PRESS RELEASE

APPROVAL OF THE DRAFT FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

REVENUE FROM SALES OF EURO 104.5 MILLION (-25.6%), IMPACTED BY THE COVID-19 EMERGENCY

ADJUSTED EBITDA POSITIVE AT EURO 15.1 MILLION WITH A DOUBLE-DIGIT PROFIT MARGIN FOR THE YEAR (14.4%), MARGINS RECOVERED IN H2 2020 (20,4%)

NET FINANCIAL INDEBTEDNESS OF EURO 49.0 MILLION, IN LINE WITH 31 DECEMBER 2019, EXCLUDING THE IMPACT OF THE ACQUISITION OF WORLDCONNECT

THE 2021-2023 LONG-TERM INCENTIVE PLAN PROPOSAL IS APPROVED

ACCELERATION TOWARDS A SUSTAINABLE BUSINESS MODEL AS AN INTEGRAL PART OF THE GROUP'S ESG STRATEGY

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- ***Revenues from sales*** *of Euro 104.5 million (Euro 140.4 million at 31 December 2019), of which Euro 3.5 million deriving from the change in the scope of consolidation, due to the additional contribution of Systema for three months and of the company newly acquired Worldconnect AG for five months, compared to 2019.*
- ***Adjusted EBITDA***[1] *of Euro 15.1 million (Euro 33.1 million at 31 December 2019), equal to 14.4% of revenue.*
- ***Profit for the year*** *of Euro 13.9 million (Euro 18.2 million at 31 December 2019).*
- ***Adjusted profit for the year***[2] *of Euro 5.3 million (Euro 23.3 million at 31 December 2019).*
- ***Operating cash flow*** *of Euro 11.3 million (Euro 20.4 million at 31 December 2019).*
- ***Net financial indebtedness*** *of Euro 49.0 million (Euro 24.6 million at 31 December 2019), affected by the acquisition of Worldconnect, which contributed with an increase of Euro 24.1 million. Leverage ratio*[3] *of 3.2x at 31 December 2020.*
- ***Proposed allocation of the profit for 2020 to reserves****, considering the exceptional emergency that arose in 2020 due to Covid-19 and the persistent uncertainty of the current socio-economic context.*

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Reggio Emilia, 18 March 2021 - The Board of Directors of Cellularline S.p.A. (hereinafter "**Cellularline**" or the "**Company**"), a European leader in the smartphone and tablet accessories sector, listed on the STAR segment of the Italian Electronic Stock Exchange organized and manage by Borsa Italiana S.p.A., met today and examined and approved the draft financial statements and consolidated financial statements as at and for

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

[2]Adjusted profit/(loss) for the year is calculated as the profit for the year net of: *i*) the adjustments in Adjusted EBITDA, *ii*) the adjustments to amortisation as a result of the purchase price allocation, *iii*) impairment losses on the customer relationship, *iv*) adjustments to non-recurring financial expenses/(income), *v*) the theoretical tax impact of these adjustments and *vi*) the effects of aligning the tax values to the carrying amounts of the Cellularline and Interphone brands and the customer relationship.

[3] *Leverage ratio* is the ratio of net financial indebtedness to Adjusted EBITDA.

the year ended 31 December 2020. The Board will also propose that the Shareholders allocate the profit for the year to reserves based on the provisions of the articles of association and article 2430 of the Italian Civil Code.

The draft financial statements and consolidated financial statements at 31 December 2020 will be filed within the deadline pursuant to article 154-ter, paragraph 2, of the Consolidated Finance Act at the Company's registered office and with Borsa Italiana S.p.A. They will also be available for consultation on the Company's website, www.cellularlinegroup.com and on the authorised storage mechanism "1INFO" of Computershare S.p.A. at www.1info.it.

Marco Cagnetta, **Co-CEO** of the Cellularline Group, noted, "*2020 was a year in which we were faced with unprecedented circumstances. The consequent measures taken by governments in the various countries to contain the pandemic impacted all our distribution channels, adversely affecting sales. From the outset, we committed to taking action on two fronts. First, we countered the effects of the pandemic by taking steps to protect the health of our employees and the entire chain, both upstream and downstream, and to guarantee business continuity and full operations. Second, we continued implementing the guidelines of our medium- and long-term strategy, moving forward with our M&A plan (with the acquisition of the SKROSS brand), signing new strategic business agreements, like the one with Altec Lansing, and promoting the continuous search for product innovation, a distinctive quality of our identity. In addition, we are also striving to speed up the transition towards a business model that is more sustainable in the long term, so as to strengthen our ESG strategies to create value for the environment and the community as well. In 2020, we laid the foundation for future development and, although uncertainties remain in 2021, we believe that our progress over the past year enables us to look ahead to 2021 with cautious optimism.*"

Overview of 2020 and the impact of Covid-19

The Covid-19 pandemic characterised 2020 with unprecedented socio-economic repercussions around the globe, generating long-term consequences on people's lives and lifestyles that we cannot yet estimate.

From the start of the public health emergency, the Group has taken the necessary measures to minimise the risk of infection and safeguard its resources' safety, while guaranteeing business continuity for the entire time, in complete compliance with the extraordinary provisions of law implemented in the various jurisdictions, and immediately adopting a structured plan involving all company functions, in order to mitigate the impact of the crisis on the Group's economic and financial results.

However, the restrictions implemented by the different government authorities to contain the spread of Covid-19 led to a sharp decrease in consumption (especially for physical retailers), significantly impacting the Group's performance and financial indicators.
The Group's performance in 2020 was affected by widely varying trends in the various months and was closely related to developments in the public health emergency and the timing of the restrictions imposed to contain the outbreak.

