PRESS RELEASE

SECTION 1: DISCLOSURE FIRST HALF 2022

SECTION 2: DISCLOSURE REQUIRED BY CONSOB PURSUANT TO ART. 114, PARAGRAPH 5 OF THE TUF

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SECTION 1: DISCLOSURE FIRST HALF 2022

RESULTS APPROVED FOR THE FIRST HALF OF 2022

STRONG INCREASE IN REVENUES (+37.4%) AND ADJUSTED EBITDA SIGNIFICANTLY UP

NET FINANCIAL DEBT (PRE IFRS 16) IN LINE WITH 31 DECEMBER 2021

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- ***Revenue from sales*** *of Euro 54.6 million (Euro 39.7 million in the period ended 30 June 2021), of which Euro 0.6 million attributable to Coverlab, consolidated with effect from July 2021.*
- ***Adjusted EBITDA***[1] *of Euro 3.3 million (Euro 1.6 million in the period ended 30 June 2021).*
- ***Adjusted Net Result***[2] *was Euro -0.3 million, in line with the previous year (Euro -0.2 million).*
- *The* ***Net Result*** *amounted to Euro -43.0 million (Euro -3.2 million as of 30 June 2021), after non-recurring items of Euro 42.7 million; the main extraordinary item was the write-off of Goodwill for Euro 39.9 million following the result of the impairment test.*
- ***Net financial debt*** *of Euro 40.2 million (Euro 37.4 million as of 31 December 2021) including IFRS 16 Financial Lease of Euro 5.0 million (Euro 1.8 million as of 31 December 2021)*

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Reggio Emilia, 08 September 2022 - 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 Milan Euronext Market organised and managed by Borsa Italiana S.p.A., today examined and approved the Consolidated Interim Financial Report as at 30 June 2022.

The half-yearly financial report at 30 June 2022 will be filed, by the terms set forth in art. 154-ter, paragraph 2, of the of the Consolidated Law on Finance, at the Company's registered office and at Borsa Italiana S.p.A.; it will also be available on the Company's website at the following address www.cellularlinegroup.comas well as on the 1infostorage authorised storage mechanism by Computershare S.p.A. at www.1info.it.

Marco Cagnetta, **Co-CEO** of the Cellularline Group, noted, "*The figures for the half-year just ended confirm the solidity of the recovery underway by our Group, both in terms of top line and Adjusted EBITDA, thanks also to the success of the main strategic initiatives implemented by management. We are very satisfied with the performance achieved in the first half of the year, which is the result of the work of a cohesive and close-knit team, capable of taking the opportunities in the market. Although we have to be cautious given the*

[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 Profit* is calculated as adjusted Result of the period of the *i*) adjustments in Adjusted EBITDA, *ii*) adjustments of depreciation relating to the Purchase Price Allocation, *iii*) adjustments of non-recurring financial expense/(income) and *iv*) the theoretical tax impact of these adjustments.

macroeconomic context, which is still particularly challenging and uncertain, we are convinced that the short- and medium-term growth prospects for our Group will last."

Overview of H1 2022

As already communicated on 13 July 2022 with the preliminary consolidated results, after an increase of over 40% in Revenues in Q1 2022 compared to the same period last year, the Group recorded a further growth of +35.3% in Q2 2022 (compared with the same period of last year), confirming the solidity of the ongoing recovery in the top line.

The performance in the first half of the year was particularly positive as it was achieved in a complex macroeconomic context and in a market that was still gradually normalising post-Covid.

Analysis of consolidated revenues

In the first half of 2022, the Group realised **Revenues from sales** of Euro 54.6 million, up 37.4% compared to the same period of the previous year (Euro 39.7 million), thanks to the recovery of demand in both the domestic and international markets; the latter is also benefiting from the strong increase in sales by Worldconnect, thanks to the increase in traffic recorded in the Airport Travel Retail channel compared to the previous year.
It should be noted that Coverlab - start-up company active in the social commerce channel - contributed Euro 0.6 million in the period under review, so that the like-for-like revenue development (i.e., the comparison of sales with last year) amounted to +36.0%.

Revenues by product line

The table below shows Revenues by product line:

Euro millions	Reference period				Change	
	H1 2022	**% of revenue**	**H1 2021**	**% of revenue**	**Value**	**%**
Red – Italy	18.0	33.0%	16.0	40.3%	2.0	12.4%
Red – International	25.1	46.0%	15.2	38.2%	9.9	65.3%
Revenues from sales - Red	**43.1**	**79.0%**	**31.2**	**78.6%**	**11.9**	**38.1%**
Black – Italy	2.3	4.1%	2.3	5.7%	(0.0)	-1.0%
Black – International	1.9	3.5%	2.3	5.7%	(0.4)	-16.6%
Revenues from sales - Black	**4.2**	**7.6%**	**4.6**	**11.4%**	**(0.4)**	**-8.8%**
Blue – Italy	5.5	10.0%	3.2	8.1%	2.3	71.0%
Blue – International	1.8	3.4%	0.6	1.6%	1.2	>100%
Revenues from sales - Blue	**7.3**	**13.4%**	**3.8**	**9.7%**	**3.5**	**90.0%**
Others	0.0	0.0%	0.1	0.3%	(0.1)	>-100%
Total Revenues from sales	**54.6**	**100.0%**	**39.7**	**100.0%**	**14.9**	**37.4%**

