%)	(11,5)	
	(5,0%)	(5,6)	
	(2,5%)	0,3	
	-	6,2	

It should be noted that the inclusion of an Execution Risk Premium in the WACC implies a tolerance - with respect to a possible reduction of EBITDA with respect to the plan forecasts - in the specific case this tolerance is 14.3% over the Plan period; consequently, the sensitivity shown here is calculated starting from an EBITDA that is 14.3% lower than that of the 2024-27 Business Plan.

6.3 Property, plant and equipment

Depreciation was calculated using the rates that reflect the assets' residual useful lives.

The balance of Property, plant and equipment, broken down by category at 31 December 2023 and 31 December 2022, is shown below:

(In thousands of Euro)	Carrying amount at 31 December 2022	Increases	(Depreciation)	(Decreases/Impairment losses)	Reclassifications	Use of provision	Carrying amount at 31 December 2023
Land and buildings	3,330	8	(122)	-	-	-	3,216
Plant and machinery	367	66	(106)	-	-	-	327
Industrial and commercial equipment	1,608	972	(998)	(37)	42	23	1,610
Assets under construction and payments on account	106	71	-	(6)	(42)	-	129
Total property, plant and equipment	5,411	1,117	(1,226)	(43)	-	23	5,282

The changes in Property, plant and equipment between 31 December 2022 and 31 December 2023 are shown below:

(In thousands of Euro)	
Balance at 31 December 2022	5,411
Increases	1,117
(Decreases)	(43)
(Depreciation and impairment losses)/revaluations	(1,226)
Decreases in accumulated depreciation	23
Balance at 31 December 2023	5,282

At 31 December 2023 the item consisted mainly of buildings used as the operating offices of the Company for EUR 3,216 thousand and industrial and commercial equipment for EUR 1,610 thousand (mainly furniture, furnishings, office machinery and moulds). With reference to the year ended 31 December 2023, the Company made investments of EUR 1,117 thousand, mainly related to industrial and commercial equipment.

6.4 Subsidiaries and associates

The breakdown of changes in the item at 31 December 2022 and 31 December 2023 are shown below:

<i>(In thousands of Euro)</i>	31 December 2022	Increases	Remeasur ement	Decreases	31 December 2023
Equity investments in subsidiaries	20,545	2,983	-	-	23,528
Equity investments in associates	33	-	-	-	33
Total equity investments	20,578	2,983	-	-	23,561

Below is a list of investments:

EQUITY INVESTMENTS	Office	Share Capital	Equity	Type of ownership	Profit (loss) for the latest year	Percentage of ownership	Carrying amount
		(in foreign currency)	(in foreign currency)		(in foreign currency)		(in Euro/000)
Subsidiaries							
- Cellular Spain S.L.U.	ES	3	1,212	Direct	256	100%	1,103
- Cellular Immobiliaria Italiana S.L.U.	ES	3	77	Direct	(9)	100%	3
- Cellular Immobiliare Helvetica S.A.	CH	100	284	Direct	16	100%	71
- Systema S.r.l.	IT	100	2,399	Direct	228	100%	3,665
- Worldconnect AG	CH	100	5,163	Direct	1,395	80%	14,757
- Cellularline USA Inc.	US	50	357	Direct	(128)	100%	474
- Coverlab S.r.l.	IT	69	166	Direct	(120)	55%	295
- Subliros S.L.	ES	11	(36)	Direct	(82)	80%	177
- Peter Jäckel GmbH	DE	100	862	Direct	(578)	60%	2,945
- Cellularline Middle East FZE	UAE	41	19	Direct	(60)	100%	38
Total subsidiaries							23,528
Associates							
- Cellular Swiss S.A. (*)	CH	100	576	Direct	117	50%	33
Total associates							33

(*) Figures refer to the latest available financial statements at 31 December 2022.

For transactions with related parties, reference should be made to the "transactions with related parties" section of these financial statements.

Cellular Spain S.L.U.

The Company ended 2023 with revenue of EUR 12,387 thousand (EUR 10,456 thousand in 2022). The Company increased revenue in 2023, due to contracts signed with leading local players and the expansion of the product range. The economic result for the year was a profit of EUR 256 thousand.

Cellular Inmobiliaria S.L.U. – Cellular Immobiliare Helvetica S.A.

The two real estate companies continued their ordinary operations. There are no indicators of impairment.

Systema S.r.l.

The company Systema S.r.l. ended 2023 with revenue of EUR 10,088 thousand (EUR 10,282 thousand in 2022). The economic result for the year was a profit of EUR 228 thousand.

WorldConnect AG

The Swiss-registered company is the global market leader for SKROSS-branded travel adapters. Worldconnect had a turnover of EUR 19,963 thousand in 2023 (EUR 14,550 thousand in 2022). The profit for the year amounted to EUR 1,436 thousand.

Coverlab S.r.l.

The company is an innovative e-commerce company and operates in the custom accessories segment. It closed 2023 with revenue of EUR 1,504 thousand (EUR 1,593 thousand in 2022), in line with the previous year. The loss for the year amounted to EUR 119 thousand.

Cellular Usa Inc.

Cellular USA was established in the first half of 2022 and aims to market the Black line in the American market; as a newco, it does not yet have any significant turnover. In 2023 it recognised a loss for the year of EUR 127 thousand.

Subliros S.L.

Subliros S.L. was acquired at the end of October 2022, is an innovative e-commerce company and operates in the custom accessories segment. At 31 December 2023 it recognised a loss for the year of EUR 82 thousand.

Cellular Swiss S.A.

In 2023, the associate Cellular Swiss continued to pursue its strategy to develop business with existing customers – which operate mainly in the Consumer Electronics channel - and seeking new customers, also in different channels (for example, in the Telco, Travel Retail and Mass Merchandise channels).

Peter Jäckel GmbH was acquired in January 2023; it is a major German player in the field of smartphone accessories. At 31 December 2023, it recognised a loss of EUR 579 thousand.

Cellularline Middle East FZE , established on 17 May 2023, is an operational hub in the Jebel Ali Free Zone, Dubai, in order to serve the Middle East region more efficiently. In 2023, it recognised a loss of EUR 56 thousand.

6.5 Right-of-use assets

This item, amounting to EUR 2,622 thousand (EUR 3,626 thousand at 31 December 2022), refers exclusively to the recognition of rights-of-use assets due to the initial application of IFRS 16 - Leases.

This item is treated as an intangible asset and depreciated over the term of the underlying lease or rental agreement. In no case is there a contractual purchase option.

<i>(In thousands of Euro)</i>	Right-of-use assets
Balance at 31 December 2022	3,626
Increases	311
Decreases	(82)
(Depreciation)	(1,233)
Balance at 31 December 2023	2,622

The increases of the year, equal to EUR 311 thousand, mainly concern new contracts for cars and commercial vehicles.

6.6 Deferred tax assets and liabilities

Changes in Deferred tax assets and liabilities between 31 December 2022 and 31 December 2023 are shown below.

Deferred tax assets

<i>(In thousands of Euro)</i>	
Balance at 31 December 2022	4,788
Accruals/(releases) in profit or loss	582
(Releases) in comprehensive income	(167)
Balance at 31 December 2023	5,203

The balance at 31 December 2023, amounting to EUR 5,203 thousand, comprises deferred tax assets originating mainly from accruals to taxed provisions, temporarily non-deductible amortisation/depreciation and the impact of the application of IFRS, though not for taxation purposes. The main change from the previous year, amounting to EUR 414 thousand, is related to deferred IRES and IRAP tax assets calculated, mainly, on partially deductible amortisation and depreciation such as those related to the Cellularline and Interphone trademarks and on the allocation made for the allowance for inventory (direct) write-down.

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:

- 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);
- 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 and depreciation, 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 in force and their impact on temporary differences, and any tax benefits deriving from the use of tax losses carried forward, where such exist, considering their potential recoverability over a period of three years;
- the Company's forecast profits in the medium and long term.

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

Deferred tax liabilities

(In thousands of Euro)

Balance at 31 December 2022	1,673
Accruals/(releases) in profit or loss	135
(Releases) in comprehensive income	(81)
Balance at 31 December 2023	1,727

The balance at 31 December 2023, amounting to EUR 1,727 thousand, is composed of deferred tax liabilities originating mainly from the fair value of the warrant. The changes seen at 31 December 2023 are attributable to the deferred taxation of exchange gains; these liabilities relate to differences that are estimated to be reabsorbed in the medium to long term.

6.7 Financial receivables

Changes in Non-recurring financial assets between 31 December 2022 and 31 December 2023 are shown below.

<i>(In thousands of Euro)</i>	Financial assets
Balance at 31 December 2022	6,391
Increases	566
(Decreases)	(45)
Balance at 31 December 2023	6,912

The item, which came to EUR 6,912 thousand, consists of loans granted to subsidiaries. These include loans to Worldconnect of EUR 5,340 thousand (corresponding to CHF 5,000 thousand), Cellular Immobiliare Helvetica S.A. of EUR 911 thousand (corresponding to CHF 844 thousand), Cellular Immobiliaria Italiana S.L.U. for EUR 329 thousand, Coverlab S.r.l. for EUR 50 thousand and Subliros S.L. for EUR 150 thousand, Cellular Usa for EUR 72 thousand (corresponding to USD 80 thousand). The net decreases mainly relate to repayments made by subsidiaries during 2023, respectively amounting to CHF 45 thousand (EUR 46 thousand) by Cellular Immobiliare Helvetica and EUR 2 thousand by Cellular Immobiliaria Italiana.