Indeed, after performing well in the first two months of 2020, the Group was severely impacted by the total lockdown ordered by the government authorities in most of the countries where the Group operates from March to May - wreaking havoc on revenue in the second quarter of the year (-52.1% on the same period of the previous year). In the third quarter, as restrictions were lifted, demand for the Group's products slowly and progressively recovered on its main markets (-10.1% on the same period of the previous year). With the second wave of Covid-19 and the consequent resumption of a partial lockdown in the fourth quarter - which is normally a peak season boosted by Christmas sales - the feeble signs of recovery weakened (-28.4% on the same period of the previous year).

Equity and financial indicators continue to demonstrate the Group's solidity, even in this unprecedented context, with net financial indebtedness of Euro 24.9 million - excluding the effects of the Worldconnect acquisition - in line with 31 December 2019. This solidity was confirmed when the Group signed, under favourable terms, the new loan agreement of Euro 70 million in October 2020 - and complied with the covenant at 31 December 2020 - and was granted credit facilities by leading banks, which are as yet undrawn (Euro 21.0 million).

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 careful credit monitoring strategy adopted by the Group.

Analysis of consolidated revenue

The extraordinary measures taken by the authorities to contain Covid-19 must be considered when analysing the main indicators for the year. Because of these measures, the indicators do not reflect a medium/long-term trend.

- In 2020, the Cellularline Group realised **Revenue from sales** of Euro 104.5 million, compared to Euro 140.4 million in the previous year, a 25.6% decrease. Net of the Euro 3.5 million - deriving from the change in the scope of consolidation, due to the additional contribution of Systema for three months and of the company newly acquired Worldconnect AG for five months, compared to 2019 - organic revenue totalled Euro 101.0 million in 2020, down 28.1%. *of which Euro 3.5 million.*

Revenue by product line

in thousands of Euro	Year ended 31 December				Change	
	2020	% of revenue	2019	% of revenue	Value	%
Red – Italy	45,006	43.0%	66,076	47.0%	(21,070)	(31.9%)
Red – International	42,021	40.2%	56,332	40.1%	(14,311)	(25.4%)
Revenue from sales - Red	**87,028**	**83.3%**	**122,408**	**87.2%**	**(35,380)**	**(28.9%)**
Black – Italy	3,050	2.9%	4,116	2.9%	(1,066)	(25.9%)
Black – International	4,056	3.9%	3,720	2.6%	336	9.0%
Revenue from sales - Black	**7,106**	**6.8%**	**7,836**	**5.6%**	**(730)**	**(9.3%)**
Blue – Italy	7,867	7.5%	7,613	5.4%	254	3.3%
Blue – International	2,292	2.2%	1,927	1.4%	365	19.0%
Revenue from sales - Blue	**10,160**	**9.7%**	**9,540**	**6.8%**	**620**	**6.5%**
Other – Italy	247	0.2%	656	0.5%	(409)	(62.3%)
Total revenue from sales	**104,540**	**100.0%**	**140,440**	**100.0%**	**(35,900)**	**(25.6%)**

- The **Red Line**, which corresponds with the Group's core business and consists of the marketing of accessories for smartphones and tablets and audio products **of the Group's proprietary brands**[4], suffered the greatest impact, with a decline of 28.9% (Euro 35.4 million[5,6]) following the restrictions implemented by the Italian authorities and other European governments, which penalised the

[4] Cellularline, AQL, MusicSound, Ploos+, Skross, Q2Power and Nova.
[5] Systema's contribution to the Red Line in the first quarter was Euro 1.0 million.
[6] Worldconnect's contribution to the Red Line in the five months that it was consolidated was Euro 0.8 million.

consumption of telephone products and accessories in the on-premise channels where the Group operates, particularly Consumer Electronics in which it is European leader;

- the **Black Line**, which mainly consists of Interphone brand accessories for motorcyclists, saw a relatively moderate downturn of 9.3% (Euro 0.7 million), buffered by its greater presence on non-EU markets (where the lockdowns began later and were less severe than on the European markets), the motorcycling market's robust recovery in the second half of the year and the sound performance of online sales via the proprietary website devoted to these projects, which went live in the second half of 2019;
- the **Blue Line**, for the sale of **third-party brand** products under distribution agreements, saw an increase of 6.5% (Euro 0.6 million) thanks to the contribution of Systema[7] for three months of the year.

The newly acquired company, Worldconnect, (classified in the Red line), but its main distribution channel, airport travel retail, is still penalised at global level by the government restrictions in place to contain Covid-19.

Revenue by geographical area

in thousands of Euro	Year ended 31 December				Change	
	2020	% of revenue	2019	% of revenue	Δ	%
Italy	56,171	53.7%	78,461	55.9%	(22,290)	(28.4%)
5 main EU countries	34,656	33.1%	46,993	33.5%	(12,670)	(26.9%)
Other countries	13,004	13.2%	14,986	10.7%	(0.939)	(6.3%)
Total revenue from sales	**104,540**	**100.0%**	**140,440**	**100.0%**	**-35,900**	**(25.6%)**

- The steps taken by the various European governments to contain the pandemic impacted performance in **Italy** (-28.4%) and the **5 main European countries** where the Group operates (-26.9%) in a substantially similar manner, as the lockdowns - which entailed the prolonged shuttering of physical stores - were the first weapon used against the outbreak, which struck again in the fourth quarter, normally the peak season;
- sales were fairly evenly distributed between the **domestic market** (53.7%) and the **international market** (46.3%), with the 5 main foreign markets, which together account for roughly one third of the Group's total revenue, substantially in line with the previous year.