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

- the **Red Line**, which represents the Group's core business through the marketing of accessories for smartphones and tablets and the audio products of the Group's proprietary brands, accounted for almost 80% of the comprehensive performance for the period, recording a rise of 38.1% (Euro 11.9 million[3]). Growth was driven by the recovery of demand in international markets (+65.3%) thanks to the contribution of both Cellularline and Worldconnect products as highlighted above;
- the **Black Line**, which mainly includes Interphone-branded motorbike accessories, recorded sales of Euro 4.2 million, Euro -0.4 million compared to the same period of the previous year;
- the **Blue Line** recorded growth of Euro 3.5 million, mainly due to increased demand for products of non-Group owned brands distributed in Italy.

Revenues by geographical area

The table below shows Revenues by geographical area:

Euro millions	Reference period				Change	
	H1 2022	**% of revenue**	**H1 2021**	**% of revenue**	**Δ**	**%**
Italy	25.7	47.2%	21.6	54.4%	4.1	19.1%
Main European markets[4]	15.6	28.6%	11.5	29.0%	4.1	142.5%
Other countries	13.3	24.2%	6.6	16.6%	6.7	>100%
Total Revenues from sales	**54.6**	**100.0%**	**39.7**	**100.0%**	**14.9**	**37.4%**

With regard to the analysis of sales by geographic area for, it should be noted that - thanks to the growth in sales recorded in all countries - the share of sales in foreign markets accounted for over 50% of the Group's total sales, with an increase in the incidence of 7.2 p.p., (52.8% compared to 45.6% in the first half of 2021).

Analysis of operating profit and consolidated profit for the year

Turning to the analysis of costs in the first half of 2022:

- the **Cost of Goods Sold**, amounting to Euro 32.9 million, was substantially unchanged in terms of percentage of sales (60.3%) compared with the same period of the previous year (59.8%);
- **Selling and Distribution Costs, General and Administrative Costs** and **Other Non-Operating Income** amounted to Euro 66.4 million in the period under review (Euro 20.9 million as of 30 June 2021) and were mainly influenced by the result of the impairment test performed on Goodwill, which had an impact of Euro 39.9 million.

For the purpose of preparing the consolidated half-year financial statements as at 30 June 2022, the Company conducted an analysis on the possible presence of impairment indicators of Goodwill as the Group's net equity is higher than the value of the Stock Exchange capitalisation ("trigger event").
The Group, therefore, also with the support of a consultant (Deloitte & Touche), carried out an impairment test consistent in its methodological approach to that adopted with reference to the consolidated financial statements for the year ended 31 December 2021, updating all relevant parameters based on information obtainable from external sources - used for the determination of the discount rate (WACC[5]) and the perpetual

[3] Coverlab's contribution to the Red Line was Euro 0.6 million.
[4] Germany/Austria, France, Spain/Portugal, Benelux and Switzerland.
[5] Weighted Average Cost of Capital: Weighted average cost of capital

growth rate subsequent to the explicit forecast (g-rate[6]), also incorporating in the WACC a factor to increase the risk of execution of the plan as a consequences of macroeconomics uncertainty.
At the end of the test, an impairment loss on Goodwill of Euro 39.9 million was recognised in the income statement, which is attributable to the effect of the significant increase in the discount rate used for the purposes of the test, which firstly reflects the significant worsening seen during the first half of the year (and in particular during the second quarter) of macroeconomic parameters.
The WACC determined as at 30 June 2022 was 10.4%, compared to 7.7% as at 31 December 2021. For further information on the Goodwill impairment test, see also Section 2 of this press release "Disclosure required by Consob pursuant to article 114, paragraph 5 of the TUF".

EBIT is therefore Euro -44.8 million (Euro -4.9 million in the period ended 30 June 2021).

Adjusted EBITDA, an indicator considered by management to be representative of the Group's operating profitability trend, amounted to Euro 3.3 million in the period under review, an increase of Euro 1.7 million. The adjustments to EBITDA are shown below: *i*) impairment of Goodwill deriving from the impairment testing (Euro 39.9 million), *ii*) Purchase Price Allocation[7] (Euro 3.2 million), *iii*) D&A (Euro 2.8 million), *iv*) Non-recurring expenses (Euro 1.0 million)[8] and *v*) Foreign Exchange Gains (Euro 1.1 million) resulting from hedging transactions for purchases from the Far East of products denominated in US dollars[9].