CURRENT ASSETS

6.8 Inventories

Inventories are made up as follows:

<i>(In thousands of Euro)</i>	31 December 2023	31 December 2022
Finished products and goods	35,656	32,205
Goods in transit	3,199	3,202
Advances	980	1,561
Gross inventories	39,835	36,968
(Allowance for inventory write-down)	(2,125)	(1,960)
Total Inventories	37,710	35,008

Gross inventories include finished products at the Company's warehouses, as well as goods in transit for which the Company has already acquired ownership of EUR 3,199 thousand (EUR 3,202 thousand at 31 December 2022). Advances include prepayments for the purchase of finished products. The increase in the value of closing inventories at 31 December 2023 compared to the previous year's figure is attributable to the need to cope with higher sales volumes occurring during the year and expected in 2024. 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 2022 and 31 December 2023 are shown below:

(In thousands of Euro)

Allowance for inventory write-down

Balance at 31 December 2022	(1,960)
(Accruals)	(165)
Releases to profit or loss	-
Utilisations	-
Balance at 31 December 2023	(2,125)

During the year, the Company, following an analysis of slow-moving products, set aside EUR 165 thousand for 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.

6.9 Trade receivables

Trade receivables at 31 December 2022 and 31 December 2023 are shown in detail below:

(In thousands of Euro)

	31 December 2023	31 December 2022
Trade receivables from third parties	35,257	39,429
Trade receivables from related parties (Note 8)	17,341	12,794
Gross trade receivables	52,598	52,223
(Loss allowance)	(3,734)	(3,262)
Total trade receivables	48,864	48,961

Changes in the loss allowance from 31 December 2022 to 31 December 2023 are shown below:

(In thousands of Euro)

Loss allowance

Balance at 31 December 2022	(3,262)
(Accruals)	(496)
Releases to profit or loss	-
Utilisations	24
Balance at 31 December 2023	(3,734)

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. Credit risk is the exposure to potential losses arising from non-performance of the obligations taken on by the counterparty. The Company has credit control processes in place that include customer reliability analyses and credit exposure controls based on reports with a breakdown of due dates and average collection times. The change in the loss allowance, following the accrual of the year, 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.

The carrying amounts of trade receivables are deemed to approximate their fair value.

6.10 Current tax assets

The breakdown of Current tax assets at 31 December 2022 and 31 December 2023 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Amounts due from tax authorities for current taxes	415	939
Total current tax assets	415	939

Amounts due from tax authorities for current taxes mainly include: (i) the tax credit for advances paid for the year 2023, amounting to EUR 83 thousand, (ii) the tax credit for which reimbursement has been requested, amounting to EUR 115 thousand and (iii) the tax credit for research, development, innovation and design amounting to EUR 217 thousand.

6.11 Other assets

The breakdown of other current assets at 31 December 2022 and 31 December 2023 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Prepaid expenses	10,193	2,489
VAT credit	-	24
Others	199	68
Total Other assets	10,392	2,581

This item mainly includes prepaid expenses referring to the advance payment of costs relating to future years.

6.12 Cash and cash equivalents

The breakdown of cash and cash equivalents at 31 December 2022 and 31 December 2023 is shown below:

<i>(In thousands of Euro)</i>		
	31 December 2023	31 December 2022
Bank accounts	6,350	4,813
Cash on hand	6	5
Total Cash and cash equivalents	6,356	4,818

Cash and cash equivalents amount to EUR 6,356 thousand at 31 December 2023 (EUR 4,818 thousand at 31 December 2022). 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

6.13 Equity

Equity amounts to EUR 128,089 thousand (EUR 127,531 thousand at 31 December 2022), having increased mainly as a result of the profit for the year. During the year, there were no assets allocated for specific deals.

Below is an analysis of equity items in relation to their origin, possibility of utilisation and distribution (in thousands of Euro):

EQUITY		CARRYING AMOUNT AT 31.12.2023	Possibility of use of reserves (*)	Available portion of reserves	Summary of uses in the year and the previous three years	
					Coverage of losses	Distribution of dividends/reserves
I	Share capital	21,343				
II	Share premium reserve	102,199	A, B, C	102,199	31,316	
IV	Legal reserve	4,269	B	4,269		
V	Statutory reserves	-				
VII	Other reserves	351	B	579	31,177	
VIII	Retained earnings reserve	2,420	A, B, C	2,420	18,263	8,164
IX	Profit for the year	1,136				
X	Treasury shares	(3,629)	None			
Total Equity		128,089		109,467	80,755	8,164

(*) Key / Notes:

A = for capital increase

B = to cover losses

C = for distribution to shareholders

In view of the realignment of the tax value with the statutory value of the Cellularline and Interphone trademarks and of the customer relationships, as envisaged by Article 110, paragraphs 8 and 8-bis of Italian Decree Law no. 104/2020, converted into Italian Law no. 126/2020, as amended by Italian Law no. 178/2020, the Board of Directors proposes that the Shareholders' Meeting establish a tax suspension restriction in the amount of EUR 59,253 thousand on the share premium reserve.

Share capital

The share capital at 31 December 2023 amounts to EUR 21,343, divided into 21,868,189 ordinary shares.

Other Reserves not commented on above

At 31 December 2023, other reserves amount to EUR 103,189 thousand (EUR 166,260 thousand at 31 December 2022) and were mainly divided as follows:

- Legal reserve, which amounts to EUR 4,269 thousand.
- The share premium reserve, which amounts to EUR 102,198 thousand, including EUR 59,253 in suspended taxation following the realignment of trademarks and customer relationships.

- Other reserves amounting to EUR 351 thousand which 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 3,629 thousand.

Retained earnings from previous years

Retained earnings amount to EUR 2,420 thousand (EUR 15,821 thousand at 31 December 2022).

Profit for the year

2023 ended with a profit for the year of EUR 1,136,461.

Following the profit achieved, the Board of Directors has resolved to submit a proposal to the Shareholders' Meeting for the distribution of an extraordinary dividend of EUR 0.087 per ordinary share, in addition to the assignment of one share for every 64 held, for a total proposed dividend of EUR 2,799 thousand.

Long Term Incentive Plan Reserve (Share-based payment arrangements)

In 2021, the Company approved a Stock Grant Plan, which envisages the award to certain employees of rights 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
Date of assignment	Maximum number of instruments	Vesting conditions	Contractual duration of options
15 March 2023	90,000 *	30% Relative Total Shareholder Return 70% Consolidated Adjusted EBITDA	Three years

(*) The number of instruments reported refers to each individual 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 Company, according to the degree to which measurable long-term performance objectives,

pre-determined by the Company, 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 31 December 2023, 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.

The LTI reserve at 31 December 2023 amounts to EUR 279 thousand (EUR 179 thousand at 31 December 2022).

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

The breakdown of this item at 31 December 2023 is shown below:

(In thousands of Euro)

	31 December 2023	31 December 2022
Current bank loans and borrowings and loans and borrowings from other financial backers	29,170	23,697
Non-current bank loans and borrowings and loans and borrowings from other financial backers	8,600	14,821
Total Bank loans and borrowings and loans and borrowings from other financial backers	37,770	38,518
Other current financial liabilities	1,063	1,160
Other non-current financial liabilities	1,909	2,796
Total other financial liabilities	2,972	3,956
Total financial liabilities	40,741	42,474

Bank loans and borrowings and loans and borrowings from other financial backers come to EUR 37,770 thousand (EUR 38,518 thousand at 31 December 2022) and mainly include:

- the bank loan, agreed in October 2020 in the re-financing transaction for EUR 15,000 thousand, in addition to use of the Capex facility in January 2023 for EUR 3,000 thousand;
- the bank loan signed in January 2023 for a residual EUR 5,000 thousand;
- the short-term hot money bank loans and other short-term financial liabilities, in the amount of EUR 14,770 thousand.

The following are highlights of the financial debt outstanding at 31 December 2023:

(In thousands of Euro)	Inception	Maturity	Original amount	31 December 2023		
				Outstanding debt	current portion	non-current portion
Syndicated loan						
“Ordinary” facility	26 October 2020	20 June 2025	50,000	15,000	10,000	5,000
“Capex” facility	11 January 2023	20 June 2025	4,000	3,000	2,000	1,000
Total syndicated loan ^(*)			54,000	18,000	12,000	6,000
BNL S.p.A.	25 January 2023	25 January 2026	6,000	5,000	2,400	2,600
Bank loans and borrowings and loans and borrowings from other financial backers			60,000	23,000	14,400	8,600

(*) The syndicated loan was signed with Banco BPM S.p.A. and Intesa Sanpaolo S.p.A..

The bank loan to the above institutions is subject to economic and financial covenants. These covenants have been complied with at 31 December 2023.

