PRESS RELEASE

APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2020

REVENUES FOR THE FIRST NINE MONTHS OF 2020 EQUAL TO EURO 70.7 MILLION (-24.1%), IMPACTED BY THE COVID-19 EMERGENCY, THE EFFECTS OF WHICH DECLINED SHARPLY IN THE THIRD QUARTER (-10.1%)

THE THIRD QUARTER, LIKE THE FIRST AND SECOND, CONTINUED TO SHOW A POSITIVE ADJUSTED EBITDA (EURO 6.6 MILLION), BRINGING THE TOTAL FOR THE NINE MONTHS OF 2020 TO EURO 7.8 MILLION

ADJUSTED EBITDA MARGIN UP BY 160 BPS COMPARED TO THE FIRST SIX MONTHS TO 11.0%

NET FINANCIAL INDEBTEDNESS - EXCLUDING THE IMPACT OF THE M&A TRANSACTION - OF EURO 32.6 MILLION, IMPROVED BY EURO 0.8 MILLION COMPARED TO 30 JUNE 2020

A NEW MEDIUM/LONG-TERM LOAN AGREEMENT OF EURO 70 MILLION WAS SIGNED IN OCTOBER IN ORDER TO SUPPORT THE GROUP'S STRATEGIC DEVELOPMENT

APPROVAL OF THE 2021 FINANCIAL CALENDAR

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- ***Revenues from sales*** *of Euro 70.7 million (Euro 93.2 million during the period ended 30 September 2019), of which Euro 3.1 million deriving from the change in the scope of consolidation (Systema[1] in the first quarter of 2020 and the recently acquired Worldconnect AG[2] for two months).*
- ***Adjusted EBITDA***[3] *of Euro 7.8 million (Euro 19.0 million in the period ended 30 September 2019). Adjusted EBITDA for the last twelve months amounted to Euro 21.9 million.*
- ***Adjusted Net Result***[4] *of Euro 2.7 million (Euro 12.8 million during the period ended 30 September 2019), back to positive territory following the first half of the year, severely penalised by the effects of Covid-19.*
- ***Net financial indebtedness*** *of Euro 56.6 million (Euro 24.6 million as at 31 December 2019) and the leverage ratio[5] (2.6x) were influenced not only by the seasonal nature of the business, but also by the Worldconnect acquisition, which contributed with an increase of Euro 24.0 million.*

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Reggio Emilia, 11 November 2020 - The Board of Directors of Cellularline S.p.A. (hereinafter "**Cellularline**" or the "**Company**"), a European leader in the sector of accessories for smartphones and tablets listed on the STAR Segment of the Italian Electronic Stock Exchange, today examined and approved the consolidated interim financial report as at 30 September 2020, compared with that as at 30 September 2019.

In accordance with applicable regulations, the Consolidated interim financial report as at 30 September 2020 is available from the Company's registered office and may be consulted on its website at the address

[1] Company consolidated 100% starting 1 April 2019.

[2] Company consolidated 100% starting 1 August 2020.

[3] 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.

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

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

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 March the Group has taken a number of actions designed to minimise the impact of the Covid-19 containment measures. We succeeded in having a positive adjusted EBITDA in all quarters, due in part to an incisive operating cost cutting plan. In addition, we confirmed the implementation of our development strategy through the Worldconnect acquisition, as well as by launching a number of product and brand initiatives. More recently, we obtained a loan agreement that in addition to increasingly the flexibility of our financial structure will allow us both to further support M&A activity and to continue our long-term development strategy for our products, markets, channels and brands. In the third quarter of the year we recorded a recovery of demand, following a second quarter that had been severely penalised by the lockdown; however, the most recent pandemic developments at the European level urge caution regarding expectations for the coming months.*"

Overview

Performance in the first nine months of 2020 was characterised by very different trends over the months due to the impact of the Covid-19 health emergency and the ensuing containment measures adopted to counter its spread. In fact, after a positive first two months of the year, the Group's performance was severely impacted by the pandemic and the adoption of restrictive measures taken in the March-June period by the various governmental authorities of the main countries in which the Group operates, with a severe impact on its results in the first six months of the year.
Starting at the end of June and throughout the third quarter, we saw a constant, progressive recovery of demand for the Group's products in the main markets in which it operates. However, this trend was not sufficient to return to the levels of the period of the previous year, although it marked a sharp improvement over the 52,1% decline in sales recorded in the second quarter of 2020.

