CELLULARLINEGROUP

H1 2022 Financial results

Reggio Emilia – 09 September 2022

cellularline

Disclaimer

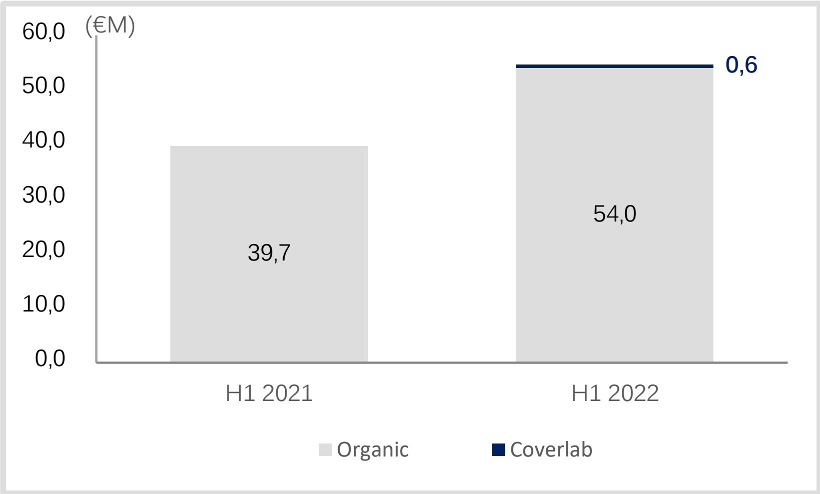
This document has been prepared for preliminary discussions in relation to Cellularline S.p.A. (the "**Company**") and its affiliates (together, the "**Group**"). This document, the information contained herein, and any information provided at any presentation in connection herewith (the "**Materials**") are being made available on a strictly confidential basis and all material contained herein and information presented is in summary draft form for discussion purposes only and must not be relied upon for any purpose. The content of this document has a merely informative and provisional nature and is not to be construed as providing investment advice.
This Material is solely for your information on a confidential basis and may not be reproduced or redistributed, in whole or in part, to any other person, including, without limitation, by email or any other means of electronic communication.
The Material includes certain information regarding the Company and the Group that has not been publicly disclosed. You are reminded of your agreement (i) not to disclose such information (or the fact of this presentation and the related discussions) to any person outside your organization or to others within your organization (unless they are also subject to these restrictions), except as may be required by law, regulation or court order, and (ii) to comply with all laws and regulations applicable to the holding of such information.
This presentation has been prepared and issued by, and is the sole responsibility of, the Company. The statements contained herein have not been independently verified. No representation or warranty, express or implied, is given by or on behalf of the Company and any of its directors, officers or employees as to the fairness, accuracy or completeness of the information or opinions given at the presentation or contained in this document and/or related materials and no liability is accepted for any such information or opinions. This document speaks as of September 8h**, 2022**. The information set out herein may be subject to revision and may change materially before closing. The Company is not under any obligation to keep current the information contained in this document and any opinions expressed in it are subject to change without notice.
The information contained herein does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire. In all cases, interested parties should conduct their own investigation and analysis of the Company and the data set forth in this document.
None of the Company or any of its respective affiliates, employees, officers, advisers or representatives shall have any liability whatsoever for any loss whatsoever arising from any use of this document or its contents, or otherwise arising in connection with this document (whether direct, indirect, consequential or other).
This document does not constitute an offer to sell securities, nor a solicitation to make an offer to purchase or acquire any securities in the Company under Italian law and/or the law of any other jurisdiction. This document does not constitute a prospectus, offering circular or offering memorandum or an offer to acquire any shares and should not be considered as a recommendation to subscribe or purchase shares. Neither this presentation nor any other documentation or information (or any part thereof) delivered shall be deemed to constitute an offer of or an invitation by or on behalf of the Company. The Company has not decided finally whether to proceed with a transaction.
This document and the information contained herein do not constitute an offer of securities for sale in the United States and are not for publication or distribution in the United States or to US persons (within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The securities proposed to be offered have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Neither this document nor any copy of it may be taken, transmitted or distributed, directly or indirectly, in or into Australia, Canada, Japan or the United States or its territories or possessions. Any failure to comply with this restriction may constitute a violation of Australian, Canadian, Japanese or United States securities laws. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions. This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. The securities referred to herein have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or the United States and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or the United States or to any national, resident or citizen of Australia, Canada, Japan or the United States.
The information in this document may include forward-looking statements, which are based on current expectations and projections about future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may", "will", "should", "plan", "expect", "anticipate", "estimate", "believe", "intend", "project", "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements, as well as those included in any other material forming part of the preliminary discussions, are subject to risks, uncertainties and assumptions about the Company, including, amongst other things, the development of its business, trends in its operating industry and future capital expenditure. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. The document may include figures related to past performance or simulated past performance. Past performance and simulated past performance are not a reliable indicator of future performance. No one undertakes to update or revise any such forward-looking statement and no representation or warranty is given as to the achievement or reasonableness of future projections, management targets, estimates, prospect or returns, if any.
Readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Company's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.
The information herein may not be reproduced or published in whole or in part, for any purpose, or distributed to any other party.
By attending this presentation, you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and the Group and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company's and the Group's business.
By attending this presentation, you will be taken to have represented, warranted and undertaken that you have read and agree to be bound by and comply with the contents of this notice and the research report guidelines set forth in a separate memorandum.