A breakdown of bank loans and borrowings and loans and borrowings from other financial backers is shown below based on their maturity:

(In thousands of Euro)	31 December 2023		31 December 2022	
Within 1 year		30,232		24,857
From 1 to 5 years		10,509		17,617
Total		40,741		42,474

Below is a reconciliation of the net financial indebtedness at 31 December 2023, of EUR 34,116 thousand, and at 31 December 2022, of EUR 37,622 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 2023	31 December 2022	Δ	%
(A) Cash	6,356	4,818	1,538	31.9%
(B) Other cash and cash equivalents	-	-	-	-
(C) Other current financial assets	269	34	235	>100%
(D) Cash and cash equivalents (A)+(B)+(C)	6,625	4,852	1,773	36.5%
(E) Current financial indebtedness	14,769	13,698	1,071	7.8%
(F) Current portion of non-current indebtedness	15,463	11,160	4,303	38.6%
(G) Current financial indebtedness (E) + (F)	30,232	24,857	5,375	21.6%
- of which guaranteed	-	-	-	-
- of which not guaranteed	30,232	24,857	5,375	21.6%
(H) Net current financial indebtedness (G) - (D)	23,608	20,005	3,603	18.0%
(I) Non-current financial indebtedness	10,509	17,617	(7,108)	-40.3%
(J) Debt instruments	-	-	-	-
(K) Trade payables and other non-current liabilities	-	-	-	-
(L) Non-current financial indebtedness (I)+(J)+(K)	10,509	17,617	(7,108)	-40.3%
- of which guaranteed	-	-	-	-
- of which not guaranteed	10,509	17,617	(7,108)	-40.3%
(M) NET FINANCIAL INDEBTEDNESS (H) + (L)	34,116	37,622	(3,506)	-9.3%

6.15 Employee benefits

At 31 December 2023, this item, amounting to EUR 211 thousand (EUR 209 thousand as at 31 December 2022), derives from the actuarial valuation of the Company's post-employment benefits (TFR); these valuations were carried out using the "Project Unit Credit" method as provided for by IAS 19.

The actuarial model is based on:

- discount rate of 3.17%, which was derived from the Iboxx Corporate AA index with a duration of 10+;
- annual inflation rate of 2.00%;
- annual rate of increase in the post-employment benefits of 3.00%, 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.

6.16 Buy-Back Plan

Starting 23 November 2023, a share buyback and disposal programme was started on the basis of the authorisation resolution approved by the Shareholders' Meeting of 22 November 2023, which provides for the purchase of a maximum number of shares that shall not, in total, exceed 7% of the share capital, for a period of no more than eighteen months. As part of this resolution, the Board of Directors initiated the programme for the purchase and disposal of treasury shares, providing that the purchase will be carried out in one or more tranches, up to a maximum number of 1,003,566 Cellularline shares, equating to approximately 4.6% of the share capital, for a maximum value of EUR 3.0 million. It is recalled that at 22 November 2023, the Company held 527,207 treasury shares, equal to 2.4% of the share capital.

The initiation of the purchasing programme was ruled necessary in order to: i) preserve for subsequent use, including, by way of example, consideration in extraordinary transactions, including the exchange or sale of equity investments to be carried out through an exchange, contribution or other act of disposition and/or use, with other parties, or use to service bonds convertible into shares of the Company or bonds with warrants; ii) use for the service of future compensation and incentive plans based on financial instruments and reserved for the directors and employees of the Company and/or the companies directly or indirectly controlled by the same, either through the granting of stock options free of charge, or through the free allocation of shares (stock option and stock grant plans); and iii) use to service any future programmes for the free assignment of shares to shareholders. The programme will run for eighteen months from the date of the Shareholders' Meeting.

6.17 Provisions for risks and charges

Changes in the Provisions for risks and charges, broken down for the period between 31 December 2022 and 31 December 2023 are shown below:

<i>(In thousands of Euro)</i>	Provision for future risks	Agents' severance indemnity provision (FISC)	Total
Balance at 31 December 2022	-	1,249	1,249
- of which current portion	-	-	-
- of which non-current portion	-	1,249	1,249
Accruals	336	210	546
Utilisations/Releases	-	-	-
Balance at 31 December 2023	336	1,459	1,795
- of which current portion	-	-	-
- of which non-current portion	336	1,459	1,795

The Agents' severance indemnity provision (FISC) refers to the measurement of the agents' severance indemnity of the Company for the amount to be paid to the 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 3.17%.

6.18 Trade payables

The breakdown of Trade payables at 31 December 2023 and 31 December 2022 is shown below:

<i>(In thousands of Euro)</i>	31 December 2023	31 December 2022
Trade payables to third parties	26,691	18,627
Trade payables from related parties (Note 8)	605	254
Total trade payables	27,296	18,881

At 31 December 2023, trade payables increased compared to 31 December 2022, due to different procurement timing. These payables relate to commercial transactions with normal payment terms, all due within one year.

6.19 Current tax liabilities

The item, amounting to EUR 1,268 thousand (EUR 612 thousand at 31 December 2022) mainly includes the liability for IRES and IRAP taxes for 2023.

6.20 Other liabilities

The breakdown of Other liabilities at 31 December 2023 and 31 December 2022 is shown below:

(In thousands of Euro)

	31 December 2023	31 December 2022
Due to employees	1,899	1,702
Social security liabilities	779	815
Tax liabilities	1,062	1,343
Other payables	481	180
Total Other liabilities	4,221	4,040

At 31 December 2023, other liabilities amount to EUR 4,221 thousand (EUR 4,040 thousand at 31 December 2022) and are mainly divided as follows:

- EUR 1,899 thousand due to employees for wages to be settled and bonuses;
- EUR 779 thousand due to social security institutions for contributions to be settled;
- tax liabilities of EUR 1,062 thousand (withholdings, IRPEF and VAT).

6.21 Other financial liabilities (current and non-current)

The breakdown of Other financial liabilities at 31 December 2023 and 31 December 2022 is shown below:

(In thousands of Euro)

	31 December 2023	31 December 2022
Other current financial liabilities	1,063	1,160
Other non-current financial liabilities	1,909	2,796
Total other financial liabilities	2,972	3,956

Other financial liabilities at 31 December 2023 amounted to EUR 2,972 thousand (EUR 3,956 thousand at 31 December 2022) and mainly included the lease liability arising from the application of IFRS 16 in the amount of EUR 2,747 thousand (EUR 3,668 thousand at 31 December 2022).

6 Notes to the income statement

The notes to the income statement for 2023 and 2022 are provided below.

7.1 Revenue from Sales

In 2023, revenue from sales amounts to EUR 126,766 thousand (EUR 113,022 thousand in 2022).

The Company'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 bicycles);
- Blue line (third party products marketed under distribution agreements).

The following table shows revenue, broken down by product line and geographical area for 2023.

Revenue from sales by product line

(In thousands of Euro)

	Change					
	2023	% of revenue	2022	% of revenue	Value	%
Red – Italy	49,481	39.03%	49,823	44.08%	(342)	-0.7%
Red – International	48,174	38.00%	39,331	34.80%	8,843	22.5%
Revenue from sales - Red	97,655	77.04%	89,154	78.88%	8,501	9.5%
Black – Italy	3,809	3.00%	4,060	3.59%	(251)	-6.2%
Black – International	3,557	2.81%	3,224	2.85%	333	10.3%
Revenue from sales - Black	7,366	5.81%	7,284	6.44%	82	1.1%
Blue – Italy	21,738	17.15%	16,583	14.67%	5,155	31.1%
Blue – International	7	0.01%	-	0.00%	7	0.0%
Revenue from sales - Blue	21,745	17.15%	16,583	14.67%	5,162	31.1%
Total revenue from sales	126,766	100.00%	113,022	100.00%	13,744	12.2%

- the **Red Line** recorded a year-on-year increase of 9.5% (EUR 8,501 thousand), accounting for approximately 79% of the overall performance for the period. Growth was driven by the recovery of demand especially in international markets;
- the **Black Line** recorded sales of EUR 7,366 thousand; the proportion of sales of the Black Line in 2023 (5.8%) was slightly lower than the previous year (6.4%), but with sales volumes in line with that achieved in 2022 (EUR 7,366 thousand in 2023, compared to EUR 7,284 thousand in 2022). It should be noted that in 2023, the channel recorded a growth in online distribution of around 16% compared to the previous year;
- the **Blue Line** recorded growth of EUR 5,162 thousand (+31.1%).

Revenue from sales by geographical area

(In thousands of Euro)

	Change					
	2023	% of revenue	2022	% of revenue	Δ	%
Italy	75,028	59.2%	70,676	62.5%	4,352	6.2%
Spain/Portugal	9,566	7.5%	3,291	2.9%	6,275	>100%
Eastern Europe	7,325	5.8%	5,781	5.1%	1,544	26.7%
Germany	6,578	5.2%	1,944	1.7%	4,634	>100%
Northern Europe	5,917	4.7%	4,799	4.2%	1,118	23.3%
France	5,645	4.5%	5,903	5.2%	(258)	-4.4%
Switzerland	5,540	4.4%	4,522	4.0%	1,018	22.5%
Middle East	4,313	3.4%	3,895	3.4%	418	10.7%
Others	3,207	2.5%	8,418	7.4%	(5,211)	-61.9%
Benelux	2,778	2.2%	2,788	2.5%	(10)	-0.4%
Great Britain	851	0.7%	1,004	0.9%	(153)	-15.2%
North America	19	0.0%	-	0.0%	19	100%
Total revenue from sales	126,766	100%	113,022	100%	13,745	12.2%

With regard to the analysis of sales by geographic area, it should be noted that - thanks to the growth in sales recorded internationally - the share of sales in foreign markets accounted for over 40.8% of total sales, with an increase in the incidence of 3 p.p.

7.2 Cost of sales

The cost of sales came to EUR 81,560 thousand (EUR 76,299 thousand in 2022), equating to 64.3% of revenue, as compared with 67.5% of last year.

The improvement is mainly attributable to both the appreciation of the euro against the US dollar, compared to the previous year, which reduced the cost of purchased products, and the return of transport costs to normal levels.

7.3 Sales and distribution costs

Sales and distribution costs amount to EUR 19,534 thousand (EUR 19,104 thousand in 2022), as illustrated in the table below.