Analysis of operating profit and consolidated profit for the year

The 2020 cost analysis shows that:

- the **Cost of sales**, net of the non-recurring impact of unsold merchandise that our customers returned to us and the higher obsolescence due to the lack of sales because of Covid-19 (Euro 1.5 million), amounted to Euro 58.2 million, corresponding to 55.6% of sales.
  Despite showing a considerable recovery on the first nine months of the year, the **Adjusted gross operating profit margin**, equal to 44.4% of sales, was down slightly (1.6%) year-on-year, mainly because of the following factors: *i*) the consolidation of the newly acquired companies, which present lower margins than the Group's average (roughly 0.9%) and *ii*) a less favourable product/customer mix, partly because of Covid-19 (roughly 0.7%);

[7] Systema's contribution to the Blue Line in the first quarter was Euro 1.7 million.

- **Selling and distribution costs** and **General and administrative costs** totalled Euro 48.3 million in the reporting period, corresponding to 46.2% of sales.
  All the overheads noted above, considering the impacts of *i*) the purchase price allocation[8] (Euro 6.2 million), *ii*) D&A (Euro 4.7 million), *iii*) non-recurring expense (Euro 1.8 million)[9] and *iv*) the adjustment of the customer relationship (Euro 4.0 million) based on the results of the impairment test that showed its carrying amount was compromised mostly by the negative effects of Covid-19, totalled Euro 31.3 million, showing a 7.4% increase as a percentage of sales. This was the direct consequence of the lower absorption of overheads due to the sharp drop in revenue. This dilution was mitigated - to some extent, given the already low overheads that characterise the Group's business model - by the swift cost containment action taken by management to reduce variable and discretionary expenses and limit the financial impact of Covid-19.

Adjusted EBITDA (i.e., the adjusted operating profit) of Euro 15.1 million for the reporting period (Euro 13.9 million of which referred to the second half of the year) reflects the gradual normalisation of the adjusted operating profit margin, which went from 3.4% in the first half of 2020 to 20.4% in the second half, despite the effects of the second wave of Covid-19 on the last two months of the year.
Adjusted EBITDA, down Euro 18.0 million on the same period of the previous year, nevertheless shows a double-digit margin (14.4%) when considered on an annual basis, demonstrating the resilience and flexibility of the Group's business model and despite the moderately negative impact (Euro 0.4 million) of the five months in which the newly acquired Worldconnect was consolidated (its main distribution channel, airport travel retail, was the most penalised by Covid-19).

Net financial income of Euro 0.3 million shows an improvement on the same period of the previous year, when the Group reported **Net financial expenses** (Euro -0.3 million). In 2020, other items included: *i*) the fair value gain on the put and call options for Systema and Worldconnect (Euro 1.7 million), *ii*) the fair value gain on the liability relating to the outstanding warrants (Euro 0.8 million), *iii*) interest expense on the loan (Euro -0.9 million) and *iv)* the cost of extinguishing the loan in advance following the refinancing deal (Euro -0.4 million).

Current and deferred taxes for the year, totalling Euro 16.3 million, benefited from the recognition of the non-recurring tax effects of the realignment of the tax values of the Cellularline and Interphone brands and the customer relationship to their carrying amounts pursuant to article 110 of Decree Law no. 104/220, the "**August Decree**", converted into Law no. 126/2020, as amended by the 2021 Budget Act, for a combined impact of Euro 16.3 million, net of the substitute tax[10] due in order to receive the benefit.

This tax realignment only affected 2020 with no impacts on the cash flow for the year. The recognition of greater tax values for the realigned assets will begin in 2021, with a positive financial impact as from 2022.
Current taxes for the year amounted to Euro 1.7 million, while deferred tax assets came to Euro 1.7 million.

The tax benefit described above enabled the Group to report a **Profit for the year** of Euro 13.9 million, although it was down 23.7% on the same period of the previous year.
Adjusted Profit was Euro 5.3 million after total adjustments to non-recurring items of Euro 8.6 million, including those of *i*) an "operating " nature: Euro 13.5 million[11], *ii*) a "financial" nature: Euro -2.1 million[12] and *iii*) a "tax" nature: Euro -20.0 million[13].

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[8]The purchase price allocation mainly originated from the accounting effects of the business combination in June 2018.
[9]Non-recurring expense mainly refers to the acquisition of Worldconnect and other expenses related to Covid-19.
[10] Substitute tax of Euro 1.8 million.
[11]These include: *i*) the amortisation of the purchase price allocation (Euro 6.2 million), *ii*) the impairment of the customer relationship (Euro 4.0 million) and *iii*) non-recurring expense (Euro 3.3 million).
[12]These include: *i*) net fair value gains on the Systema and Worldconnect put and call options (Euro 1.7 million), *ii*) the fair value gain on the warrants (Euro 0.8 million) and *iii*) the costs of extinguishing the loan in advance (Euro -0.4 million).
[13] These include: *i*) the non-recurring tax effects of the realignment of the tax value of the Cellularline brand and the customer relationship (Euro 16.3 million) and *ii*) the theoretical tax effects of the previous adjustments (Euro 3.7 million).