The Adjusted EBITDA margin shows a 2.1% recovery in profitability over the period, from 4.0% in H1 2021 to the current 6.1%, as a direct result of the higher absorption of fixed costs due to the strong revenue growth in the period and a tight cost control policy implemented by management.
The main benefits come from the reduction in the incidence of personnel costs, consultancy and other variable commercial costs; while the incidence of transport costs is increasing.

Net financial expenses for H1 2022 comes to Euro 0.7 million, while in H1 2021, expense was recorded for Euro 1.3 million. This difference is mainly attributable to the change in the fair value of outstanding warrants, which in 2021 had generated a cost of Euro 0.8 million, while in 2022 it had a positive effect of Euro 0.3 million. There were also higher charges related to premiums paid on derivative contracts for hedging against exchange rate risk in US dollars in the amount of Euro 0.5 million.

The **Net Result** for the first half of 2022, due to high net non-recurring expenses (mainly the write-down of Goodwill in the amount of Euro 39.9 million), was negative in the amount of Euro 43.0 million (Euro -3.2 million in 2021).
Net of adjustments for extraordinary and non-recurring items, the **Adjusted Net Result** for the first half of 2022, negative for Euro 0.3 million, is essentially in line with the first half of 2021 (Euro -0.2 million).

<u>Analysis of consolidated Net financial indebtedness and Operating cash flow</u>

Net financial debt as of 30 June 2022 amounted to Euro 40.2 million (Euro 37.4 million at the end of 2021) and includes the recognition of IFRS16 effects related to a new lease agreement entered into as of 1 January 2022 in the amount of Euro 3.2 million. The net financial debt is therefore - prior to IFRS 16 - substantially in line with 31 December 2021, despite the strong growth in sales volumes, the investments envisaged in the development plan, and the payment of dividends in the amount of Euro 1.0 million recorded in the first half of 2022.

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[6] g-rate: Growth rate
[7] The purchase price allocation mainly originated from the accounting effects of the business combination in June 2018 and the acquisitions of Systema, Worldconnect and Coverlab.
[8] They refer to income and expenses related to non-recurring, non-core events or related to extraordinary transactions.
[9] It should be noted that although not being non-recurring income, the Group intends this adjustment to represent operating performance net of currency effects

Operating cash flow for the period amounted to Euro 3.6 million, mainly due to the operating profitability generated and an effective management of Operating Working Capital, whose ratio to sales decreased to 58.9% in the period under review compared to 67.1% in H1 2021.

Cash and cash equivalents (Euro 9.7 million), the committed credit facility for M&As inherent in the existing medium/long-term loan agreement (Euro 20.0 million) and unused available trade credit facilities (Euro 14.3 million) ensure the Group's financial solidity, as well as adequate flexibility for possible future acquisitions.

Significant events during the interim

- **1 February**: obtained AEO (Authorised Economic Operator) certification from the Customs and Monopolies Agency. The recognition, conferred to subjects that meet strict standards of reliability and safety, will allow the Company to benefit from numerous facilitations in the relations with national and international customs authorities, simplifying and speeding up control procedures.
- **9 February**: appointment by co-option of Davide Danieli – currently Group Chief Corporate & Financial Officer, Investor Relater and manager responsible for preparing the company's financial reports as of 21 April 2021 – as Executive Director of the company.
- **30 March**: acquisition of the remaining 25% of the share capital of Pegaso S.r.l., the sole shareholder of Systema, a company operating in the market for mobile phone accessories in the Telco channel. The operation does not change Systema's contribution to the Cellularline Group's consolidated results because it has always been fully consolidated since it was included in the reporting scope in April 2019.
- **20 April:** incorporation of Cellularline USA Inc., a sales company for the development of Cellularline Group products for the USA and Canada;
- **27 April**: the Shareholders' Meeting approved all the items on the agenda and, in particular:
    - the separate and consolidated financial statements as at 31 December 2021, as proposed by the Board of Directors on 17 March 2022;
    - the distribution of a dividend partly in cash and partly through the assignment of treasury shares held in portfolio, according to the procedures described below:
        - for the cash portion: the distribution of an amount equal to Euro 0.05 gross for each ordinary share in circulation (excluding treasury shares);
        - as regards the portion in shares: the assignment of treasury shares in portfolio at a ratio of 1 share for every 32 ordinary shares of Cellularline S.p.A. (rounded down to the nearest unit), for a total maximum of 632,240 shares (corresponding to 2.9% of the share capital) that can be entirely withdrawn from the treasury shares held by the Company, with a consequent reduction in the related Reserve.
- **8 May:** the Board of Directors met to examine the non-binding letter of intent received from Esprinet S.p.A. on 6 May aimed at promoting a voluntary takeover bid, with a view to delisting, for all of Cellularline S.p.A.'s ordinary shares.
- **25 May:** dividend payment.