Financial performance and position indicators continue to show that the Group remains solid even in this unprecedented environment, with Net financial indebtedness declining - excluding the effects of the Worldconnect acquisition - compared to both June 2020 (Euro 0.8 million) and September 2019 (Euro 1.3 million[6]); this solidity is also endorsed by the signing of the new loan agreement with favourable terms of Euro 70 million.

Since the beginning of the health emergency, the Group has implemented the measures necessary to minimise the risks of contagion and to protect the safety of its personnel, while also ensuring business continuity throughout the period, in full accordance with the extraordinary provisions of law enacted in the various jurisdictions, while also promptly adopting, as early as late March, a thorough plan extending transversally to all company functions, designed to mitigate the impact of the crisis on the Group's financial performance and financial position results.

Comments on the main financial performance and financial position data as at 30 September 2020

When analysing the main indicators for the period, it is important to take account of the seasonal nature of the Group's business and the effects of the extraordinary measures implemented by the authorities to contain Covid-19. Accordingly, they are not necessarily to be regarded as representative of an annual trend, in particular for 2020.

Revenues from sales of Euro 70.7 million for the period ended 30 September 2020 were down on the same period of the previous year by Euro 22.5 million (24.1%). Net of the Euro 3.1 million due to the change in the

[6] The effects of the Systema acquisition of Euro 5.2 million have been excluded from net financial indebtedness as at 30 September 2019.

scope of consolidation (Systema in the first quarter of 2020 and the recently acquired Worldconnect AG for two months), the organic decline amounted to Euro 25.6 million (27.5%).

It should be also noted that:

- among the **Cellularline brand product lines**, the main such line - the ***Red* line** (82% of the total, or Euro 57.7 million), which includes smartphone and tablet accessories and audio products - was particularly severely penalised, recording a decrease for the period of 26.7% (Euro 21.1 million[78]). This performance was 68.3% due to the Italian domestic market, which was down by 34.0% (Euro 14.4 million) during the period, marking a recovery compared to the negative performance (approximately 51.4%) recorded in the first six months of the year, following the early, extended restrictive measures implemented by the Italian authorities compared to the other European governments.
  The ***Black* line***,* which primarily includes Interphone brand motorcyclist accessories (8% of the total or Euro 5.8 million), was the least penalised, with a decrease of 12.1% (Euro 0.8 million), due to the greater presence in non-EU markets (where lockdowns began later and were less strict than in the European markets), the robust recovery of the motorcyclist market in the final months of the year and the sound performance of online sales, implemented in part through the dedicated proprietary website launched in the second half of 2019;
- for the **line of third-party brand products** distributed, the ***Blue* line** (10% of the total, or Euro 7.0[9] million) declined by 6.6% (Euro 0.5 million).

With regard to the contribution of two months of sales of the recently acquired Worldconnect (included in the *Red* line), the airport travel retail sector - the Company's main channel of reference - was severely penalised at the global level, even during the summer period, by the restrictive measures implemented by the authorities to contain the spread of Covid-19.

With regard to Revenues from sales by **geographical area**, it should be noted that:

- the contribution of sales is evenly distributed between the Italian domestic market (51%) and the international market (49%), with the main foreign markets (Germany, Austria, France, Spain, Portugal, Benelux and Switzerland) collectively accounting for approximately 36% of total revenues;
- the decline in revenues in the first nine months is approximately 73.4% attributable to the negative performance by Italy of 31.6% (Euro 16.5 million), where the Group leads with stable market share of approximately 40%[10]. International markets recorded a slightly less negative performance (14.6%), as a direct consequence of lockdown policies implemented later and less stringently than in Italy.

Turning to an analysis of costs in the first nine months of 2020:

- the **Cost of sales**, amounting to Euro 41.5 million in the period, has been adjusted to take into account the extraordinary effect, amounting to Euro 1.3 million, following the collection of unsold goods from our customers - carried out with a view to partnership - and the greater obsolescence due to the loss of sales caused by the COVID-19. Net of this effect, the cost of goods sold as a percentage of sales was 56.9%, up 3.4% over the same period last year. This increase may be attributed to the following sectors, partly temporary in nature: *i*) less absorption of the fixed costs included in the cost of sales (primarily logistics and staff costs) following the reduction of sales (approximately 1.1%), *ii*) consolidation of the acquired company, characterised by lower margins than the Group average (approximately 0.8%) and *iii*) less favourable sales mix, due in part to Covid-19 (approximately 1.5%);

[7] Contribution by Systema to the *Red* line of Euro 1.0 million in the first quarter.
[8] Contribution by Worldconnect to the *Red* line of Euro 0.3 million in the quarter.
[9] Contribution by Systema to the *Blue* line of Euro 1.7 million in the first quarter.
[10] Management's estimate on the basis of the data supplied by major European research institute.