Analysis of consolidated net financial indebtedness and operating cash flow

Net financial indebtedness of Euro 49.0 million at 31 December 2020 (Euro 24.6 million at 31 December 2019) was affected, like the Group's Leverage ratio of 3.2x, mainly by the acquisition of Worldconnect in July 2020 for Euro 24.1 million, consisting of:

- Euro 9.4 million for the payment - at closing - of the first tranche to acquire 80% of the company, plus the assumption of the acquired company's net financial indebtedness of Euro 5.2 million at year-end 2020;
- Euro 9.5 million relating to: *i)* the second tranche of payment (Euro 5.3 million) due by July 2021 and *ii*) the fair value of the agreed put and call options - which may be exercised as from 2023 - for the remaining 20% of Worldconnect (Euro 4.2 million).

Excluding the effect of the above, net financial indebtedness would have been Euro 24.9 million, substantially in line with 31 December 2020 (Euro 24.6 million).

Despite the effects of Covid-19, **Operating cash flow** for the year came to Euro 11.3 million, confirming the resilience of the Group's cash generation.

At 31 December 2020, **Cash and cash equivalents** totalled Euro 8.6 million, thanks to the operating cash flow generated in the year and after having considered, among other factors: *i*) the payment for the acquisition of Worldconnect, as mentioned above, *ii*) the payment of dividends (Euro 6.6 million), *iii*) capex (Euro 3.9 million) and *iv*) the acquisition of another 15% of Systema (Euro 0.6 million) in the second half of 2020.

Significant events in 2020

In addition to that mentioned above, the following events took place in the year:

Shareholders' Meeting (April):

- approval of the financial statements as at and for the year ended 31 December 2019 and the distribution of the dividend of Euro 0.33 per share with dividend rights, as proposed by the Board of Directors on 11 March 2020, for a total pay-out of Euro 6.6 million, with ex-dividend, record and payment dates 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 for the approval of the financial statements at 31 December 2022.

Business updates:

- **launch of the new brand PLOOS** (February): a range of roughly 50 products, composed primarily of recharging, car and audio accessories. The launch of this new brand is part of a wider strategic review of the Group's brand portfolio to supplement 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 products, 100% plastic-free and with packaging made out of recycled and recyclable paper;
- **rebranding of CELLULARLINE** (March): on the Company's 30th anniversary (it was founded in 1990), it unveiled (R)EVOLUTION, an ambitious project for the strategic repositioning and revamping of the marketing mix of the main brand, Cellularline;
- **agreement with Microban®** (May): development of a product range featuring integrated antimicrobial technology, currently being launched;

- **acquisition of another 15% of Systema** (May): acquisition under the put and call agreement between the parties;
- **three-year agreement with Altec Lansing** (June): co-design, production and distribution of premium audio products for the European market;
- **presentation of Hi-GENS** (June): new UV-C steriliser, a particularly attractive product considering the current Covid-19 pandemic;
- **acquisition of 80% of Worldconnect AG** (July), global market leader in premium travel adapters. Founded in 2002 and based in Diepoldsau (Switzerland), Worldconnect - through its SKROSS and Q2 Power brands and partnerships with top OEMs - operates internationally with a vast range of products comprising multiple travel adapters, specific adapters for individual countries and peripheral power 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's strategy - confirms management's objective of additional development in brands, channels, geographic areas and products where the Group has ample room for growth, as well as its focus on seizing market opportunities.
- **new financing agreement** (October): agreement signed with Banco BPM S.p.A. and UBI Banca S.p.A. for a total of Euro 70 million. The agreement includes Euro 50 million as an extension of the pre-existing medium/long-term loan (Euro 45 million) to 20 June 2025, which will enable the Company to extend the due dates of financial liabilities by three years, giving it greater financial flexibility thanks to the reduction in principal repayments by Euro 3.4 million per annum.
  The new agreement also includes Euro 20 million for acquisitions to support the Group's inorganic growth strategy, one of its main lines of development.
- **launch of the Audio Quality Lab™ (AQL™) site,** www.audioqualitylab.com (October): a website entirely dedicated to the audio world, which will flank the Group's other websites (www.cellularline.com and www.interphone.com) and help strengthen the Group's strategy of making the online channel a main growth driver for future development.
- **new range of accessories for Apple products** (November): new, extensive catalogue to meet the needs of Apple users. The four new iPhone 12 models were the first products to be launched by Apple in packages without battery chargers or earbuds, and this will be the policy for the current iPhone SE, iPhone XR and iPhone 11 models as well. In addition, Cellularline has developed a complete new range, expanding its offer with accessories for other successful Apple devices: Apple Watch Series 6 and Apple Watch SE, Airpod and Airpod Pro.
- **resignation of the Chief Corporate & Financial Officer, Investor Relator and Manager responsible for financial reporting** (November): with effect as from 31 December 2020, Stefano Cerrato announced he would be stepping down as Chief Corporate & Financial Officer, Investor Relator and Manager responsible for financial reporting. With the approval of the Board of Statutory Auditors, the Board of Directors appointed Christian Aleotti, Co-CEO of the Cellularline Group, to serve as acting Manager responsible for financial reporting and Marco Cagnetta, Co-CEO of the Cellularline Group, to serve as acting Investor Relator.
- **agreement with Nativa** (December): the partnership is an integral part of the Group's ESG strategy and falls within the scope of the (R)EVOLUTION project to speed up the transition towards a long-term sustainable business model; Nativa, the first B Corp and Benefit Company in Europe, is an innovation company that incorporates sustainability into the identities and business models of companies in a development process that creates value for the planet and the community.
- **sale of L Catterton S.A.S.'s investment in Cellularline** (December): S.M.L.K S.r.l. (a company owned by the funds managed by the private equity firm L Catterton Europe S.A.S.) announced that it had sold its full investment in Cellularline S.p.A. to certain qualified investors. The investment, consisting of 2,260,023 ordinary shares and corresponding to 10.428% of the company's share capital with voting rights, was sold for Euro 3.85 per share. Furthermore, the Company was informed that Cellularline S.p.A.'s Chairman, Antonio Luigi Tazartes and Co-CEO, Christian Aleotti, acquired 130,000

shares each from the selling shareholder, respectively increasing their stakes in the Company to 1.523% and 8.559% of voting-rights capital.