Significant events after 30 June 2022

- **13 July:** publication of preliminary figures for the first half of 2022 for Sales Revenues and Net Financial Debt, not subject to full or limited audit.
- **8 August:** 4 SIDE S.r.l., a company whose share capital is wholly owned by Esprinet S.p.A., announces that it has filed with CONSOB the offer document, intended for publication, relating to the voluntary public tender offer for all the ordinary shares of Cellularline S.p.A..

- **11 August:** CONSOB requested to make amendments and additions to the Offer Document filed by 4 SIDE S.r.l. by ordering, pursuant to Article 102, paragraph 4 of the TUF, the suspension of the term for the approval of the Offer Document until the completion of the information framework and in any case, for a period not exceeding 15 calendar days from the date of suspension of the aforesaid term.
- **26 August**: CONSOB ordered the resumption of the terms of the administrative procedure aimed at approving the Offer Document filed by 4 SIDE S.r.l., whose preliminary terms expired on 7 September 2022.
- **6 September**: issue of CONSOB authorisation for the publication of the Offer Document relating to the voluntary public tender offer for the entirety of Cellularline S.p.A.'s ordinary shares.
- **8 September:** publication by 4 SIDE S.r.l. of the Offer Document relating to the voluntary public tender offer for the entirety of Cellularline S.p.A.'s ordinary shares.

Business outlook

Based on the performance recorded in the first half of 2022 and the additional benefits expected from the numerous strategic actions undertaken, the management remains ambitious about the rest of the year in terms of consolidating the growth achieved in the first half of 2022 compared to the year 2021 also for second half of 2022, despite a difficult macroeconomic context.

In particular, the Company continues to pursue the objectives defined by the strategic development plan along four main lines:

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

The main risk factors for future business performance may come from a further worsening of the macroeconomic environment mainly as a result of the generalised increase in prices - primarily energy and transport - and the economic consequences of the conflict between Russia and Ukraine.

Legal statements

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

- **Annex A**: the IFRS financial statements of the Consolidated interim financial report as at 30 June 2022, reviewed and approved by the Board today, compared with those as at 30 June 2021;
- **Annex B**: the Consolidated income statement relative to the first half of 2022, reclassified as deemed more representative of the Group's operating profitability by the management.

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Analyst conference call

Management will present the consolidated results as at 30 June 2022 to the financial community during a conference call to be held on 09 September 2022 at 12:00 CET.
To participate in the conference call, dial: +39 02 36213011
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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SECTION 2: DISCLOSURE REQUIRED BY CONSOB PURSUANT TO ART. 114, PARAGRAPH 5 OF THE TUF

In compliance with Consob's request pursuant to article 114, paragraph 5 of Legislative Decree No. 58/1998 ("TUF") received on 6 September 2022, the Company makes the following public.

Request 1) The Company's considerations regarding the recoverable amount determined upon impairment testing of goodwill as of 31 December 2021 and 30 June 2022 and the reasons underlying the differential between the carrying amount of net assets, respectively, with (i) the stock market capitalisation as of the relevant dates and (ii) the value of the Cellularline Group implied in the target price of analysts monitoring the stock as of the above dates.

With reference to this first point, it should be firstly noted that the difference existing between stock market capitalisation and net book value of shareholders' equity was considered as an indicator of *impairment* in accordance with the provisions of the reference accounting standards and the internal accounting procedure, and led to the *impairment* test on goodwill being conducted on both of the above dates.

In particular, the impairment test was carried out with reference to both reference dates and in relation to the entire Cellularline Group (hereinafter “Group”), which represents the Cash Generating Unit to which the goodwill was allocated, on the basis of the economic and financial forecasts contained in the 2022-2025 Plan (hereinafter “Plan”) approved on 9 March 2022 by the Company’s Board of Directors, and using the discounted cash flow method. For the date of 30 June 2022, the same Plan was used, however also taking into account the forecast data for the year 2022 approved by the Company's Board of Directors on 28 July 2022. The value configuration chosen to determine the recoverable value for *impairment testing* purposes is therefore that of the 'value in use', used consistently with the principles of international accounting standards, which define the recoverable value that can be used for *impairment testing* as the greater of the value in use and the *fair value* (approximated by market capitalisation and analysts' target price).