- **Sales and distribution costs** and **General and administrative costs**, net of the impacts of the Purchase Price Allocation[11] (Euro 4.5 million), D&A (Euro 3.2 million) and extraordinary charges (Euro 1.3 million), are Euro 1.7 million lower than in the same period of the previous year, also as a result of the significant cost rationalisation actions promptly implemented by management to mitigate the economic and financial impact of the COVID-19 emergency. However, the incidence of operating costs on total sales, given the already low levels of structural costs - one of the strengths of the business model to ensure high margins - is 6.0% higher than in the same period of the previous year, yet down on the first six months of 2020, due to structural costs being spread over larger sales volumes.

Adjusted EBITDA for the first nine months of 2020 was a positive Euro 7.8 million, mostly (Euro 6.6 million) recorded in the third quarter, due to the recovery at the level of margins of 160 bps compared to the first six months of the year as a result of both the rising sales volume and the incisive cost-cutting plan in place.
Adjusted EBITDA for the first nine months, down by Euro 11.2 million compared to the same period of the previous year, nonetheless shows a return to double-digit margins (11.0%) during the period, proof of the resilience and flexibility of the Group's business model.

Net financial charges of Euro 0.5 million for the period are essentially in line with the same period of the previous year (Euro 0.4 million) and include, among the other items, interest expense (Euro 1.0 million), partially offset by the increase in the value of the outstanding warrants (Euro 0.7 million).

The **Adjusted Net Result** of Euro 2.7 million, after a negative first half of the year, was down (Euro 10.1) million) compared to the same period of the previous year due to the adjusted EBITDA described above.

Net financial indebtedness of Euro 56.6 million as at 30 September 2020 (Euro 24.6 million as at 31 December 2019) was influenced by the acquisition of Worldconnect in July 2020 for Euro 24.0 million, of which:

- Euro 9.3 million relating to payment at closing of the first instalment for the purchase of 80% of the company and Euro 4.7 million of Net financial indebtedness of the acquired company;
- Euro 10.0 million attributable to *i*) the second payment instalment (Euro 5.3 million) to be made by July 2021 and *ii*) the fair value valuation of the put and call options - exercisable starting in 2023 - relating to the purchase of 20% of Worldconnect (Euro 4.7 million).

Excluding the effect described above, Net financial indebtedness improved by Euro 0.8 million compared to 30 June 2020 (Euro 33.4 million), confirming the resilience of the Group's cash generation despite the effects of Covid-19.

As at 30 September 2020 Cash and cash equivalents amounted to Euro 11.2 million after considering, in addition to the payment mentioned above, among other items *i*) the payment of dividends (Euro 6.6 million), *ii*) Capital expenditures (Euro 3,0 million), *iii*) the net repayment of financial debts (Euro 2.1 million) and *iv*) the purchase of an additional 15% of Systema's share capital (Euro 0.6 million) in the second quarter of 2020.

The limited Group leverage ratio (2.6x) and the new medium/long-term loan (Euro 70 million) ensure the Group's robust financial solidity, as well as adequate flexibility for any future acquisitions and distribution of dividends.

[11] The Purchase Price Allocation primarily originated from the accounting effects of the business combination that occurred in June 2018.

Significant events in the first nine months

In addition to what has been mentioned above in relation to the spread of COVID-19, there are also some points to note:

Shareholders' meeting (April):

- approval of the financial statements at 31 December 2019 and distribution of a dividend of Euro 0.33 per share to assignees, as proposed by the Board of Directors on 11 March 2020, for a total of Euro 6.6 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 updates:

- **launch of the new brand PLOOS** (February): 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** (February): 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;
- **rebranding of CELLULARLINE** (March): on the company's 30th anniversary (company formed in 1990), the ambitious project (R)EVOLUTION was presented to the market for the strategic repositioning and revamp of the marketing mix of the main brand, Cellularline;
- **agreement with Microban®** (May): creation of a product range with integrated antimicrobial technology, currently being launched;
- **purchase of a further 15% of Systema's share capital** (May): acquisition under the put&call agreement in force between the parties;
- **three-year agreement with Altec Lansing** (June): co-design, manufacturing and distribution of premium segment audio products for the European market;
- **presentation of Hi-GENS** (June): new UV-C steriliser, which particularly interesting in the current COVID-19 context;
- **Purchase of 80% of Worldconnect AG** (July), world market leader in premium travel adapters. Founded in 2002 and based in Diepoldsau (Switzerland), 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 (battery chargers, power banks and cables); approximately 80% of the Company's products are developed on the basis of patents with an average residual life of around 10 years.
  The acquisition - an integral part of the Cellularline Group strategy - confirms both the management's objective of assuring further development in channels, geographic areas and products in which the Group has ample room for growth and the close attention paid to making the most of opportunities offered up by the market.

Significant events after 30 September 2020

New loan agreement (October): contract signed with Banco BPM S.p.A. and UBI Banca S.p.A. for a total of Euro 70 million. In this transaction, Euro 50 million represents an extension to 20 June 2025 of the pre-existing medium/long-term loan (equal to Euro 45 million), which will enable the Company to obtain a 3 year

extension of its financial debt maturities, resulting in greater financial flexibility deriving from a reduction in principal instalment repayments amounting to Euro 3.4 million per annum.
The new agreement also includes a line for acquisitions totalling Euro 20 million to support the external growth strategy, one of the main development actions pursued by the Group.

Launch of the Audio Quality Lab™ (AQL™) website www.audioqualitylab.com (October): website dedicated to the audio world, complementing the Group's other websites (www.cellularline.com and www.interphone.com), contributing to reinforcing the strategy adopted by the Group, for which the online channel represents one of its main growth drivers for future development.

New line of accessories for Apple products (November): new broad catalogue to meet the needs of Apple users. The four new iPhone 12 models presented will be on the market for the first time in packages without battery chargers and earphones; the same commercial policy will apply to the current iPhone SE, iPhone XR and iPhone 11. In addition, with a complete new range, Cellularline is expanding its range to include accessories dedicated to other successful Apple products: Apple Watch Series 6 and Apple Watch SE, Airpod and Airpod Pro.

Business outlook

The effects of the pandemic, which continue at the global level, have resulted in severe uncertainty in terms of the duration and intensity of the related economic and social consequences.
In recent weeks, the health emergency has also once more begun to affect many countries in which the Group operates to a significant degree, thus exacerbating the environment of limited visibility, above all following the resumption - already in progress in some countries - of restrictive Covid-19 containment measures.
With regard to the final part of the year, also taking account of the recent developments, which urge the utmost caution, in October the Company reported a slightly weaker performance than in the third quarter just ended (compared to that recorded in the same period of 2019). In November and December, the trend will instead be influenced by the type and duration of the restrictive measures reintroduced by governmental authorities in the countries affected by the pandemic in which the Group operates.

After reinforcing the Group's financial structure in October with a new loan of Euro 70 million, of which Euro 20 million intended for inorganic growth, the management remains focused on both development of the ordinary business - innovation/product expansion, new commercial agreements and reinforcement of the offline and online channels - and on integration with the recently acquired Worldconnect, in order to maximise revenue and cost synergies, the benefits of which will be seen progressively in the course of 2021, above all in the second half of the year.

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 30 September 2020, examined and approved by the Board today, compared with those as at 30 September 2019;
- **Annex B**: the Consolidated income statement relative to the first nine months of 2020, 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 30 September 2020 to the financial community during a conference call to be held on 12 November 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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2021 Financial Calendar

Cellularline would also like to announce that at its meeting today the Board of Directors approved the following calendar of company events for the year 2021:

Event Date	Event Description
18 March 2021	Board of Directors for the approval the draft Financial statements at 31 December 2020 and Consolidated financial statements at 31 December 2020
28 April 2021	Shareholders' Meeting to approve the Financial statements at 31 December 2020
13 May 2021	Board of Directors for the approval of the Interim financial report at 31 March 2021
13 September 2021	Board of Directors for the approval of the consolidated half-yearly financial report at 30 June 2021
11 November 2021	Board of Directors for the approval of the Interim financial report at 30 September 2021

Any changes to the above dates will be announced promptly.

The annual corporate events calendar is available to the public on the Company's website at the address www.cellularlinegroup.com, in the "Investor Relations" section, and from the authorised storage facility "1infostorage" operated by Computershare S.p.A. at the address www.1info.it.