Significant events after the reporting date

- **Appointment of the Chief Corporate & Financial Officer and Manager responsible for financial reporting** (February): the Board of Directors appointed Davide Danieli - effective 21 April 2021 - as Group Chief Corporate & Financial Officer and Manager responsible for financial reporting pursuant to article 154-bis of the Consolidated Finance Act, with the approval of the Board of Statutory Auditors, as he meets the requirements in the articles of association to hold this office. In addition to having earned a degree in Economics from the University of Turin in 2000 and completed the Executive MBA program at Altis - Università Cattolica of Milan, Danieli has, in his 20-year career, gained vast experience in AFC, Tax and HR and personally contributed to the transformation and digitalisation of business processes, M&As, post-merger integrations and the optimisation of business performance to maximise value for shareholders.

Business outlook

As throughout 2020, in which - despite the challenging context - management managed to complete many projects underpinning the Company's future growth plans, management is completely focused on:

- developments in the core business, such as product innovation/expansion, new business agreements and strengthening the offline and online channels;
- implementing the new route-to-market for the German market - moving away from the "indirect" model based on a local distributor - through new potential partners and the start of a possible direct relationship with the leading market player after the centralisation of its operations;
- kicking off the distribution of Altec Lansing brand products in Europe following the agreement signed in June 2020;
- integrating operations with the newly acquired company Worldconnect AG, whose turnover is expected to gradually recover after the airport travel retail channel slowly and progressively returns to normal, which is expected from late 2022 to early 2023;
- the ESG project as an integral part of the Group's strategy - which falls into the scope of the (R)EVOLUTION project kicked off in 2020 - in order to speed up the transition towards a long-term sustainable business model;
- defining the business model for the e-commerce channel as part of an in-house project slated for completion in H2 2021;
- scouting for potential M&As.

The effects of the pandemic - which exploded in the first quarter of 2020 and still persist around the globe - have generated profound uncertainty in terms of the duration and intensity of the socio-economic consequences that they have unleashed. The public health emergency has not yet been resolved at a global level and this limits visibility as to how the pandemic could potentially evolve, whether there will be additional waves of infection and their potential repercussions on the economy if lockdown measures are brought back.

In this context and only considering the first two months of 2021 (the first two months of the year historically accounting for roughly 10% of annual turnover), the Company has slightly underperformed the same period of the previous year, both because the first two months of 2020 had been unaffected by Covid-19 and because of the delayed roll-out of the new route-to-market for the German market due to the restrictions imposed by the authorities after the virus resurged.

As noted above, the trend for the rest of 2021 will be affected by how the pandemic evolves. However, the inoculation campaign is expected to gain momentum in the second quarter throughout Europe and this instils hope that the most acute phase of the emergency is now behind us, giving us reason to expect a slow and steady return to growth starting at the end of the first half of 2021.

Other resolutions

- **Allocation of the profit for the year**: The Board of Directors resolved to not pay the ordinary dividend and instead allocate the profit for the year to reserves based on the provisions of the articles of association and article 2430 of the Italian Civil Code, considering the exceptional emergency that arose in 2020 as result of Covid-19, the current context of socio-economic uncertainty and the difficult assessment of the effects that this persistent situation may still have on the economy;
- **Long-Term Incentive Plan**: today, the Board of Directors also approved the proposal to adopt the new "*2021-2023 Cellularline Group Incentive Plan*" (the "**Plan**") for the Company's and the Group's executive directors, key managers and other key resources, with the aim of creating incentives to develop a culture among senior management highly oriented towards creating value and continuously improving business results and the Company's equity performance.
  Specifically, the Plan is aimed at:
  - *i.* engaging and motivating the beneficiaries to align their conduct with the shareholders' interests and to stimulate performance, directing senior management's focus towards actions that achieve long-term improvement in the Group's results;
  - *ii.* encouraging loyalty among the Group's senior management by introducing share-based payment to improve retention;
  - *iii.* increasing the portion of the beneficiaries' variable pay to reinforce a results-based culture;
  - *iv.* making the Group a more attractive employer on the job market to attract the best talent.

  The Plan entails the free assignment to each beneficiary of rights to receive - free of charge - the Company's treasury shares as a reward for the achievement of the long-term performance targets: relative total shareholder return (TSR), which measures the performance of the Cellularline share compared to a benchmark security, and Adjusted EBITDA on a three-year basis, which measures business performance (with respective weights of 70% and 30%).
  The Plan provides for three annual allocation cycles each lasting a total of five years, consisting of a three-year vesting period, at the end of which the achievement of the performance targets is measured, and a two-year lock-up on the shares assigned to beneficiaries who meet the targets.
  For each Plan cycle, the shares will be assigned when the rights vest all at once at the end of the relevant three-year period provided that the beneficiary has maintained the employment relationship or directorship with the Company or Group, with exceptions for good leavers in line with market practice.
  For additional information on the Plan, please refer to the Information Memorandum, which the Company will publish according to the methods and terms of law.