<i>(In thousands of Euro)</i>				
	2023	% of revenue	2022	% of revenue
Sales and distribution personnel expense	9,312	7.3%	9,125	8.1%
Commissions to agents	4,637	3.7%	4,482	4.0%
Transport	2,891	2.3%	2,752	2.4%
Travel costs	815	0.6%	678	0.6%
Advertising and commercial consultancy expenses	1,081	0.9%	1,283	1.1%
Other sales and distribution costs	798	0.6%	784	0.7%
Total sales and distribution costs	19,534	15.4%	19,104	20.7%

7.4 General and administrative costs

General and administrative costs amount to EUR 21,500 thousand (EUR 96,566 thousand in 2022), as illustrated in the table below.

<i>(In thousands of Euro)</i>				
	2023	% of revenue	2022	% of revenue
Amortisation	8,383	6.6%	8,484	7.5%
Depreciation	2,459	1.9%	2,370	2.1%
Impairment of goodwill	-	-	75,425	66.7%
Provisions for risks and impairment losses	838	0.7%	300	0.3%
Administrative personnel expense	4,426	3.5%	4,337	3.8%
Administrative, legal, personnel consultancy etc.	2,372	1.9%	2,592	2.3%
Commissions and fees	206	0.2%	108	0.1%
Directors' and Statutory Auditors' fees	433	0.3%	448	0.4%
Other general administrative costs	2,383	1.9%	2,498	2.2%
Total general and administrative costs	21,500	17.0%	96,566	85.4%

General and administrative costs decreased year-on-year mainly due to the effect of the impairment of Goodwill in the amount of EUR 75,425 thousand incurred in 2022.

7.5 Other non-operating revenue

Other non-operating expense and revenue for the year amount to EUR 476 thousand (EUR 1,826 thousand in 2022), as shown in the table below.

<i>(In thousands of Euro)</i>				
	2023	% of revenue	2022	% of revenue
Recoveries of SIAE fees	4	0.0%	(3)	0.0%
Prior year income	59	0.0%	118	0.1%
(SIAE and CONAI contributions)	(173)	-0.1%	(94)	-0.1%
Other non-operating revenue	585	0.5%	1,805	1.6%
Total other non-operating revenue	476	0.4%	1,826	1.6%

7.6 Financial income and expense

Net financial expense amounts to EUR 3,550 thousand (EUR 795 thousand in 2022).

<i>(In thousands of Euro)</i>				
	2023	% of revenue	2022	% of revenue
Fair value gains	136	0.1%	1,264	1.1%
Interest income	177	0.1%	105	0.1%
Total Financial income	313	0.2%	1,369	1.2%
Commissions and other financial expense from fair value	(1,263)	-1.0%	(1,064)	-0.9%
Interest expense on medium/long-term loans	(2,493)	-2.0%	(950)	-0.8%
Other interest expense	(107)	-0.1%	(150)	-0.1%
Total financial expense	(3,863)	-3.0%	(2,164)	-1.9%
Total net financial expense	(3,549)	-2.8%	(795)	-0.7%

Net financial expense is equal to EUR 3,549 thousand, while in 2022, it amounted to EUR 795 thousand. The higher net financial expenses (EUR 2,754 thousand) recorded are mainly attributable to the increase in interest rates on short- and medium/long-term loans, as well as the absence of the positive effect of the change in the fair value of warrants that were outstanding and that had had a positive impact on the income statement in the previous period.

Financial expense for 2023 comes to EUR 3,863 thousand and mainly refers to:

- EUR 1,263 thousand for bank commission costs and premiums paid for currency exchange rate risk hedging transactions and factoring transactions;
- EUR 2,493 thousand for interest from banks for short and medium/long-term loans;
- EUR 107 thousand for other interest expense.

7.7 Exchange gains

(In thousands of Euro)

	2023	% of revenue	2022	% of revenue
Net exchange gains on trading	300	0.2%	2,006	1.8%
Net exchange gains on financial transactions	374	0.3%	282	0.2%
Total foreign exchange gains	674	0.5%	2,288	2.0%

In 2023, exchange gains are mainly influenced by hedging transactions of US Dollar/Euro exchange rate differences.

7.8 Current and deferred taxes

The breakdown of current and deferred taxes for 2023 and 2022 is shown below:

(In thousands of Euro)

	2023	2022
Current taxes of the year	(953)	(310)
Current taxes of previous years	(17)	(4)
Deferred taxes	332	49
Total	(638)	(265)

The item includes the charge for current taxes pertaining to the year, amounting to EUR 953 thousand, and for taxes relating to previous years, amounting to EUR 17 thousand.

Deferred taxes of EUR 332 thousand mainly refer to:

- income due to the recognition of deferred tax assets amounting to EUR 408 thousand on amortisation 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;
- expenses for other minor items of a total of EUR 76 thousand.

The main temporary differences that led to the recognition of deferred taxes are shown in the table below, together with their effects (in EUR thousands):

2023						
Amounts taken to profit or loss	Taxable	Tax rate	(Expense in profit or loss)	Taxable	Tax rate	Income in profit or loss
- unpaid directors' fees	33	24.00%	(8)	-	24.00%	-
- accrual/(utilisation) of agents' severance indemnity	-	27.90%		171	24.00%	41
- direct write-down of inventories	660	24.00%	(158)	1080	24.00%	259
- accrual/(utilisation) of allowance for inventory write-down	-	24.00%	-	165	24.00%	40
- losses from foreign exchange rate fluctuations to customers and suppliers	2	24.00%	(0)	25	24.00%	6
- losses from exchange rate loans to subsidiaries and associates	-	24.00%	-	3	24.00%	1
- gains from exchange rate fluctuations to customers and suppliers	188	24.00%	(45)	194	24.00%	47
- gains from exchange rate loans to subsidiaries and associates	376	24.00%	(90)	13	24.00%	3
- amortisation and impairment of customer list	-	27.90%	-	-	27.90%	-
- amortisation of trademarks	-	27.90%	-	817	27.90%	228
- changes in the fair value of warrants (IAS 32)	-	24.00%	-	-	24.00%	-
- valuation differences on employee severance indemnities (IAS 19)	-	24.00%	-	6	24.00%	1
- actuarial differences in the agents' severance indemnity provision (IAS 37)	-	27.90%	-	39	24.00%	9
Total deferred tax assets/liabilities recognised in profit or loss	1,259		(302)	2,513		635

The following is a summarised reconciliation of current taxes and theoretical taxes (IRES, IRAP) and the reconciliation of the applicable tax rate and the effective average tax rate (in Euro thousands):

RECONCILIATION OF TAXES PRESENTED IN THE FINANCIAL STATEMENTS AND THEORETICAL TAXES	
Profit before taxes:	2,034
<i>Temporary differences</i>	
Temporary differences taxable in subsequent years (decreases of the year):	(695)
Temporary differences deductible in subsequent years (increases of the year):	2,261
Reversal of prior year temporary differences taxed in the year:	207
Reversal of prior year temporary differences deducted in the year:	(565)
<i>Permanent differences</i>	
Impairment of goodwill and other fixed assets	
Non-deductible taxes (excluding IRES and IRAP of the year)	71
Car expenses	190
Non-deductible amortisation and depreciation	229
vocon having income relevance to OCI	-19
Entertainment expenses exceeding the tax limit	36
non-deductible severance indemnity quota	0
Other non-deductible expenses	495
IRAP deduction on personnel expense	(7)
10% IRAP deduction	
Patent box tax benefit	0
Fiscally-driven depreciation and amortisation	(40)
Non-taxable tax credits	-
Other permanent deductions	-
Aid for Economic Growth (ACE) deduction	(1,664)
IRES tax base	2,533
Gross current income taxes	608
Credit for taxes paid abroad	(266)
Deductions for energy rating expense	(14)
Current IRES effectively due on profit before taxes	328
Determination of IRAP tax base	
Operating profit	4,908
Costs considered for IRAP purposes	16,142
Tax wedge	(14,080)
Patent box tax benefit	0
Theoretic tax base	6,970
Current theoretical tax (3.9)	272
Directors' and freelancers' fees and related charges	502
Non-deductible amortisation of trademarks	817
Other increases in the tax base	744
Other decreases in the tax base	-
Tax wedge	(14,080)
Patent box tax benefit	0
IRAP tax base	9,033
Current effective IRAP	352

7.9 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

<i>(In thousands of Euro)</i>		
	2023	2022
Cash flows from operating activities		
Profit (loss) for the year	1,136	(75,893)
<i>Adjustments for:</i>		
- Amortisation/depreciation	10,842	86,081
- Net impairment losses and accruals	1,203	412
- Accrued financial expense	2,875	689
- Income taxes	638	265
- Other non-monetary changes		134
	16,694	11,688
<i>Changes in:</i>		
- Increase in inventories	(2,866)	(9,317)
- (Increase)/Decrease in trade receivables	(374)	2,119
- Increase in trade payables	8,415	916
- Increase/(Decrease) in other assets and liabilities	(6,469)	2,425
- Payment of employee benefits and change in provisions	(18)	(74)
Cash flows generated by operating activities	15,380	7,757
Interest paid	(2,901)	(2,164)
Income taxes paid	(933)	(1,331)
Cash flows generated by operating activities	11,547	4,262

Cash flows used in investing activities

<i>(In thousands of Euro)</i>		
	2023	31 December 2022
Cash flow from investing activities		
Acquisition of subsidiary, net of cash acquired and other costs	(2,945)	(1,261)
Purchase of property, plant and equipment and intangible assets	(3,977)	(3,875)
Cash flows used in investing activities	(6,922)	(5,136)

