PRESS RELEASE

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL REPORT AT 31 MARCH 2020

REVENUES IN LINE WITH THE PREVIOUS YEAR DESPITE THE IMPACT OF THE COVID-19 CONTAINMENT MEASURES, THANKS TO ORGANIC GROWTH IN THE FIRST TWO MONTHS AND THE CONTRIBUTION BY SYSTEMA

INCISIVE MEASURES TAKEN TO MITIGATE THE ECONOMIC IMPACT OF COVID-19

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- ***Revenues from sales*** *of Euro 20.0 million (Euro 20.6 million in the period ended 31 March 2019), of which Euro 2.7 million attributable to Systema, consolidated with effect from April 2019.*
- ***Adjusted EBITDA***[1] *of Euro 0.8 million (Euro 1.5 million in the period ended 31 March 2019). Adjusted EBITDA for the previous twelve months of Euro 32.4 million.*
- ***Adjusted Net Result***[2] *of Euro -0.8 million (Euro -0.1 million in the period ended 31 March 2019).*
- ***Net Financial Indebtedness*** *of Euro 28.8 million (Euro 24.6 million at 31 December 2019); Leverage ratio*[3] *confirmed to be less than 1x.*

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Reggio Emilia, 13 May 2020 - The Board of Directors of Cellularline S.p.A. (hereinafter "**Cellularline**" or "**Company**"), a European leader in the sector of accessories for smartphones and tablets listed on the STAR Segment of the Italian Stock Exchange, today examined and approved the consolidated interim financial report as at 31 March 2020, compared with that as at 31 March 2019.

In accordance with applicable regulations, the consolidated interim financial report at 31 March 2020 is available from the Company's registered office and may be consulted on its website at the address www.cellularlinegroup.com, in addition to the authorised storage facility "1infostorage" operated by Computershare S.p.A. at the address www.1info.it.

Marco Cagnetta, **Co-CEO** of the Cellularline Group, commented: "*Since the beginning of the Covid-19 emergency, our top priority has been to protect the health of individuals, while continuing to serve and support our customers in complete safety, including through timely activation of smartworking for almost all of our colleagues. Although the current circumstances are unprecedented, we immediately took incisive actions to mitigate their economic and financial impact on the Group. We also decided to respond pro-actively by analysing the market and customers' new needs, implementing a plan of action that focuses on further product innovation and channels strategy, supporting our customers in formulating both our product range and display formats, in order to expedite the return of consumers to stores. We are confident that our efforts will mitigate the economic and financial impact of the virus containment measures.*"

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

[2] Adjusted Net Result is calculated as the Result for the Period adjusted for i) the adjustments incorporated into Adjusted EBITDA, ii) the adjustments of depreciation and amortisation arising from the purchase price allocation, iii) the adjustments of non-recurring financial charges/(income) and iv) the theoretical tax impact of such adjustments.

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

Comments on the main economic and financial performance data at 31 March 2020

When analysing the main indicators for the period, it is important to take account of the seasonal nature of the Group's business (which historically generates over 60% of its sales in the second half of the year) and the effects of the Covid-19 containment measures implemented by the authorities beginning in mid-March. Accordingly, they are not necessarily to be regarded as representative of an annual trend.

Revenues from sales for the period ended 31 March 2020 of Euro 20.0 million are essentially in line with those for the same period of the previous year, due to the positive contribution by Systema to the Group's sales of Euro 2.7 million. The sales reported by the company, acquired in April 2019, offset nearly all the decline in organic sales, the uptrend in which in the first two months of 2020 was affected by the beginning of the lockdown ordered following the spread of Covid-19 starting in mid-March.

The closure of the stores in the main channels had a particularly adverse impact on the Red Line (Euro -2.1 million on the previous period), which accounts for 79% of total revenues. The Blue Line, which accounts for 13% of total revenues, was up by Euro 1.4 million, due above all to the positive contribution from Systema.

Growth continued on international markets (+22.4% in the first quarter of 2020), driven by both organic growth (+10.2%) and the positive contribution by Systema (Euro 1.1 million). For the first time, the balance of sales between Italy and international markets has shifted in favour of the latter, which account for 57%. Collectively, the main markets of reference (Germany, Austria, France, Spain, Portugal, Benelux and Switzerland) account for 41% of total revenues.

Turning to an analysis of costs in the first quarter 2020:

- The incidence of the **cost of goods sold** was higher than in the same period of the previous year (+2.9%), mainly due to two factors: *i)* the consolidation of the sales of Systema (impact of approximately +2.0%), operating in the telco channel, with a lower margin than the Group; and *ii)* a less favourable product mix attributable to organic business;
- the incidence of **sales and distribution costs** was 1.4% lower than in the first quarter of 2019, mainly owing to a decline in costs of activities – marketing, trade marketing, trade fairs and travel – limited by the restrictions on movement imposed by the authorities;
- the incidence of **general and administrative costs**, net of the impacts of the Purchase Price Allocation, D&A and Extraordinary charges, was up by 1.8% on the previous period; the significant cost rationalisation measures taken promptly by the management to mitigate the economic impact of Covid-19 will mainly begin to produce effects in the second quarter.