The method of calculating value in use remained essentially the same at the two reference dates, providing for a physiological update of the market parameters at 30 June 2022 compared to 31 December 2021, and giving significant relevance to the market parameters observable in the second part of the first half of 2022, consistent with the recent pronouncements of valuation practice on the matter[10]. These market parameters showed significant deviations over this time horizon, leading to a significant increase in the discount rate used, represented by the Weighted Average Cost of Capital or WACC. Since the Plan has not yet been updated, an additional incremental component has also been taken into account in determining the WACC, which reflects in the valuation the performance delay expected for 2022 at EBITDA Adjusted level deriving from the forecast data, in order to appropriately take into account, in determining the value in use, the indications

[10] Consistent with OIV document, Discussion Paper n.1/2022 “Non-financial assets Impairment test (IAS 36) due to war in Ukraine.

coming from the most recent forward-looking data approved by the Company and the uncertainty of the economic framework as a whole (execution risk premium).

It should be noted that a growth rate g (g-rate), representative of long-term inflationary expectations, was applied to determine the Terminal Value.

Below are the WACC and g-rates determined as at 30 June 2022 and 31 December 2021.

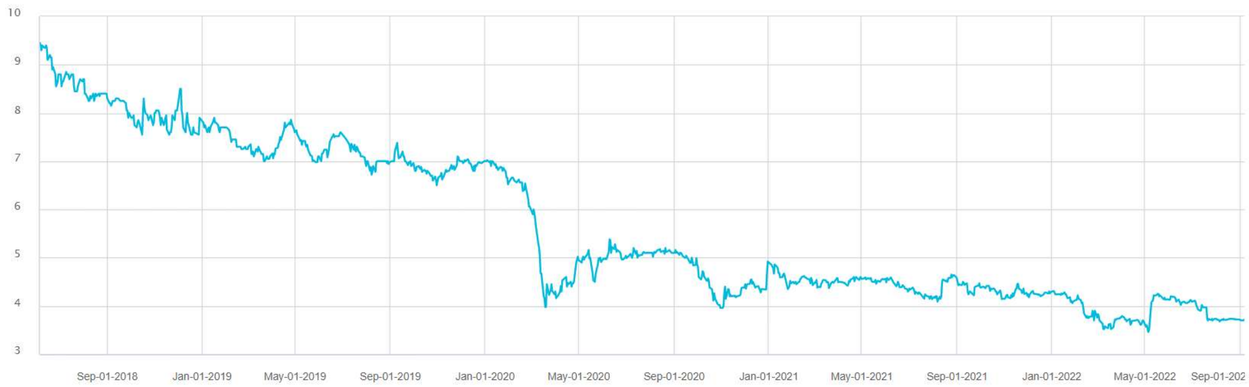
Parameter	31/12/2021	30/06/2022	Comments
WACC	7.70%	10.40%	The WACC as at 30/06/2022 increased compared to 31/12/2021 mainly due to the increase in the risk free rate and the cost of debt, and also due to the introduction of an incremental plan execution risk factor
g-rate	1.39%	1.85%	The g-rate increased as a result of expected long-term inflation in the countries where the Group operates (Source: FMI)

The additional incremental component of the WACC was not applied when *impairment testing* goodwill at 31 December 2021 as the projections used to determine the value were approved on 9 March 2022, therefore substantially concurrently with the approval of the 2021 annual financial statements, which took place on 17 March 2022.
With reference to the Plan, it should be noted that the estimates and figures related to the economic-financial forecasts to which the above-mentioned parameters are applied had been determined by the management at the date of approval of the Plan as their best estimate of the future evolution of the Company's performance based on past experience and expectations of developments in the markets in which the Group operates.

The result obtained from the impairment *test* at 31 December 2021 had not led to any impairment of goodwill, as the recoverable amount, in the value in use configuration, was higher than the *carrying amount* of the CGU (see Annual Report 2021); on the other hand, at 30 June 2022, an impairment loss of Euro 39.9 million was determined for the goodwill recognised. As a result, the book value of shareholders' equity, which amounted to approximately Euro 205.4 million as of 31 December 2021, decreased to Euro 162.3 million mainly due to the goodwill impairment mentioned above, which implies a book value of approximately Euro 7.8 per outstanding share (compared to approximately Euro 10.2 per share as of 31 December 2021).

The market capitalisation of the Company, as reported above, was lower at both of the above-mentioned reference dates than the net equity, and stood at approximately Euro 4.29 per share as of 31 December 2021 and Euro 4.09 per share as of 30 June 2022, respectively.

With reference to the trend in the market capitalisation of Cellularline's stock, it should be noted that the significant reduction in the value per share occurred in conjunction with the outbreak of the Covid-19 pandemic in the first half of 2020, which, as is known, had a major impact on the Company's results, and that the stock has subsequently not regained levels comparable to those recorded prior to the pandemic. A graphical representation of the above is provided below.



Over the same time horizon, analysts covering the stock gradually adjusted their expectations in line with the stock's performance, while maintaining the target prices of the reports (available on the Company's website, www.cellularlinegroup.com "Investors" section) available at the reference dates were on average always higher than the market price as of 31 December 2021 and 30 June 2022. In this sense, it is worth mentioning that the last published report covering the stock dated 21 July 2022, although indicating a target price aligned to the reference price of the takeover bid launched by 4 SIDE S.r.l., states a fair value of Euro 5.0 per share as a result derived from its DCF model.