Calling of the Ordinary Shareholders' Meeting

Today, the Board of Directors resolved to call an Ordinary Shareholders' Meeting for 28 April 2021, on single call, to approve, among other documents, the financial statements as at and for the year ended 31 December 2020, the Report on the remuneration policy and the fees paid pursuant to article 123-*ter* of the Legislative decree 58/1998 and the 2021-2023 Long-Term Incentive Plan.

The Board of Directors delegated its Chairman to call the Shareholders' Meeting according to the terms of law. The notice of call will be published on www.cellularlinegroup.com and in accordance with the articles of association.

The documentation required by current legislation concerning the matters indicated above, together with Cellularline's draft financial statements and consolidated financial statements as at and for the year ended 31 December 2020, will be filed at the Company's registered office and published on www.cellularlinegroup.com in accordance with the terms of law and regulations. The report of the Board of Directors and the Information Memorandum on the Plan will be provided to the public according to the methods and deadlines pursuant to articles 114-*bis* and 125-*ter* of Legislative decree no. 58 of 24 February 1998, as subsequently amended and supplemented, and in accordance with articles 84-*bis* and 84-*ter* of the Issuers' Regulation.

Legal statements

The Manager responsible for financial reporting, Christian Aleotti, states, pursuant to paragraph 2 of article 154-*bis* of the Consolidated Finance Act, that the financial reporting in this press release corresponds with the documentary records, ledgers and accounting entries.
The annexes include the financial statements examined and approved today by the Board.

- **Annex A**: the Cellularline Group's IFRS-compliant consolidated data at 31 December 2020 compared with the same at 31 December 2019;

- **Annex B**: Cellularline S.p.A.'s IFRS-compliant data at 31 December 2020 compared with the same at 31 December 2019;

- **Annex C**: the Cellularline Group's consolidated income statement for the year ended 31 December 2020, reclassified on the basis of presentation that management deems to best reflect the Group's operating profitability.

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Analyst conference call

Management will present the consolidated results at 31 December 2020 to the financial community during a conference call to be held on 19 March 2021 at 12:00 CET.
To participate in the conference call, dial: +39 02 805 88 11
The presentation slides and any other supporting material will be made available before the start of the conference call on www.cellularlinegroup.com/investors/presentazioni.

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*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 AND FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**31/12/2020**	**Of which related parties**	**31/12/2019**	**Of which related parties**
ASSETS				
Non-current assets				
Intangible assets	74,940		75,533	
Goodwill	106,408		95,069	
Property, plant and equipment	7,924		7,142	
Right-of-use assets	1,749		1,806	
Deferred tax assets	1,782		1,666	
Financial assets	555	555	552	552
Total non-current assets	**193,358**		**181,788**	
Current assets				
Inventories	32,963		22,925	
Trade receivables	52,704	5,244	60,847	6,272
Current tax assets	1,528		3,792	
Financial assets	108		54	
Other assets	4,780		5,677	
Cash and cash equivalents	8,629		32,089	
Total current assets	**100,711**		**125,383**	
TOTAL ASSETS	**294,069**		**307,171**	
EQUITY AND LIABILITIES				
Equity				
Share capital	21,343		21,343	
Other reserves	157,761		156,076	
Retained earnings (loss carried forward)	15,451		6,891	
Profit for the year attributable to owners of the parent	13,900		18,209	
Equity attributable to owners of the parent	**208,455**		**202,518**	
Equity attributable to non-controlling interests	-		-	
TOTAL EQUITY	**208,455**		**202,518**	
LIABILITIES				
Non-current liabilities				
Financial liabilities	35,027		37,621	
Deferred tax liabilities	2,552		21,352	
Employee benefits	720		774	
Non-current provisions for risks and charges	1,697		1,656	
Other financial liabilities	5,961		3,023	
Total non-current liabilities	**45,957**		**64,425**	
Current liabilities				
Financial liabilities	10,039		13,362	
Trade payables	15,485		19,056	
Current tax liabilities	1,869		384	
Current provisions for risks and charges	65		409	
Other liabilities	5,531		4,322	
Other financial liabilities	6,668		2,694	
Total current liabilities	**39,657**		**40,228**	
TOTAL LIABILITIES	**85,614**		**104,653**	
TOTAL EQUITY AND LIABILITIES	**294,069**		**307,171**	

ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	**31/12/2020**	**Of which related parties**	**31/12/2019**	**Of which related parties**
Revenue from sales	104,540	4,510	140,440	5,281
Cost of sales	(59,615)		(75,824)	
Gross operating profit	**44,925**		**64,616**	
Selling and distribution costs	(22,823)		(25,360)	
General and administrative costs	(26,099)	(122)	(20,411)	(83)
Other non-operating costs/(revenues)	591	(112)	1,505	
Operating profit/(loss)	**(3,405)**		**20,347**	
Financial income	2,706		1,472	
Financial charges	(2,449)		(1,777)	
Foreign exchange gains/(losses)	407		(79)	
Gains/(losses) on equity investments	345		119	
Profit/(loss) before tax	**(2,396)**		**20,082**	
Current and deferred taxes	16,297		(1,874)	
Profit for the year before non-controlling interests	**13,900**		**18,209**	
Profit for the year attributable to non-controlling interests	-		-	
Profit for the year attributable to owners of the parent	**13,900**		**18,209**	
Basic earnings per share (Euro per share)	**0.694**		**0.901**	
Diluted earnings per share (Euro per share)	**0.694**		**0.901**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31/12/2020**	**31/12/2019**
Profit for the year attributable to owners of the parent	**13,900**	**18,209**
Other comprehensive income that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plans	3	(40)
Actuarial gains (losses) on provisions for risks	(67)	(132)
Gain/(loss) on the translation of foreign operations	17	(8)
Income taxes	18	55
Other compenents of comprehensive income	**(29)**	**(125)**
Comprehensive income	**13,871**	**18,083**

ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of Euro)	**31/12/2020**	**31/12/2019**
Profit for the year	13,900	18,209
Amortisation, depreciation and impairment losses	14,884	9,710
Net impairment losses and accruals	871	903
(Gains)/losses on equity investments	(345)	(119)
Accrued Financial (income)/expenses	(257)	1,553
Current and deferred taxes	(16,297)	1,874
	12,757	**32,130**
(Increase)/decrease in inventories	(6,592)	(1,756)
(Increase)/decrease in trade receivables	8,996	2,686
Increase/(decrease) in trade payables	(4,731)	(5,722)
Increase/(decrease) in other assets and liabilities	5,766	1,879
Payment of employee benefits and change in provisions	(253)	(685)
Cash flow generated by operating activities	**15,942**	**28,533**
Interest paid	(931)	(1,553)
Income taxes paid	(3,704)	(6,612)
Net cash flow generated by operating activities	**11,307**	**20,368**
Acquisition of subsidiary, net of cash acquired	(13,813)	(1,568)
(Purchase)/sale of property, plant and equipment and intangible assets	(10,171)	(8,313)
Net cash flow used in investing activities	**(23,984)**	**(9,881)**
Net (purchase)/sale of treasury shares	-	(2,889)
(Dividends distributed)	(6,612)	(6,088)
Other financial assets and liabilities	8,492	2,471
Other changes in equity	(1,351)	(1,028)
Increase/(decrease) in bank loans and others borrowings	(11,035)	(13,334)
Payment of transaction costs relating to financial liabilities	(277)	481
Net cash flow used in financing activities	**(10,783)**	**(20,387)**
Increase/(decrease) in cash and cash equivalents	**(23,460)**	**(9,990)**
Opening cash and cash equivalents	**32,089**	**41,989**
Closing cash and cash equivalents	**8,629**	**32,089**

ANNEX B

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	31/12/2020	Of which related parties	31/12/2019	Of which related parties
ASSETS				
Non-current assets				
Intangible assets	63,824		73,784	
Goodwill	93,857		93,857	
Property, plant and equipment	5,412		5,436	
Equity investments in subsidiaries and associates	19,022		3,690	
Right-of-use assets	972		1,451	
Deferred tax assets	1,065		999	
Financial assets	6,468	6,468	1,730	1,730
Total non-current assets	**190,620**		**180,947**	
Current assets				
Inventories	27,780		22,061	
Trade receivables	53,286	14,715	61,898	11,832
Current tax assets	1,525		3,580	
Financial assets	86		37	
Other assets	3,580		5,538	
Cash and cash equivalents	6,135		29,963	
Total current assets	**92,391**		**123,077**	
TOTAL ASSETS	**283,011**		**304,023**	
EQUITY AND LIABILITIES				
Equity				
Share capital	21,343		21,343	
Other reserves	157,056		155,660	
Retained earnings (losses carried forward)	17,346		8,691	
Profit for the year	13,190		17,920	
TOTAL EQUITY	**208,935**		**203,614**	
LIABILITIES				
Non-current liabilities				
Financial liabilities	34,564		37,621	
Deferred tax liabilities	1,240		20,852	
Employee benefits	324		384	
Non-current provisions for risks and charges	1,488		1,472	
Other financial liabilities	458		891	
Total non-current liabilities	**38,074**		**61,219**	
Current liabilities				
Financial liabilities	10,039		13,362	
Trade payables	13,944		19,867	
Current tax liabilities	1,889		264	
Other liabilities	3,571		3,649	
Other financial liabilities	6,558		2,048	
Total current liabilities	**36,002**		**39,189**	
TOTAL LIABILITIES	**74,076**		**100,409**	
TOTAL EQUITY AND LIABILITIES	**283,011**		**304,023**	

ANNEX B

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

INCOME STATEMENT

(in thousands of Euro)	**31/12/2020**	**Of which related parties**	**31/12/2019**	**Of which related parties**
Revenue from sales	96,647	11,950	131,438	10,765
Cost of sales	(56,117)		(70,421)	
Gross operating profit	**40,530**		**61,017**	
Selling and distribution costs	(19,639)		(23,334)	
General and administrative costs	(23,338)	(122)	(19,040)	(86)
Other non-operating costs/(revenues)	492	(112)	1,465	
Operating profit/(loss)	**(1,955)**		**20,108**	
Financial income	976		1,474	
Financial charges	(2,392)		(1,755)	
Foreign exchange gains/(losses)	403		(79)	
Gains/(losses) on equity investments	-		(1)	
Profit (loss) before tax	**(2,968)**		**19,747**	
Current and deferred taxes	16,158		(1,827)	
Profit (loss) for the financial year	**13,190**		**17,920**	

STATEMENT OF COMPREHENSIVE INCOME

(thousands of Euro)	**31/12/2020**	**31/12/2019**
Profit for the year	**13,190**	**17,920**
Other comprehensive income that will not be reclassified to the income statement		
Actuarial gains (losses) on defined benefit plans	6	(26)
Actuarial gains (losses) on provisions for risks	(62)	(117)
Gain/(loss) on the translation of foreign operations	-	-
Income taxes on other comprehensive income	16	40
Other comprehensive expense for the year	**(40)**	**(103)**
Total comprehensive income for the year	**13,150**	**17,817**