The **Adjusted EBITDA** for the first three months of 2020 was Euro 0.8 million, down by Euro 0.7 million compared to the same period in the previous year, with an incidence on revenues of 3.8% (7.1% in first quarter of 2019). The contribution of Systema to the Group's Adjusted EBITDA during the reporting period was not material.
The prompt action taken by the management and limited incidence of the first quarter on the annual total, given the seasonal nature of the business, allowed the impacts of an unprecedented situation to be limited in absolute terms.

Net financial charges, excluding the positive effect (Euro 0.7 million) of the valuation of the debt relating to the outstanding warrants, were nonetheless contained (Euro 0.4 million), thanks to the limited level of the Group’s indebtedness.

The **Adjusted Net Result** for the period of Euro -0.8 million (Euro -0.1 million in the first quarter of 2019) declined owing to the lower percent margins for the period, as described above.

Net financial indebtedness of Euro 28.8 million as at 31 March 2020 (Euro 24.6 million as at 31 December 2019) confirms the Group's modest Leverage ratio of 0.9x (0.7x at the end of 2019). The change in net financial indebtedness is mainly attributable to the seasonal phenomena typical of the Group's business: historically, annual operating cash flow is mainly generated in the second half of the year.
The short-term net cash position (Euro 14.0 million[4]), high level of cash and cash equivalents (Euro 27.1 million) and credit lines fully undrawn (Euro 21.0 million) ensure the Group adequate financial flexibility for any future acquisitions and dividend distribution.

<u>Significant events in early 2020</u>

Covid-19
After the end of the year and the approval of the draft financial statements by the Company's Board of Directors, the Covid-19 pandemic emergency deteriorated at the worldwide level, resulting in the gradual enactment by the authorities in various countries of a series of measures designed to contain transmission. These measures had significant effects on the social and working lives of the individuals involved and on the economy at the global level, with a significant impact, from mid-March to the end of April, on the dynamics of the main distribution channels in which the Group operates.
In view of the constantly evolving scenario and recent gradual easing of the restrictions, the management remains prudent in its assessment of the impact on demand for the Group's products in the near term, given the gradual reopening of stores and the seasonal nature of the Group's business (historically 60% of annual sales is generated in the second half of the year). However, the weekly sell-out figures received from our retailer customers for the main channels and markets indicate a growing trend towards initial demand recovering for the Group's smartphone and audio accessories starting the second half of April.

Shareholders' meeting of 24 April

- Approval of the financial statements at 31 December 2019 and distribution of a dividend of Euro 0.33 per share, as proposed by the Board of Directors on 11 March 2020, for a total of Euro 7.2 million, with an ex-dividend date, record date and payment date of 18, 19 and 20 May 2020, respectively;
- appointment of the new Board of Directors and new Board of Statutory Auditors, which will remain in office until the Shareholders' Meeting to be convened to approve the financial statements as at 31 December 2022.

Business update

- **CELLULARLINE rebranding**: on the 30th anniversary of the company's foundation in 1990, the ambitious project (R)EVOLUTION was presented to the market for the strategic repositioning and revamp of the marketing mix of its main brand, Cellularline;
- **launch of the new brand PLOOS**: a range of roughly 50 items, composed primarily of recharging, car and audio accessories. The launch of the new brand falls within a wider strategic process of review of the Group's brand portfolio, targeted at supplementing the offering of the main brand, Cellularline;
- **presentation of BECOME**: a new range of environmentally friendly smartphone covers designed to limit the environmental footprint of its products, characterised by packaging based on the use of recycled and recyclable paper, in addition to being completely plastic-free;
- **environmental sustainability**: an integral part of the Group's strategy, designed to focus increasing attention on the environment impacts of our business; in accordance with its ethical principles, as well as with technical feasibility, the Group will pursue a series of steps, as part of a long-term project, gradually introducing major changes starting in the second quarter of 2020;
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[4] The short-term net cash position is the difference between cash and cash equivalents as at 31 March 2020 (Euro 27.3 million) and the portion of the medium-to-long-term debt set to come due in the next 12 months (Euro 13.3 million).

- **ongoing strategic activities:** in addition to having launched an incisive plan of action designed to limit the economic impact of Covid-19, the management is implementing measures for further diversification by product and channel, in addition to continuing strategic activities in the area of *i)* innovative product development, *ii)* developments/agreements for the expansion of the audio products range and *iii)* possible M&A transactions.