Cash flows generated by/(used in) financing activities

(In thousands of Euro)

	2023	2022
Cash flows from financing activities		
Other financial assets and liabilities	(1,761)	(1,224)
(Dividend distribution)	-	(1,012)
Other changes in equity	(577)	280
Decrease in bank loans and borrowings and loans and borrowings from other financial backers	(749)	3,715
Payment of transaction costs relating to financial liabilities	-	106
Net cash flows generated by (used in) financing activities	(3,087)	1,865

7 Transactions with related parties

The Company has carried out, and continues to carry out, various types of transactions with related parties, most of which are of a commercial nature. These parties are identified as required by IAS 24. Transactions with related parties are neither atypical nor unusual and fall within the ordinary course of Company business. 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 provision 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 no. 17221 of 12 March 2010 (and subsequent amendments), implemented by the Company at 31 December 2023 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 2023, 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%)
Cellular Spain S.L.U.	100% holding in the company
Systema S.r.l.	100% holding in the company
Cellular Immobiliaria Italiana S.L.U.	100% holding in the company
Cellular Immobiliare Helvetica S.A.	100% holding in the company
WorldConnect AG	A 80% owned company (consolidated on a line-by-line basis); the remaining shareholders are Samuel Gerber (15%) and CAE Invest AG (5%).
Coverlab S.r.l.	A 55% owned company. The remaining shareholders are Andrea Fabbri (38%) and Marco Diotallevi (7%).
Cellular USA Inc.	100% holding in the company
Sublíros S.L.	A 80% owned company; the remaining shareholders are Oscar Luque (6%) and Pol Ros (14%)
Peter Jäckel GmbH	A 60% owned company; the remaining shareholders are Peter Jäckel Immobilien (20.4%) and Kerstin Jäckel (19.6%)
Cellularline Middle East FZE	Company incorporated in April 2023, full subsidiary.
Christian Aleotti	Shareholder of Cellularline S.p.A.

The table below shows the balances of transactions with related parties carried out by Cellularline and recognised in the statement of financial position at 31 December 2023:

<i>(In thousands of Euro)</i>	Current trade receivables	Non.current financial assets	(Trade payables)	Other assets/ (liabilities)
Cellular Swiss S.A.	3,761	-	-	-
Cellular Spain S.L.U.	10,601	-	-	-
Systema S.r.l.	1,590	-	(554)	114
Worldconnect AG	66	5,400	(30)	-
Cellular Immobiliaria Italiana S.L.U.	-	329	-	-
Cellular Immobiliare Helvetica S.A.	-	911	-	-
Coverlab	10	50	-	(39)
Cellular USA Inc.	16	72	-	-
Subliros S.L.	3	150	-	-
Peter Jäckel GmbH	186	-	5	-
Middle East	1,106	-	(16)	-
Total	17,341	6,912	(605)	75
<i>Impact on the financial statements item</i>	<i>35.5%</i>	<i>100.0%</i>	<i>2.2%</i>	<i>0.5%</i>

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

The table below shows the income statement balances of Cellularline's transactions with related parties until 31 December 2023:

	Revenue from sales	(Cost of sales)	(Sales and distribution costs)	(General and administrative costs)	Other non-operating (costs)/revenue	Financial income
Cellular Swiss S.A.	5,433	-	-	(2)	-	-
Cellular Spain S.L.U.	9,060	-	-	-	-	2
Systema S.r.l.	4,044	(1,160)	41	-	(125)	-
Worldconnect A.G.	30	(277)	(1)	-	-	168
Coverlab	9	-	-	-	-	3
Cellular USA Inc.	5	-	-	-	-	1
Subliros S.L.	-	-	(0)	-	-	3
Peter Jäckel GmbH	1,143	-	-	-	(20)	-
Middle East	1,108	(53)	22	-	-	-
Christian Aleotti	-	-	-	(10)	-	-
Total	20,832	(1,491)	61	(12)	(145)	177
<i>Impact on the financial statements item</i>	<i>16.4%</i>	<i>1.9%</i>	<i>-0.3%</i>	<i>0.1%</i>	<i>-30.4%</i>	<i>56.4%</i>

The main related parties with which Cellularline carried out transactions in the year ended 31 December 2023 are as follows:

- Cellular Swiss S.A.: commercial relationship relating to the transfer of goods for sale by Cellularline to Cellular Swiss S.A., with the latter recharging a portion of the contributions of a commercial nature incurred for the acquisition of new customers and/or the development of existing customers;
- Cellular Spain SLU: commercial relationship relating to the transfer of goods for sale by Cellularline to Cellular Spain S.L.U., with the latter recharging a portion of the contributions of a commercial nature incurred for the acquisition of new customers and/or the development of existing customers;
- Systema S.r.l.: commercial relationship relating to the transfer of goods for sale by Cellularline to Systema S.r.l.;
- Worldconnect A.G.: commercial relationship relating to the transfer of goods for sale by Cellularline to Worldconnect A.G.;
- Coverlab S.r.l.: commercial relationship relating to the transfer of goods for sale by Cellularline to Coverlab S.r.l.;
- Cellular USA inc.: relationship in the nature of provision of services by Cellularline to Cellular USA inc.;
- Subliros S.L.: commercial relationship relating to the transfer of goods for sale by Cellularline to Subliros S.L.;
- Peter Jäckel GmbH: commercial relationship relating to the supply of goods for sale by Cellularline to Peter Jäckel GmbH;
- Cellularline Middle East FZE: commercial relationship relating to the transfer of goods for sale by Cellularline to Middle East FZE;
- Christian Aleotti: two leases to which Cellularline is a party, as tenant, entered into on 1 September 2017 and 16 October 2017.

8 Other information

Highlights of the financial statements of the Company that manages and coordinates Cellularline

The Company is not managed and coordinated by another company.

Contingent liabilities

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

Risks

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

Guarantees granted in favour of third parties

There are no guarantees in favour of third parties.

Number of employees

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

AVERAGE NUMBER OF EMPLOYEES		
HEADCOUNT	Average 2023	Average 2022
Managers	12	14
Junior managers	40	40
Clerical staff	143	136
Blue collar workers	1	1
Apprentices	11	11
TOTAL	207	202

Remuneration of Chief Executive Officers and Key Managers

The following table shows the fees:

Category	2023	2022
<i>(In thousands of Euro)</i>		
Chief Executive Officers	995	1,000
Other key managers	242	184
Total remuneration	1,237	1,184

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 2023 amounts to approximately EUR 318 thousand.

The Board of Auditors' fees for 2023 amounts to approximately EUR 77 thousand.

Independent Auditors' fees

By resolution of the Shareholders' Meeting of 16 April 2019, the Company 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 EUR 125 thousand, in addition to EUR 37 thousand for other appointments for the issue of a certificate and EUR 18 thousand for other accounting services as shown in the following table:

(In thousands of Euro)

Type of services	Recipient	KPMG Network	2023
A) Audit services	Parent	KPMG S.p.A.	125
		KPMG Network	-
B) Attestation services	Parent	KPMG S.p.A.	37
		KPMG Network	-
C) Other services	Parent	KPMG S.p.A.	3
		KPMG Network	15
Total			180

KEY EVENTS AFTER THE REPORTING DATE

- From the beginning of 2024 until today, Cellularline S.p.A., within the scope of the authorisation to purchase treasury shares resolved by the Issuer's Shareholders' Meeting on 22 November 2023, purchased 258,074 ordinary treasury shares for a total value of EUR 703,181. As of today, Cellularline directly holds 785,281 treasury shares, equal to 3.59% of the share capital with voting rights.
- During the early months of 2024, as per the internal dealing communication, moreover:
 - the Chief Executive Officer, Christian Aleotti, purchased 500,368 ordinary shares, reaching a total shareholding of 12.15%;
 - the Chairman of the Board of Directors, Antonio Luigi Tazartes, purchased a total of 920,368 ordinary shares, reaching a total shareholding of 7.08%.
- On 28 February 2024, the Board of Directors approved the 2024-2027 Business Plan.

Reggio Emilia, 13 March 2024

The Chairman of the Board of Directors

Antonio Luigi Tazartes

APPROVAL OF THE FINANCIAL STATEMENTS AND RELATED RESOLUTIONS

Shareholders,

we invite you to approve the draft financial statements of your Company as at and for the year ended 31 December 2023 and we propose that you allocate the profit for the year in the amount of EUR 1,136,461, to the distribution of dividends as follows:

- in cash in the amount of EUR 0.087 per eligible ordinary share, and therefore for a maximum of EUR 1,834,213, using the entire profit for the year ended 31 December 2023, equal to EUR 1,136,461 and a portion of the "Retained Earnings Reserve" in the amount of EUR 697,752
- by assigning to shareholders, as an extraordinary dividend, a maximum of 329,420 ordinary treasury shares free of charge, in the amount of 1 ordinary treasury share for every 64 ordinary shares held, excluding treasury shares held on the day

The Chairman of the Board of Directors

Antonio Luigi Tazartes

ATTESTATION OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023 PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED AND SUPPLEMENTED

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

- that the financial statements are consistent with the characteristics of the business;
- that the administrative and accounting procedures for the preparation of the financial statements as at and for the year ended 31 December 2023 have been effectively applied.

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

3. We also attest that:

3.1. The Financial Statements as at and for the year ended 31 December 2023 of Cellularline S.p.A.:

- 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.

3.2. The directors' report includes a reliable analysis of the performance and results of operations as well as of the issuer's position, together with a description of the main risks and uncertainties to which it is exposed.