Differences between value in use and stock market capitalisation / analysts' target prices hedging the stock are generally attributable to the following factors:

- different inputs used for the calculation of value in use, in terms of cash flows, discount rates (WACC) and any other key variables in the valuation (e.g. g-rate);
- presence of information asymmetries between the market and management (e.g. in the case of forecast data not disclosed to the market and used by management for its own internal evaluations);
- different relevant time horizons, i.e. the market generally has an investment horizon that implies a shorter-term view than the increased logic oriented towards the long term typically reflected by the DCF applied to a medium- to long-term business plan drawn up by management;
- different value configuration in valuation *(value in use* and *fair value*).

In particular, the difference in the estimate of the price per share between what was found in the Company's impairment test and what was expected by analysts is reasonably attributable to the different forecast data used. In fact, the Plan, from which the cash flows used for *impairment testing* originate, differs both in the operating flows and in the time horizon (2025, the year of reference of the terminal flow in the goodwill *impairment test*), with the latter year not considered by any analysts' forecasts. In addition, differences with the DCF exercises carried out by the analysts also emerge with regard to the discount rate (WACC) and the g-rate.

Request 2) With reference to the deviations between the preliminary figures disclosed on 13 July 2022 and actual figures as at 30 June 2022 and the forecasts of the 2022-2025 Plan approved by the Directors on 9 March 2022 used for goodwill impairment testing purposes, information on i) the factors that contributed to the said deviations, ii) the remedies implemented by management to mitigate their effects and iii) the manner in which said deviations are considered in the goodwill impairment test as at 30 June 2022.

With reference to this second point, the Company first of all notes that the first half of 2022 saw an increase in revenues compared to the corresponding period of the previous year, recording growth of 37.4%; this highly positive trend in terms of revenue growth is due to a recovery in the domestic and international markets, with the latter positively impacted by the growth of WorldConnect AG in the Airport Travel Retail channel. It should be noted that the above took place during a six-month period in which the market is still in a phase of progressive normalisation with respect to the Covid-19 pandemic, which, however, has not yet been fully resolved, as shown by the trend in the pandemic curve in the first part of the year 2022, and by the complex macroeconomic framework in place.

The growth reported above, although significant, is nevertheless slightly lower than expected, as there were some delays in terms of turnover attributable to various factors, including in particular a delay in turnover in Italy, mainly in the channel of the so-called Associated Groups, and in the Food mass distribution channel, while abroad, mainly in Germany and the Benelux countries, only partly offset by the healthy performance of the Blue Division and the subsidiary Worldconnect AG, as reported above.

In terms of profit margins (measured as EBITDA Adjusted), there was a slight decrease compared to what was forecast in the Plan, due to a mix of factors:

- increased transport costs from China and transport to customers;
- appreciation of the US dollar;
- mix effect on revenues (greater weight of lower margin product lines compared to the mix envisaged in the Plan).

Management has undertaken a number of initiatives to mitigate the effects described above:

- top line development through:
    - strengthening partnerships with major Italian retailers (such as enlargement commercial agreement with one of the main player in the Consumer Electronics channel),
    - agreements with major strategic European distributors,
    - increasing promotional activities,
    - price list increase, aimed at mitigating the effects on typical costs reported above, with particular reference to the significant increases in transport costs and the appreciation of the USD;
- variation of the modalities of transport from China favouring sea transport rather than air transport,
- initiatives to contain indirect operating costs related to personnel, marketing and trade marketing and other structural costs.

The expected performance deviations for 2022, as reported above, were taken into account in the impairment test as of 30 June 2022 through the application of an incremental correction of the WACC, which affects the final rate by 0.83%, determined accurately assuming that the aforementioned 2022 performance lag resulting from the most recent forecasts for the current year, remains constant in proportion also in the subsequent explicit forecast years and in the terminal flow.

Request 3) Considerations of the Company with reference to the updated nature of the economic-financial forecasts contained in the 2022-2025 Plan and an indication of a foreseeable time-frame for updating said Plan, also in order to incorporate the impacts connected to the changed macroeconomic context

Despite the slight deviations from the Plan for 2022, the revenue trend is substantially confirmed to date with respect to the 2022 Budget (corresponding to the first year of the Plan), albeit with a partially different mix of revenues, as mentioned above, which saw a greater weight of product lines with lower margins (eg the increase on WorldConnect AG) to the detriment of the Red Division. It should be noted that the Red Division is growing, but slightly below expectations, especially on foreign markets where the implementation of some initiatives has slowed down compared to what was expected, while on the domestic market the Company has strengthened its ties with major customers through the renewal of multi-year agreements, partly already in place and partly in an advanced stage of negotiations. At the moment, no substantial changes in the activity are expected over the period of the Plan that could impact on the forecasts of turnover.