Legal declarations

The manager responsible for preparing the company's financial reports, Stefano Cerrato, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, the books and accounting records.
The following are appended:

- **Annex A**: the IFRS financial statements of the consolidated interim financial report as at 31 March 2020, examined and approved by the Board today, compared with those as at 31 March 2019;
- **Annex B:** the consolidated income statement, reclassified as deemed more representative of the Group's operating profitability by the management.

Analyst conference call

The management will present the consolidated results for the period ended 31 March 2020 to the financial community during a conference call to be held on 14 May 2020 at 12:00 CET.
To participate in the conference call, dial: +39 02 805 88 11
The slides from the presentation and any supporting material will be available before the start of the conference call, on the site www.cellularlinegroup.com/investors/presentazioni.

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*Founded in Reggio Emilia in 1990, Cellularline S.p.A. has a brand portfolio comprising **Cellularline**, **PLOOS**, **AQL**, **MusicSound** and **Interphone** and is the leading company in the smartphone and tablet accessory sector. The Group is at the technological and creative forefront of the multimedia device accessory industry, striving to deliver products synonymous with outstanding performance, ease of use and a unique user experience. The Group currently has 220 employees. Cellularline brand products are sold in over 60 countries.*

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ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020
STATEMENT OF THE CONSOLIDATED BALANCE SHEET AND FINANCIAL POSITION

(Amounts in Euro thousands)	31/03/2020	Of which related-party	31/12/2019	Of which related-party
ASSETS				
Non-current assets				
Intangible assets	73,988		75,533	
Goodwill	95,069		95,069	
Property, plant and equipment	7,231		7,142	
Right of use	1,609		1,806	
Deferred tax assets	1,732		1,666	
Financial receivables	567	567	552	552
Total non-current assets	**180,195**		**181,788**	
Current assets				
Inventories	27,392		22,925	
Trade receivables	53,562	6,744	60,847	6,272
Current tax receivables	3,006		3,792	
Financial assets	72		54	
Other assets	7,106		5,677	
Cash and cash equivalents	27,278		32,089	
Total current assets	**118,416**		**125,383**	
TOTAL ASSETS	**298,611**		**307,171**	
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	21,343		21,343	
Other reserves	163,573		156,076	
Retained earnings/losses carried forward from consolidation	17,567		6,891	
Group profit /loss for the year	(1,698)		18,209	
Group shareholders' equity	**200,785**		**202,518**	
Shareholders' equity attributable to minority interests	-		-	
TOTAL SHAREHOLDERS' EQUITY	**200,785**		**202,518**	
LIABILITIES				
Non-current liabilities				
Payables to banks and other lenders	37,716		37,621	
Deferred tax liabilities	21,109		21,352	
Employee benefits	793		774	
Provisions for risks and charges	1,663		1,656	
Other financial liabilities	2,900		3,023	
Total non-current liabilities	**64,181**		**64,425**	
Current liabilities				
Payables to banks and other lenders	13,658		13,362	
Trade payables	13,837		19,056	
Current tax payables	481		384	
Provisions for risks and charges	409		409	
Other liabilities	3,342		4,322	
Other financial liabilities	1,918		2,694	
Total current liabilities	**33,645**		**40,228**	
TOTAL LIABILITIES	**97,826**		**104,653**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**298,611**		**307,171**	

ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020
CONSOLIDATED INCOME STATEMENT

(Amounts in Euro thousands)	**1/1/2020-31/03/2020**	**Of which related-party**	**1/1/2019-31/03/2019**	**Of which related-party**
Revenues from sales	20,041	1,141	20,633	1,020
Cost of goods sold	(11,782)		(11,537)	
Gross Operating Margin	**8,259**		**9,097**	
Sales and distribution costs	(5,347)		(5,786)	
General and administrative costs	(5,367)	(8)	(5,003)	(8)
Other non-operating costs/(revenues)	248	(13)	181	(14)
Operating profit/loss	**(2,206)**		**(1,511)**	
Financial income	763		192	
Financial charges	(412)		(470)	
Gains/(losses) on exchange rates	(19)		(61)	
Income from (Expense on) equity investments	-		-	
Profit/(loss) before taxes	**(1,873)**		**(1,850)**	
Current and deferred taxes	175		283	
Profit/(loss) for the year before minority interests	**(1,698)**		**(1,567)**	
Profit/(loss) for the year pertaining to minority interests	**-**		**-**	
Group profit /(loss) for the year	**(1,698)**		**(1,567)**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Euro thousands)	**1/1/2020-31/03/2020**	**1/1/2019-31/03/2019**
Group profit /(loss) for the year	**(1,698)**	**(1,567)**
Other components of comprehensive profit/loss that will not be reclassified to the income statement		
Actuarial gains/(losses) on defined plans and benefits	(16)	10
Actuarial gains/(losses) on provisions for risks	28	197
Profits/(losses) from translation of financial statements of foreign companies	(2)	(9)
Total other components of comprehensive income for the year	**10**	**198**
Total comprehensive income for the year attributable to the Group	**(1,688)**	**(1,369)**

ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020
CONSOLIDATED STATEMENT OF CASH FLOW

(Amounts in Euro thousands)	**1/1/2020-31/03/2020**	**1/1/2019-31/03/2019**
Profit/(loss) for the year	(1,698)	(1,567)
Amortisation	2,537	2,370
Net write-downs and provisions	40	25
Financial (income)/expenses accrued	362	395
Current taxes	(175)	283
	1,065	**1,506**
(Increase)/decrease in inventories	(4,467)	(2,263)
(Increase)/decrease in trade receivables	7,284	6,271
Increase/(decrease) in trade payables	(5,220)	(5,167)
Increase/(decrease) in other assets and liabilities	(2,409)	(3,270)
Payment of employee benefits and change in provisions	(15)	(15)
Cash flow generated/(absorbed) by operating activities	**(3,762)**	**(2,938)**
Interest paid	(362)	(395)
Income taxes (paid)/set off	751	28
Cash flow generated/(absorbed) by operating activities	**(3,372)**	**(3,305)**
(Purchase)/sale of property, plant and equipment and intangible assets[5]	(863)	(2,555)
Net cash flow generated/(absorbed) by investing activities	**(863)**	**(2,555)**
Other financial receivables and payables[5]	(933)	1,599
Net (purchase)/sale of treasury shares	-	(754)
Payment of transaction costs relating to financial liabilities	357	118
Net cash flow generated/(absorbed) by financing activities	**(576)**	**963**
Increase/(decrease) in cash and cash equivalents	**(4,811)**	**(4,897)**
Cash and cash equivalents at the beginning of the year	**32,089**	**41,989**
Cash and cash equivalents at year end	**27,278**	**37,092**

[5] The items "(Purchase)/sale of property, plant and equipment and intangible assets" and "Other financial receivables and payables" for the first quarter of 2019 include an impact of Euro 1.8 million and Euro 1.7 million, respectively, due to the application of IFRS 16 with effect from 1 January 2019.

ANNEX B

CONSOLIDATED RECLASSIFIED INCOME STATEMENT

(Amounts in Euro thousands)	**1/1/2020-31/03/2020**	**% of revenues**	**1/1/2019-31/03/2019**	**% of revenues**
Revenues from sales	20,041	*100%*	20,633	*100%*
Cost of goods sold	(11,782)	*-58.8%*	(11,537)	*-55.9%*
Gross Operating Margin	**8,259**	***41.2%***	**9,097**	***44.1%***
Sales and distribution costs	(5,347)	*-26.7%*	(5,786)	*-28.0%*
General and administrative costs	(5,367)	*-26.8%*	(5,003)	*-24.2%*
Other non-operating costs/(revenues)	248	*1.2%*	181	*0.9%*
Operating profit/loss	**(2,206)**	***-11.0%***	**(1,511)**	***-7.3%***
* of which depreciation and amortisation (including PPA depreciation and amortisation)	2,539	*12.7%*	2,370	*11.5%*
* of which extraordinary costs (STAR listing, M&A)	491	*2.4%*	677	*3.3%*
* of which operating foreign exchange translation gains/(losses)	(54)	*-0.3%*	(68)	*-0.3%*
Adjusted operating profit/loss (EBITDA)	**770**	***3.8%***	**1,468**	***7.1%***
Financial income	763	*3.8%*	192	*0.9%*
Financial charges	(412)	*-2.1%*	(470)	*-2.3%*
Gains/(losses) on exchange rates	(19)	*-0.1%*	(61)	*-0.3%*
Profit/(loss) before taxes	**(1,873)**	***-9.3%***	**(1,850)**	***-9.0%***
Current and deferred taxes	175	*0.9%*	283	*1.4%*
Group profit/(loss) for the year	**(1,698)**	***-8.5%***	**(1,567)**	***-7.6%***
* of which extraordinary costs (STAR listing, M&A)	491	*2.4%*	677	*3.3%*
* of which impact from PPA depreciation and amortisation	1,516	*7.6%*	1,445	*7.0%*
* of which impact of fair value warrants	(713)	*-3.6%*	(122)	*-0.6%*
* of which tax effect on previous adjustments	(375)	*-1.9%*	(543)	*-2.6%*
Adjusted Group profit/(loss) for the year	**(779)**	***-3.9%***	**(110)**	***-0.5%***