Reggio Emilia, 13 March 2024

Christian Aleotti

Mauro Borgogno

Chief Executive Officer

Manager responsible for preparing the financial
information

Cellularline S.p.A.
Registered office in Reggio Emilia - Via Grigoris Lambrakis 1/a
Share capital Euro 21,343,189 fully paid-up
Registered with Reggio Emilia Companies House and tax code 09800730963
Reggio Emilia Economic and Administrative Index (REA) no. 315329

* * *

Report of the Board of Statutory Auditors to the Shareholders' Meeting
pursuant to Article 153 of Italian Legislative Decree No. 58/1998 and Article
2429 of the Italian Civil Code

Shareholders,

This report, drafted pursuant to Article 153 of Legislative Decree no. 58/1998 (TUF) and Article 2429 of the Italian Civil Code, reports on the supervisory activities carried out by the Board of Statutory Auditors of Cellularline S.p.A. (hereinafter also referred to as the “Company”) during the financial year ending 31 December 2023, adhering to the 'Standards of Conduct for the Board of Statutory Auditors of Listed Companies' dictated by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Professional Order of Tax Advisors), to Consob's recommendations on corporate controls and the activities of the Board of Statutory Auditors, and to the indications of the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana and adopted by the Company.

The Board of Statutory Auditors also acted as the Internal Control and Accounts Auditing Committee.

The Board of Statutory Auditors, made up of Lorenzo Rutigliano (chairman), Daniela Bainotti and Paolo Chiussi (standing auditors) was appointed by the shareholders' meeting of 28 April 2023 and will end its term of office with the shareholders' meeting to approve the financial statements as at 31 December 2025. The appointment was made in accordance with the law and the Articles of Association, on the basis of the lists submitted by the shareholders, also taking into account the provisions on gender balance. Until its appointment during the financial year, the Board of Statutory Auditors consisted of Cristiano Proserpio (chairman), Daniela Bainotti and Paolo Chiussi (standing auditors).

At the time of accepting the appointment and subsequently during the course of the appointment, the Board of Statutory Auditors verified that its members met the requirements of integrity and professionalism set forth in Ministerial Decree No. 162 of 30 March 2000, that there were no grounds for disqualification or ineligibility, and that they met the independence requirements set forth in Article 2399 of the Italian Civil Code and Article 148, paragraph 3, of Legislative Decree no. 58 of 24 February 1998 and the Corporate Governance Code.

All members also declare that they do not hold administration and control positions to an extent equal to or greater than the limits established by the laws and regulations in force.

The auditing and auditing of the accounts is entrusted to the auditing company KPMG S.p.A., which has been appointed for the financial years 2019 - 2027.

In carrying out its institutional activities, the Board of Statutory Auditors acknowledges that it has:

- supervised compliance with the Law and the Articles of Association;
- supervised compliance with disclosure obligations in respect of regulated, inside information;
- attended all the Shareholders' Meetings, the meetings of the Board of Directors and the meetings of the Board Committees established and operating within the Board of Directors and received continuous flows of information from the directors and company management on the activities

carried out, the general performance of operations and the foreseeable evolution, as well as the most important economic, equity and financial transactions carried out during the financial year;

- acknowledged the declarations made by the Directors and the evaluations expressed by the Board of Directors and verified the correct application of the assessment procedures adopted to evaluate the independence of the members of the Board of Directors, in relation to which the Board of Statutory Auditors did not find any elements worthy of note in this report;
- verified the adequacy of the composition and functioning of the Board of Directors with particular reference to the preparation of the Company's strategic guidelines, the evaluation of the results in progress, the analysis of the Company's risk profile and the definition of the organisational structure;
- acquired knowledge of and supervised, to the extent of its competence, the adequacy of the Company's organisational structure and compliance with the principles of proper administration, the adequacy of the administrative-accounting system and the reliability of the latter to correctly represent management events, through the collection of data and information from the heads of the main departments and the Independent Auditors;
- assessed and supervised the adequacy of the instructions given to the subsidiaries, pursuant to Article 114, paragraph 2 of Italian Legislative Decree no. 58/1998;
- obtained information on the organisational and procedural activities put in place pursuant to Italian Legislative Decree no. 231/2001 also through meetings with the Company's Supervisory Board and exchanged information with the internal control departments, finding nothing worthy of note in this report;
- supervised, in its capacity as Internal Control and Accounts Auditing Committee pursuant to Art. 19 of Legislative Decree no. 39/2010, in relation to (i) the financial reporting process, (ii) the effectiveness of the internal control and risk management system, (iii) the statutory audit of the annual financial statements and consolidated financial statements, and (iv) the independence of the statutory auditor;
- monitored compliance with the Company's Related Party Transactions Procedure, finding no atypical and/or unusual intra-group transactions carried out with related parties and/or capable of significantly affecting the Company's economic, equity and financial position. There were no matters worthy of note in this report with regard to the appropriateness and correspondence to the Company's interest of Related Party Transactions; the information on these transactions reported in the notes to the financial statements and in the Directors' Report was adequate;
- ascertained that the Report on Corporate Governance and Ownership Structure has been drafted pursuant to Article 123-bis of the Consolidated Law on Finance, and that it provides an analytical illustration of the concrete implementation of the corporate governance rules set forth in the Corporate Governance Code to which the Company adheres; where necessary, in the limited cases in which the Company has decided to deviate from the provisions of the Code, it has provided the reasons;
- ascertained the contents of the Remuneration Report prepared pursuant to Article 123-ter of the Consolidated Law on Finance and made available on the Company's website, in which the concrete implementation of remuneration policies is analytically illustrated.

The Board of Statutory Auditors verified the application of the Company's remuneration policies with particular reference to, among others, the CEO, the General Manager Sales & Marketing and the Chief Financial Officer. The Board of Directors acknowledged the failure to achieve the performance targets related to the MBO plan for Directors holding special offices and for Key Management Personnel;
- met periodically with the Independent Auditing Firm to exchange relevant information and data and to supervise the financial reporting process, its adequacy and integrity as well as compliance with legal provisions concerning the process of preparing the financial statements and their layout and structure;

- received from the auditing firm the "Additional Report to the Internal Control and Accounts Auditing Committee" required by Art. 11 of Regulation 537/EU/2014, which (i) includes the auditor's declaration of independence, (ii) illustrates the scope and timing of the audit, describes the methodology used, the effects on the audit plan of the main impacts relative to the macroeconomic context and indicates the quantitative level of overall significance, (iii) indicates the valuation methods applied to the different items of the statutory and consolidated financial statements and related correlated risks, without highlighting any critical issues worthy of note (iv) does not point out significant deficiencies in the internal control system in relation to the financial reporting process, (v) does not contain any reports of significant aspects in the audit of the proper accounting and correct recording of operating events in the books, (vi) does not contain any reports of significant issues in the vetting of the compliance of the financial statements with the regulatory provisions on the Single Electronic Reporting Format (ESEF); this report did not reveal any issues deemed significant and therefore worthy of your attention;

Taking into account the information acquired, the Board of Statutory Auditors believes that the activity was carried out per the principles of proper administration and that both the organisational, administrative and accounting structure that guides the financial reporting process and the internal control and risk management system are, on the whole, adequate for the company's current needs.

In accordance with the indications provided by Consob with communication DEM/1025564 of 6 April 2001, the following information is provided below:

1. Considerations on the most important economic, financial and asset transactions carried out by the Company and their compliance with the law and the articles of association

We have obtained from the directors, on at least a quarterly basis, information on the activities carried out and on the most significant economic, financial and asset transactions carried out by the Company and its subsidiaries, as well as on the foreseeable evolution of operations, and we can reasonably assure you that the actions resolved by the Company and implemented are in compliance with the Law and the Articles of Association, are not manifestly imprudent, risky or in contrast with the resolutions passed by the shareholders' meeting or such as to compromise the integrity of the Company's assets.

The most significant transactions carried out in FY 2023 that the Board of Statutory Auditors deems it necessary to highlight are described below:

- appointment of Marco Cagnetta as interim Investor Relater of the Company and Mauro Borgogno as the new Group Chief Financial Officer and Manager in charge of preparing corporate accounting documents, pursuant to Article 154-*bis* of the Consolidated Law on Finance;
- the acquisition of 60% of the share capital of Peter Jäckel Kommunikationssysteme GmbH, based in Germany, consolidated in the Cellularline Group's accounts as of 1 January 2023, the details of the transaction having been fully described by the directors in the Directors' Report;
- subscription of Put&Call options on the minority shareholding of Peter Jäckel Kommunikationssysteme GmbH, equal to the remaining 40%, divided into two tranches, through the exercise of which the Company could then increase its shareholding up to 100%, according to the procedures and terms fully described by the directors in the Directors' Report;
- signing of a commercial agreement with MediaMarktSaturn Germany, a leading operator in the retail distribution of consumer electronics products in Germany, which expands the distribution of Cellularline's range of products dedicated to charging and protecting smartphones in the German distributor's 400 or so points of sale;

- signing of a commercial agreement with the Spanish department store chain El Corte Inglés, which, among other things, provides for Cellularline's exclusivity on certain specific product categories in 83 shops located in the centres of major cities;
- creation of an operational hub in the Jebel Ali Free Zone, Dubai, in order to better serve the Middle East region;
- distribution of a dividend through the assignment of 741,108 treasury shares held in the portfolio in the ratio of 1 share for every 28 ordinary Cellularline S.p.A. shares, entirely withdrawn from the treasury shares held in the Company's portfolio, with a consequent reduction of the related reserve;
- inauguration of the new Board of Directors, which appointed the Board Committees and, with a view to continuity, confirmed Christian Aleotti as Deputy Chairman and Chief Executive Officer, with the position of General Manager as well, and assigned operational powers to Marco Cagnetta;
- submission of the application for the reversal of the tax credit on the total R&D Credits accrued on the FYs 2015, 2016 and 2017, totalling Euro 516 thousand, following the General audit of the Inland Revenue with reference to the years 2017, 2018 and 2019;
- initiation by the Board of Directors of a programme for the purchase and disposal of treasury shares, subject to the authorisation resolution approved by the Shareholders' Meeting of 22 November 2023, which provides for the purchase of a maximum number of Cellularline shares equal to 1,003,566, corresponding to approximately 4.6% of the share capital, for a maximum equivalent value of Euro 3.0 million, to be carried out in one or more tranches over a period not exceeding eighteen months.