Similar considerations apply to the data in terms of margins, where the contraction in EBITDA Adjusted margin compared to the Budget originates from a mix of factors, largely related to the present macroeconomic situation, already illustrated for the half-year differences and expressed above.

Therefore, based on the information available to date, the Company overall confirms the main long-term strategic guidelines of the Plan and the soundness of the development activities implemented, corroborated by the current year's performance and actions taken, and expects to update the Plan forecasts by the date of approval of the 2022 Financial Statements.

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

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ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 June 2022
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euro)	Balance as at 30 June 2022	Of which related parties	Balance as at 31 December 2021	Of which related parties
ASSETS				
Non-current assets				
Intangible assets	58,245		61,355	
Goodwill	69,290		108,773	
Property, plant and equipment	7,690		7,487	
Equity investments in associates and other companies	58		58	
Right-of-use assets	4,906		1,774	
Deferred tax assets	5,789		4,748	
Financial assets	0		0	
Total non-current assets	**145,978**		**184,195**	
Current assets				
Inventories	43,590		30,518	
Trade receivables	44,197	4,198	52,117	4,702
Current tax assets	990		1,214	
Financial assets	61		60	
Other assets	2,261		4,948	
Cash and cash equivalents	9,651		8,138	
Total current assets	**100,750**		**96,995**	
TOTAL ASSETS	**246,728**		**281,190**	
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Share capital	21,343		21,343	
Other reserves	168,365		159,174	
Retained earnings	15,648		28,688	
Profit (loss) for the year attributable to owners of the parent	(43,011)		(3,846)	
Equity attributable to owners of the parent	**162,345**		**205,359**	
Minorities' equity	-		-	
TOTAL SHAREHOLDERS' EQUITY	**162,345**		**205,359**	
LIABILITIES				
Non-current liabilities				
Financial liabilities	20,682		25,642	
Deferred tax liabilities	2,451		2,349	
Employee benefits	551		772	
Provisions for risks and charges	1,415		1,616	
Other financial liabilities	10,114		7,494	
Total non-current liabilities	**35,213**		**37,872**	
Current liabilities				
Financial liabilities	16,824		10,129	
Trade payables	22,680		19,825	
Current tax liabilities	621		1,230	
Provisions for risks and charges	-		-	
Other liabilities	6,737		4,489	
Other financial liabilities	2,308		2,285	
Total current liabilities	**49,170**		**37,958**	
TOTAL LIABILITIES	**84,383**		**75,831**	
TOTAL EQUITY AND LIABILITIES	**246,728**		**281,190**	

ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 June 2022
CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)	**Half year ending on 30 June 2022**	**Of which related parties**	**Half year ending on 30 June 2021**	**Of which related parties**
Revenue from sales	54,558	1,996	39,707	1,554
Cost of sales	(32,885)		(23,753)	
Gross operating profit	**21,673**		**15,954**	
Sales and distribution costs	(15,001)		(11,375)	
General and administrative costs	(52,224)	(6)	(11,470)	(5)
Other non-operating (costs)/revenue	802		1,979	
Operating profit/(loss)	**(44,750)**		**(4,912)**	
Financial income	308		244	
Financial expenses	(998)		(1,587)	
Foreign exchange gains/(losses)	1,329		(6)	
Gains/(losses) on equity investments	-		120	
Profit/(loss) before taxes	**(44,111)**		**(6,141)**	
Current and deferred taxes	1,100		2,916	
Profit/(loss) before minority interests	**(43,011)**		**(3,225)**	
Profit/(loss) pertaining to minority interests	-		-	
Profit for the year attributable to owners of the parent	**(43,011)**		**(3,225)**	
Basic earnings per share (Euro per share)	**(2.11)**		**(0.16)**	
Diluted earnings per share (Euro per share)	**(2.11)**		**(0.16)**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euro)	**Half year ending on 30 June 2022**	**Half year ending on 30 June 2021**
Profit for the year attributable to owners of the parent	**(43,011)**	**(3,225)**
Other components of comprehensive income that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plans	194	64
Actuarial gains (losses) on provisions for risks	298	10
Gains/(losses) on translation of foreign operations	588	(237)
Income taxes	(137)	(21)
Other components of comprehensive expense for the year	**943**	**(184)**
Total comprehensive income for the year	**(42,068)**	**(3,409)**

ANNEX A

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 June 2022
CONSOLIDATED CASH FLOW STATEMENT