ANNEX B

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF CASH FLOW

(in thousands of Euro)	**31/12/2020**	**31/12/2019**
Profit for the year	13,190	17,920
Amortisation, depreciation and impairment losses	13,767	9,294
Net impairment losses and accruals	523	328
Accrued financial (income)/expenses	1,416	1,528
Current taxes	(16,158)	1,827
	12,738	**30,898**
(Increase)/decrease in inventories	(6,019)	(1,811)
(Increase)/decrease in trade receivables	8,585	(909)
Increase/(decrease) in trade payables	(5,923)	(146)
Increase/(decrease) in other assets and liabilities	5,443	131
Payment of employee benefits and change in provisions	(239)	(176)
Cash flow generated by operating activities	**14,584**	**27,987**
Interest paid	(901)	(1,528)
Income taxes paid	(3,401)	(6,516)
Net cash flow generated by operating activities	**10,282**	**19,942**
Acquisition of subsidiary, net of cash acquired	(10,000)	(2,260)
(Purchase)/sale of property, plant and equipment and intangible assets	(3,303)	(6,226)
Net cash flow used in investing activities	**(13,303)**	**(8,486)**
Other financial assets and liabilities	(5,789)	(577)
(Dividends/reserves distributed)	(6,612)	(6,088)
Net (purchase)/sale of treasury shares	-	(2,889)
Other changes in equity	(1,257)	-
Increase/(decrease) in loans from banks and others borrowing	(6,873)	(13,334)
Payment of transaction costs relating to financial liabilities	(276)	481
Net cash flow used in financing activities	**(20,807)**	**(22,407)**
Increase/(decrease) in cash and cash equivalents	**(23,828)**	**(10,950)**
Opening cash and cash equivalents	**29,963**	**40,913**
Closing cash and cash equivalents	**6,135**	**29,963**

ANNEX C

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	31/12/2020	Of which related parties	% of revenue	31/12/2019	Of which related parties	% of revenue
Revenue from sales	104,540	4,510	*100%*	140,440	5,281	*100%*
Cost of sales	(59,615)		*-57.0%*	(75,824)		*-54.0%*
Gross operating profit	**44,925**		***43.0%***	**64,616**		***46.0%***
Selling and distribution costs	(22,823)		*-21.8%*	(25,360)		*-18.1%*
General and administrative costs	(26,099)	(122)	*-25.0%*	(20,411)	(83)	*-14.5%*
Other non-operating costs/(revenues)	591	(112)	*0.6%*	1,502		*1.1%*
Operating profit/(loss)	**(3,405)**		***-3.3%***	**20,347**		***14.5%***
* of which depreciation and amortisation (including PPA amortisation)	10,871		*10.4%*	9,710		*6.9%*
* of which impairment losses on the customer relationship	4,013		*3.8%*	-		-
* of which non-recurring Covid-19 costs	1,719		*1.6%*	-		-
* of which M&A and other non-recurring costs	1,578		*1.5%*	3,126		*2.2%*
* of which operating foreign exchange gains/(losses)	329		*0.3%*	(123)		*-0.1%*
Adjusted operating profit	**15,105**		***14.4%***	**33,060**		***23.5%***
Financial income	2,706		*2.6%*	1,472		*1.0%*
Financial expenses	(2,449)		*-2.3%*	(1,777)		*-1.3%*
Foreign exchange gains/(losses)	407		*0.4%*	(79)		*-0.1%*
Gains/(losses) on equity investments	345		*0.3%*	119		*0.1%*
Profit/(loss) before tax	**(2,396)**		***-2.3%***	**20,082**		***14.3%***
* of which PPA amortisation	6,203		*5.9%*	4,301		*3.0%*
* of which impairment losses on the customer relationship	4,013		*3.8%*	-		-
* of which non-recurring Covid-19 costs	1,719		*1.6%*	-		-
* of which M&A and other non-recurring costs	1,578		*1.5%*	3,126		*2.2%*
* of which financial expenses on the refinancing deal	408		*0.4%*	-		-
* of which fair value gain on the put/call option	(1,747)		*-1.7%*	-		-
* of which fair value gain on the warrant	(796)		*-0.8%*	(1,248)		*-0.8%*
Adjusted profit before tax	**8,982**		***8.6%***	**26,261**		***18.7%***
Current and deferred taxes	16,297		*15.6%*	(1,874)		*-1.3%*
Profit for the year attributable to owners of the parent	**13,900**		***13.3%***	**18,209**		***13.0%***
* of which PPA amortisation	6,203		*5.9%*	4,301		*3.0%*
* of which impairment losses on the customer relationship	4,013		*3.8%*	-		-
* of which non-recurring Covid-19 costs	1,719		*1.6%*	-		-
* of which M&A and other non-recurring costs	1,578		*1.5%*	3,126		*2.2%*
* of which financial expenses on the refinancing deal	408		*0.4%*	-		-
* of which fair value gain on the put/call option	(1,747)		*-1.7%*	-		-
* of which fair value gain on the warrant	(796)		*0.8%*	(1,248)		*-0.9%*
* of which tax effect on the above items	(3,655)		*-3.5%*	(414)		*-0.3%*
* of which benefit of request for tax ruling/intangible fixed asset tax alignment benefit	(16,327)		*-15.6%*	(700)		*-0.5%*
Adjusted profit for the year attributable to owners of the parent	**5,296**		***5.1%***	**23,254**		***16.6 %***