2. Indication of the existence of any atypical and/or unusual transactions, including those within the group or with related parties.

Intra-group transactions or transactions with related parties comply with the law, the articles of association and the Company's Related Party Transactions Procedure; they are not likely to give rise to doubts as to the correctness and completeness of the related financial statement disclosures, the existence of situations of conflict of interest and the safeguarding of corporate assets.

Based on the information available to the Board of Statutory Auditors, the existence of atypical and/or unusual transactions, according to the definition provided in Note 2 of CONSOB Communication No. DEM/1025564 of 6/4/2001, did not emerge.

3. Assessment of the adequacy of the information provided in the Directors' Report concerning atypical and/or unusual transactions, including those within the group and with related parties.

The directors have adequately disclosed and illustrated in specific notes accompanying both the separate and consolidated financial statements the main intra-group or related party transactions, describing their characteristics.

4. Supervision of the statutory auditing of the accounts

In accordance with the provisions of Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors duly supervised the operations of the auditing firm. In this regard, the Board of Statutory Auditors met several times with the auditing firm KPMG S.p.A., also pursuant to Article 150 of the Consolidated Law on Finance, *inter alia*, with reference to: the review of the Additional Report pursuant to Article 11 of EU Regulation 537/2014; the limited audit of the Company's Half-Yearly Report as at 30 June 2023; the planning of the audit activities for the Financial Statements as at 31 December 2023; the progress of the audit of the Financial Statements as at 31 December 2023 and the results of the audit of the Financial Statements as at 31 December 2023. During these meetings, the auditing firm never once highlighted any facts deemed reprehensible or irregularities such as to require a report pursuant to Article 155, paragraph 2 of the Consolidated Law on Finance.

5. Observations and proposals on findings and remarks contained in the independent auditors' report

On 28 March 2024, the independent auditing firm issued the Report on the audit of the financial statements as of 31 December 2023 and the Report on the audit of the consolidated financial statements as of 31 December 2023 of the Company, highlighting the key aspects of the auditing of the accounts consisting of the potential recovery of goodwill and of the Customer Relationship and trademarks with a finite useful life and expressing (i) an opinion that the statutory financial statements and the consolidated financial statements of Cellularline S.p.A. give a true and fair view of the financial position of Cellularline S.p.A. and of the Group as of 31 December 2023, the results of operations and cash flows for the year then ended in accordance with the IAS/IFRS standards adopted by the European Union as well as with the provisions issued in implementation of Art. 9 of Italian Legislative Decree 38/05; (ii) an opinion on the Directors' consideration of the business continuing to operate as a going concern; (iii) an opinion on the consistency from which it appears that the Directors' Reports accompanying the statutory financial statements and the consolidated financial statements as of 31 December 2023 and certain specific information contained in the "Report on Corporate Governance and Ownership Structure" indicated in Article 123-bis, paragraph 4, of the Consolidated Law on Finance the responsibility for which lies with the Company's Directors, are prepared in accordance with the law; (iv) a declaration that they have nothing to report with regard to any significant errors in the Directors' Report, based on their knowledge and understanding of the company and its context.

On 28 March 2024, the Independent Auditors submitted the Additional Report required by Art. 11 of European Regulation 537/2014 to the Board of Statutory Auditors in its capacity as the Internal Control and Accounts Auditing Committee. Today, pursuant to Article 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors examined the document and forwarded it to the Board of Directors together with its comments.

6. Indication of any complaints filed pursuant to Article 2408 of the Civil Code, any steps taken and their outcome

During the financial year ended 31 December 2023, the Board of Statutory Auditors received no complaints or allegations pursuant to Article 2408 of the Italian Civil Code.

7. Indication of any complaints lodged, any initiatives taken and their outcome

No complaints were received by the Board of Statutory Auditors.

8. Indication of whether any further engagements were entrusted to the auditing firm and their costs

During FY 2023, the Company granted the following non-audit engagements to KPMG S.p.A., which are not prohibited by EU Regulation 537/2014: (i) "*limited assurance of the Cellularline S.p.A. Sustainability Report for the year ending 31 December 2022*", in exchange for fees of Euro 27,500, (ii) "*audit of the statement of expenses incurred for research and development, technological innovation and design activities of Cellularline S.p.A. in the financial year ending 31 December 2022 accompanied by the related explanatory notes on the preparation criteria, prepared for the purposes set forth in Article 1, paragraphs 200 to 203 of Law No. 160 of 27 December 2019 and the Decree of 26 May 2020*", in exchange for fees of Euro 5,390. Permitted services other than auditing were approved in advance by the Board of Statutory Auditors, which assessed their appropriateness in light of the criteria set out in EU Regulation 537/2014.

The fees were charged to the profit and loss account and are reported in the notes to the financial statements as required by Article 149-*duodecies* of the Issuers' Regulation.

On 28 March 2024, the independent auditing firm issued the annual letter of confirmation of independence, as required by Article 6, paragraph 2, letter a) of Regulation (EU) 537/2014, from which it does not disclose any situations that may impair independence. The Board of Statutory Auditors has taken note of the 2023 Transparency Report prepared by the auditing company pursuant to Article 13 of European Regulation 537/2014, published on its website.

Taking into account the assignments conferred by Cellularline S.p.A. and the companies belonging to the Group to KPMG and its network, the Board of Statutory Auditors does not believe that there are any critical aspects regarding the independence of KPMG S.p.A.

9. Indication of whether any engagements were entrusted to persons linked to the independent auditing firm and the related costs

During FY 2023, the Company awarded the following engagements to persons associated with the auditing company: KPMG Advisory S.p.A. for *"Methodological support for the definition of the storytelling of the Sustainability Report aimed at communicating the strategies and performance of the company Cellularline S.p.A. to the outside world"*, in exchange for fees of Euro 15,000 Permitted services other than auditing were approved in advance by the Board of Statutory Auditors, which assessed their appropriateness in light of the criteria set out in EU Regulation 537/2014

10. Indication of the existence of opinions issued in accordance with the law during the financial year

During the year, the Board of Statutory Auditors issued the following opinions, as required by current legislation, the Corporate Governance Code and the policies and procedures adopted by the Company: (i) opinion on the appointment of the Manager in charge of preparing corporate accounting documents (ii) opinion on the engagement of KPMG for the limited assurance of the sustainability report (iii) opinion on the engagement of KPMG Advisory for the methodological support for the definition of the storytelling of the sustainability report (iv) opinion on the engagement of KPMG for certification for the recognition of tax credit for research and development expenses and for technological innovation (v) opinion in relation to the determination of the remuneration assigned to the CEO within the limits of the total amount to be assigned to the entire board of directors, previously determined by the shareholders' meeting pursuant to Article 2389, paragraph 3, of the Italian Civil Code; (vi) opinions provided for by the corporate governance rules contained in the corporate governance code to which the Company has adhered.

11. Indication of the frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors

During the financial year, the following meetings were held, in which the Board of Statutory Auditors took part in its collegial composition:

- 2 Shareholders' Meetings,
- 14 meetings of the Board of Directors,
- 6 meetings of the Control, Risks and Sustainability Committee,
- 5 meetings of the Appointments and Remuneration Committee.

During the financial year, the Board of Statutory Auditors met 19 times.

12. Observations on compliance with the principles of correct administration

The Board of Statutory Auditors has no observations to make on compliance with the principles of proper administration, which appear to have been consistently observed.

13. Observations on the adequacy of the organisational structure

The Board of Statutory Auditors monitored the adequacy of the organisational structure and has no observations to report to the Shareholders' Meeting.

14. Observations on the adequacy of the internal control system, in particular on the activities carried out by the internal control officers and highlighting of any corrective actions taken and/or those still to be taken

The Board of Statutory Auditors monitored the adequacy of the Internal Control and Risk Management System, proceeding in the assessment also with meetings in joint form with the Risk Control and Sustainability Committee, with meetings with the Head of the Internal Audit Department also in order to receive information on the results of the audit activities. The Board of Statutory Auditors had a regular exchange of information with representatives of the Compliance Department and the Internal Audit Department, as well as with the Supervisory Board with regard to the analysis and monitoring of the main corporate risks.

In particular, and with reference to the risks deemed to be the most relevant, meetings were held with company management concerning the methods for identifying and adopting countermeasures following the analysis of the results of the Risk Assessment activities conducted by the Company.

Pursuant to Legislative Decree No. 39/2010, the Board of Statutory Auditors performed specific analyses on the activities and audits conducted by the Finance Department, also with the support of the Internal Audit Department, with reference to financial reporting processes.

15. Observations on the adequacy of the administrative/accounting system and its reliability in correctly representing management events.