(In thousands of Euro)	**Half year ending on 30 June 2022**	**Half year ending on 30 June 2021**
Profit for the year	(43,011)	(3,225)
Amortisation, depreciation and impairment losses	46,000	5,673
Net impairment losses and accruals	(492)	89
Accrued financial (income)/expense	643	1,344
(Gains)/losses on equity investments	-	(120)
Current and deferred taxes	(1,100)	(2,916)
Other non-monetary changes (*)	66	(7)
	2,106	**838**
(Increase)/decrease in inventories	(13,156)	1,018
(Increase)/decrease in trade receivables	8,156	15,947
Increase/(decrease) in trade payables	2,855	(2,844)
Increase/(decrease) in other assets and liabilities	5,653	2,288
Payment of employee benefits and change in provisions	(81)	-
Cash flow generated (absorbed) by operating activities	**5,531**	**17,247**
Interest and other net charges paid	(998)	(410)
Income taxes paid	(941)	(1,367)
Net cash flow generated (absorbed) by operating activities	**3,592**	**15,470**
Acquisition of subsidiary, net of cash acquired	-	(1,732)
Purchase of property, plant and equipment and intangible assets (*)	(2,829)	(1,527)
Cash flows generated (absorbed) by investing activities	**(2,829)**	**(3,259)**
Other financial assets and liabilities (*)	(962)	941
Decrease in bank loans and borrowings and loans and borrowings from other financial backers	1,735	(4,521)
Payment of transaction costs relating to financial liabilities	48	167
(Dividends/reserves distributed)	(1,012)	-
Other changes to equity	355	60
Net cash flows generated by (used in) financing activities	**164**	**(3,354)**
Increase/(decrease) in cash and cash equivalents	**925**	**8,857**
Effect of exchange rate fluctuations (*)	588	(232)
Total cash flow	**1,513**	**8,625**
Opening cash and cash equivalents	**8,138**	**8,629**
Closing cash and cash equivalents	**9,651**	**17,254**

(*) some items for H1 2021 have been reclassified

ANNEX B

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(In thousands of Euro)	**Half year ending on 30 June 2022**	**Of which related parties**	**% of revenue**	**Half year ending on 30 June 2021**	**Of which related parties**	**% of revenue**
Revenue from sales	54,558	1,996	*100.0%*	39,707	1,554	*100.0%*
Cost of sales	(32,885)		*-60.3%*	(23,753)		*-59.8%*
Gross operating profit	**21,673**		***39.7%***	**15,954**		***40.2%***
Sales and distribution costs	(15,001)		*-27.5%*	(11,375)		*-28.6%*
General and administrative costs	(52,224)	(6)	*-95.7%*	(11,470)	(5)	*-28.9%*
Other non-operating (costs)/revenue	802		*1.5%*	1,979		*5.0%*
Operating profit/(loss)	**(44,750)**		***-82.0%***	**(4,912)**		***-12.4%***
* of which depreciation and amortisation (including PPA depreciation and amortisation)	6,060		*11.1%*	5,673		*14.3%*
* of which impairment of goodwill	39,925		*73.2%*	-		*0.0%*
* of which non-recurring expense/(revenue)	968		*1.8%*	811		*2.0%*
* of which operating foreign exchange gains/(losses)	1,116		*2.0%*	4		*0.0%*
Adjusted operating profit/loss (Adjusted EBITDA)	**3,319**		***6.1%***	**1,576**		***4.0%***
Financial income	308		*0.6%*	244		*0.6%*
Financial expenses	(998)		*-1.8%*	(1,587)		*-4.0%*
Foreign exchange gains/(losses)	1,329		*2.4%*	(6)		*0.0%*
Gains/(losses) on equity investments	0		*0.0%*	120		*0.3%*
Profit/(loss) before taxes	**(44,111)**		***-80.9%***	**(6,141)**		***-15.5%***
* of which PPA depreciation	3,225		*5.9%*	3,213		*8.1%*
* of which impairment of goodwill	39,925		*73.2%*	-		*0.0%*
* of which non-recurring expense/(revenue)	968		*1.8%*	811		*2.0%*
* of which impact of fair value warrants	(307)		*-0.6%*	757		*1.9%*
Adjusted profit/loss before taxes	**(300)**		***-0.5%***	**(1,360)**		***-3.4%***
Current and deferred taxes	1,100		*2.0%*	2,916		*7.3%*
Profit (loss) for the period attributable to the Group	**(43,011)**		***-78.8%***	**(3,225)**		***-8.1%***
* of which PPA depreciation	3,225		*5.9%*	3,213		*8.1%*
* of which impairment of goodwill	39,925		*73.2%*	-		*0.0%*
* of which non-recurring expense/(revenue)	968		*1.8%*	811		*2.0%*
* of which impact of fair value warrants	(307)		*-0.6%*	757		*1.9%*
* of which tax effect on the above items	(1,080)		*-2.0%*	(1,708)		*-4.3%*
Adjusted Group profit (loss) for the period	**(280)**		***-0.5%***	**(152)**		***-0.4%***