*Cellularline S.p.A., founded in Reggio Emilia in 1990, is, together with its brands **Cellularline**, **PLOOS**, **AQL**, **MusicSound**, **Interphone** and **SKROSS**, the leading company in the smartphone and tablet accessories sector. The Group is at the technological and creative forefront of the multimedia device accessories industry, striving to deliver products synonymous with outstanding performance, ease of use and a unique user experience. The Group currently has 240 employees. Cellularline brand products are sold in over 60 countries.*

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ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in Euro thousands)	**30/09/2020**	**Of which related parties**	**31/12/2019**	**Of which related parties**
ASSETS				
Non-current assets				
Intangible assets	74,616		75,553	
Goodwill	111,704		95,069	
Property, plant and equipment	8,012		7,142	
Right of use	1,686		1,806	
Deferred tax assets	1,786		1,666	
Financial receivables	555	555	552	552
Total non-current assets	**198,360**		**181,788**	
Current assets				
Inventories	36,421		22,925	
Trade receivables	48,997	6,226	60,847	6,272
Current tax receivables	2,952		3,792	
Financial assets	146		54	
Other assets	5,527		5,677	
Cash and cash equivalents	11,152		32,089	
Total current assets	**105,195**		**125,383**	
TOTAL ASSETS	**303,555**		**307,171**	
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	21,343		21,343	
Other reserves	157,792		156,076	
Retained earnings/losses carried forward from consolidation	15,451		6,891	
Group profit /loss for the year	(1,858)		18,209	
Group shareholders' equity	**192,728**		**202,518**	
Shareholders' equity attributable to minority interests	-		-	
TOTAL SHAREHOLDERS' EQUITY	**192,728**		**202,518**	
LIABILITIES				
Non-current liabilities				
Payables to banks and other lenders	31,263		37,621	
Deferred tax liabilities	20,275		21,352	
Employee benefits	787		774	
Provisions for risks and charges	1,583		1,656	
Other financial liabilities	6,918		3,023	
Total non-current liabilities	**60,826**		**64,425**	
Current liabilities				
Payables to banks and other lenders	21,868		13,362	
Trade payables	12,636		19,056	
Current tax payables	647		384	
Provisions for risks and charges	65		409	
Other liabilities	6,896		4,322	
Other financial liabilities	7,889		2,694	
Total current liabilities	**50,001**		**40,228**	
TOTAL LIABILITIES	**110,827**		**104,653**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**303,555**		**307,171**	

ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

CONSOLIDATED INCOME STATEMENT

(Amounts in Euro thousands)	1/1/2020 - 30/09/2020	Of which related-party	01/01/2019 - 30/09/2019	Of which related-party
Revenues from sales	70,738	3,073	93,243	3,415
Cost of sales	(41,466)		(49,860)	
Gross Operating Margin	**29,272**		**43,384**	
Sales and distribution costs	(16,504)		(19,221)	
General and administrative costs	(15,908)	(40)	(15,174)	(27)
Other non-operating (costs) /revenues	431	(54)	974	(74)
Operating profit/loss	**(2,709)**		**9,962**	
Financial income	966		1,030	
Financial charges	(1,456)		(1,381)	
Gains/(losses) on exchange rates	302		(180)	
Income from (Expense on) equity investments	345		-	
Profit/loss before taxes	**(2,552)**		**9,432**	
Current and deferred taxes	694		(191)	
Profit/loss for the year before minority interests	**(1,858)**		**9,241**	
Profit/loss for the year pertaining to minority interests	**-**		**-**	
Group profit /loss for the year	**(1,858)**		**9,241**	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(Amounts in Euro thousands)	30/09/2020	30/09/2019
Group profit /loss for the year	**(1,858)**	**9,241**
Other components of comprehensive profit/loss that will not be reclassified to the income statement		
Actuarial gains (losses) on defined plans and benefits	2	(110)
Actuarial gains (losses) on provisions for risks	(5)	(145)
Profits (losses) from translation of financial statements of foreign companies	(65)	-
Income taxes on other components of comprehensive profit/loss	16	75
Total other components of comprehensive income for the year	**(52)**	**(180)**
Total comprehensive income for the year attributable to the Group	**(1,910)**	**9,061**

ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2020

CONSOLIDATED STATEMENT OF CASH FLOW

(In thousands of Euro)	**Situation as at 30/09/2020**	**Situation as at 30/09/2019**
Gains/(losses) of the period	(1,858)	9,241
Amortisation	7,731	6,843
Net write-downs and provisions	512	804
(Income from)/Expense on equity investments	(345)	-
Financial (income)/expenses accrued	1,204	530
Current taxes	(694)	(889)
	6,549	**16,529**
(Increase)/decrease in inventories	(9,744)	(10,838)
(Increase)/decrease in trade receivables	12,654	(14)
Increase/(decrease) in trade payables	(7,580)	1,392
Increase/(decrease) in other assets and liabilities	3,840	(936)
Payment of employee benefits	(212)	(64)
Cash flow generated (absorbed) by operating activities	**5,507**	**6,069**
Net financial charges paid	(595)	(530)
Income taxes paid/set off	(1,714)	(2,193)
Net cash flow generated (absorbed) by operating activities	**3,198**	**3,346**
Acquisition of subsidiary company, net of cash acquired	(19,109)	(2,770)
(Purchase)/sale of property, plant and equipment and intangible assets	(3,025)	(2,869)
Net cash flow generated by (absorbed) investing activities	**(22,135)**	**(5,639)**
Net (purchase)/sale of treasury shares	-	(2,552)
(Dividends/reserves distributed)	(6,612)	(6,088)
Other financial assets and liabilities	8,975	3,344
Other changes in shareholders' equity	(1,297)	(3,168)
Increase/(decrease) in payables to banks	(3,342)	(7,137)
Payment of transaction costs relating to financial liabilities	275	344
Net cash flow generated (absorbed) by financing activities	**(2,001)**	**(15,256)**
Increase/(decrease) in cash and cash equivalents	**(20,937)**	**(17,550)**
Cash and cash equivalents at the beginning of the year	**32,089**	41,989
Cash and cash equivalents at year end	**11,152**	**24,442**

ANNEX B

CONSOLIDATED RECLASSIFIED INCOME STATEMENT

(Amounts in Euro thousands)	**1/1/2020 - 30/09/2020**	**% of revenues**	**01/01/2019 - 30/09/2019**	**% of revenues**
Revenues from sales	70,738	*100%*	93,243	*100%*
Cost of sales	(41,466)	*-58.6%*	(49,860)	*-53.5%*
Gross Operating Margin	**29,272**	***41.4%***	**43,384**	***46.5%***
Sales and distribution costs	(16,504)	*-23.3%*	(19,221)	*-20.6%*
General and administrative costs	(15,908)	*-22.5%*	(15,174)	*-16.3%*
Other non-operating costs/(revenues)	431	*0.6%*	974	*1.0%*
Operating profit/loss	**(2,709)**	***-3.8%***	**9,962**	***10.7%***
* of which depreciation and amortisation (including PPA depreciation and amortisation)	7,731	*10.9%*	6,846	*7.3%*
* of which extraordinary costs COVID-19	1,481	*2.1%*	-	-
* of which costs from Business Combination/STAR/M&A/other extraordinary costs	1,020	*1.4%*	2,403	*2.6%*
* of which operating foreign exchange gains/(losses)	262	*0.4%*	(225)	*-0.2%*
Adjusted operating profit/loss (EBITDA)	**7,785**	***11.0%***	**18,986**	***20.4%***
Financial income	966	*1.4%*	1,030	*1.1%*
Financial charges	(1,456)	*-2.1%*	(1,381)	*-1.5%*
Gains/(losses) on exchange rates	302	*0.4%*	(180)	*-0.2%*
Income from (Expense on) equity investments	345	*0.5%*	-	-
Profit/loss before taxes	**(2,552)**	***-3.6%***	**9,432**	***10.1%***
Current and deferred taxes	694	*1.0%*	(191)	*-0.2%*
Group profit /loss for the period	**(1,858)**	***-2.6%***	**9,241**	***9.9%***
* of which extraordinary costs COVID-19	1,481	*2.1%*	-	-
* of which costs from Business Combination/STAR/M&A/other extraordinary costs	1,099	*1.6%*	2,403	*2.6%*
* of which tax effect on previous adjustments	(720)	*-1.0%*	(601)	*-0.6%*
* of which impact of *PPA* amortisation and depreciation (net of tax effect)	3,264	*4.6%*	3,112	*3.3%*
* of which impact of fair value warrant (net of tax effect)	(543)	*-0.8%*	(652)	*-0.7%*
* of which, request for advance tax ruling	-	-	(700)	*-0.8%*
Adjusted Group profit/loss for the period	**2,723**	***3.8%***	**12,803**	***13.7%***