The Board of Statutory Auditors monitored the adequacy of the internal control system and the administrative-accounting system, as well as the reliability of the latter to correctly represent management events, by obtaining information from the Manager appointed to prepare the company's accounting documents as well as from the heads of the respective departments; and by examining company documents. In particular, the Manager appointed to prepare the company's accounting documents, availing himself of the relevant corporate structures, conducted a monitoring plan involving the key controls of the processes relevant to financial reporting. The findings of the programme of activities conducted do not point to any critical aspects with regard to compliance with Law 262/2005.

The Board of Statutory Auditors paid attention to (i) the process of constantly updating the internal procedures relating to the main corporate cycles, as well as the verification activities carried out as part of the internal control system; (ii) the adoption of administrative procedures to provide the necessary information on the management and economic, equity and financial data of companies incorporated and regulated by the laws of non-EU countries that are of significant importance; and (iii) to the finding that the information flows provided by the non-EU subsidiaries were adequate to conduct the audit of the annual and interim accounts as required by Article 15 of the Market Regulations adopted by CONSOB Resolution No. 20249 of 28 December 2017.

With regard to the preparation of the financial statements, the Board of Statutory Auditors acknowledges that the Board of Directors approved the compliance of the impairment test methodology with the requirements of international accounting standard IAS36. The notes to the financial statements contain both the assumptions used to perform the test and the results of the evaluation process conducted. The Board of Statutory Auditors has no observations concerning the impairment test procedure adopted.

16. Observations on the adequacy of the provisions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree No. 58/1998

The Board of Statutory Auditors acquired knowledge and supervised, *inter alia*, through: (i) information acquired from the Chief Financial Officer and corporate officers; (ii) the acquisition of information from the heads of corporate departments; and (iv) meetings with the independent auditors, to the extent of our competence, on the adequacy of the provisions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of Legislative Decree No. 58/1998.

The Board of Statutory Auditors has no observations to make on the adequacy of the information flows provided by the subsidiaries to the Parent Company aimed at ensuring the timely fulfilment of the statutory reporting obligations.

17. Observations on any significant issues that arose during the meetings held with the auditors pursuant to Article 150, paragraph 3 of Legislative Decree No. 58/1998

During the periodic exchanges of data and information between the Board of Statutory Auditors and the independent auditing firm, pursuant also to Article 150, paragraph 3, of Legislative Decree No. 58/1998, no aspects emerged worthy of note in this report.

18. Indication of the Company's adherence, if any, to the Corporate Governance Code of the Committee for the Corporate Governance of Listed Companies

The Company has adopted the Corporate Governance Code of Listed Companies promoted by Borsa Italiana; to the extent of its specific competence, the Board of Statutory Auditors has monitored the procedures for the concrete implementation of the corporate governance rules that the Company has declared to comply with; in particular, with reference to the Corporate Governance Code, the Board of Statutory Auditors has monitored (i) the manner in which the corporate governance rules were implemented, as accounted for in the Report on Corporate Governance and Ownership Structure, without formulating any remarks; (ii) the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members;

19. Concluding remarks on the supervisory activity carried out, as well as on any omissions, reprehensible facts or irregularities detected in the course of the supervisory activity

The supervisory activity of the Board of Statutory Auditors was carried out during FY 2023 in a normal manner and no omissions, reprehensible facts or irregularities emerged to be reported.

20. Indication of any proposals to be submitted to the Shareholders' Meeting pursuant to Article 153, paragraph 2, of Legislative Decree. 58/1998

To summarise the supervisory activity performed during the year, the Board of Statutory Auditors has no proposals to make pursuant to Article 153, paragraph 2, of Legislative Decree no. 58/1998, with respect to Cellularline S.p.A.'s separate financial statements as at 31 December 2023, their approval and matters within its competence.

Conclusions

The financial statements for the year ended 31 December 2023 of Cellularline S.p.A. and the consolidated financial statements as of the same date have been prepared in accordance with IAS/IFRS issued by the International Accounting Standards Board (IASB), in compliance with the provisions of Legislative Decree no. 38 of 28 February 2005, implementing EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The Board of Statutory Auditors examined the criteria adopted in the preparation of the aforementioned financial statements, with particular reference to their content and structure, the scope of consolidation and the uniformity of application of the accounting standards, the existence of adequate information on the company's performance and the impairment tests, as well as the continued existence of the requirement of business continuity. The independent auditing firm did not comment on the information provided.

Since it was not entrusted with the analytical control of the content of the financial statements, the Board of Statutory Auditors monitored the general approach given to the financial statements and the consolidated financial statements, their general compliance with the law as regards their formation and structure, and has no particular observations to report in this regard.

To the best of the Board of Statutory Auditors' knowledge, the Directors, in preparing the annual financial statements, have not departed from the provisions of the law pursuant to Art. 2423, paragraph 4 of the Civil Code.

The Board of Statutory Auditors has verified that the financial statements and Directors' Report correspond to the facts and information of which it has become aware as a result of the performance of its duties, and has no observations to make in this regard.

The statutory financial statements and the consolidated financial statements of Cellularline S.p.A. are accompanied by the prescribed independent auditors' report, to which reference should be made.

For all the above, the Board of Statutory Auditors finds no reasons to prevent the approval of the financial statements as at 31 December 2023 and the resolution proposals formulated by the Board of Directors.

Modena, 28 March 2024

THE BOARD OF STATUTORY AUDITORS

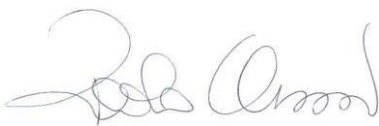
Lorenzo Rutigliano



Daniela Bainotti



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(The accompanying translated separate financial statements of Cellularline S.p.A. 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 separate financial statements

Opinion

We have audited the separate financial statements of Cellularline S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2023, the income statement and the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Cellularline S.p.A. as at 31 December 2023 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 the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company 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 audit opinion.

Key audit matters

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



Cellularline S.p.A.

Independent auditors' report

31 December 2023

Recoverability of goodwill

Notes to the separate financial statements: note 2.2 – Use of estimates and judgements in the preparation of the separate financial statements, note 6.2 – Goodwill and note 6.2.1 – Impairment test on goodwill

Key audit matter	Audit procedures addressing the key audit matter
The company's separate financial statements at 31 December 2023 include goodwill of €18.4 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 company's 2024-2027 business plan (the "plan"), approved by the board of directors on 28 February 2024. The resulting recoverable amount (enterprise value) amounted to roughly €176.6 million, which was higher than the reporting-date carrying amount. Accordingly, the directors did not recognise any impairment loss. 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 company'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 has increased due to the variability of the macroeconomic scenario. 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 2023 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 company'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.



Cellularline S.p.A.

Independent auditors' report

31 December 2023

Recoverability of customer relationships and trademarks with a finite useful life

Notes to the separate financial statements: note 2.2 – Use of estimates and judgements in the preparation of the separate financial statements and note 6.1.2 – Measurement of customer relationships and trademarks with a finite useful life

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 31 December 2023 include customer relationships and trademarks with a finite useful life (the “intangible assets”) of €22.9 million and €13.9 million, respectively, net of accumulated amortisation and accumulated impairment losses of €36.8 million and €10.1 million, respectively. Based on approved internal analyses, the directors did not identify any specific indicators that these intangible assets might be impaired. With reference to the customer relationships, the directors considered the long-term renewal agreements signed with the company's key customers during 2023. 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 due to the variability of the macroeconomic scenario. 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 company'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 company's key; • 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 company's directors and board of statutory auditors (“Collegio Sindacale”) for the separate financial statements

The directors are responsible for the preparation of separate 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 company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate 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 company or ceasing operations exist, or have no realistic alternative but to do so.



Cellularline S.p.A.

Independent auditors' report

31 December 2023

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

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 company'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 company'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 separate 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 company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate financial statements of the current year and are,



Cellularline S.p.A.

Independent auditors' report

31 December 2023

therefore, the key audit matters. We describe these matters in our auditors' report. We describe these matters in this report.

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

On 16 April 2019, the company's shareholders appointed us to perform the statutory audit of its separate 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 company in conducting the statutory audit.

We confirm that the opinion on the separate 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 company'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 separate 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 separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

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 company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related separate 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 company's separate financial statements at 31 December 2023 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 company's separate financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.



Cellularline S.p.A.
Independent auditors' report
31 December 2023

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, 28 March 2024

KPMG S.p.A.

(signed on the original)

Davide Stabellini
Director of Audit



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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 2023, the income statement and statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include material information on the 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 2023 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 the 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 audit 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 2023 include goodwill of €38.5 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 2024-2027 business plan (the "plan"), approved by the board of directors on 28 February 2024. The resulting recoverable amount (enterprise value) amounted to roughly €176.6 million, which was higher than the reporting-date carrying amount. Accordingly, the directors did not recognise any impairment loss. 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 has increased due to the variability of the macroeconomic scenario. 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 2023 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.



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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 2023 include customer relationships and trademarks with a finite useful life (the "intangible assets") of €28.4 million and €16.4 million, respectively, net of accumulated amortisation and accumulated impairment losses of €39.2 million and €11.3 million, respectively. Based on approved internal analyses, the directors did not identify any specific indicators that these intangible assets might be impaired. With reference to the customer relationships, the directors considered the long-term renewal agreements signed with the group's key customers during 2023. 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 due to the variability of the macroeconomic scenario. 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; • 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 carve-out 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.



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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 separate 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



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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 this 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 2023 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



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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 2023 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 2023 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, 28 March 2024

KPMG S.p.A.

(signed on the original)

Davide Stabellini
Director of Audit