H1 2022 Highlights

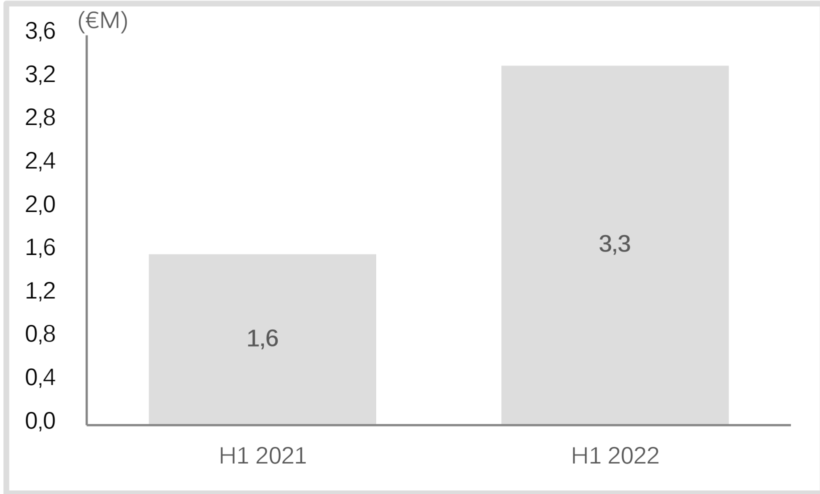
- **Strong momentum in Revenues** continues in **Q2 (+35,3%),** thanks to **strong performance** both in **Italian and International markets**
- **Revenues +37.4% YTD**, as a results of **the strategic initiatives carried out by the management and the restart of mobility.** despite of challenging economic context and price costs increase
- **EBITDA Adj. doubled in the period to €3.3M** vs €1.6M in H1 2021, with EBITDA Adj. margin on Revenues increased +2.1 p.p.
- **Net Result Adj. recorded a -€0.3M substantially unchanged** vs H1 2021 (-€0.2M)
- **Impairment** on Goodwill for -€39.9M has impacted Net Result in H1 2022 (-€43.0M vs -€3.2M)
- **Net Debt at €40.2M€ as of 30 June 2022;** net of Financial Lease contracts **(ex IFRS 16) was €35.2M, steady** vs FY2021 (€35.5M)
- The Group looks with **optimism at the year end,** supported by the several projects implemented as well as the good results of the first semester, despite **geopolitical uncertainty** surrounding **the global economy**
- Publication of the Offer Document relating to Esprinet voluntary takeover bid on all the ordinary shares of Cellularline S.p.A.

Key financials (€M)

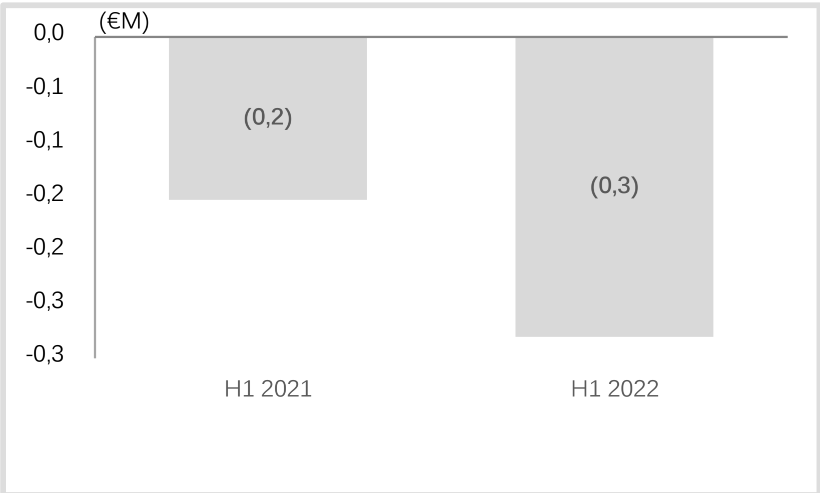
Revenues



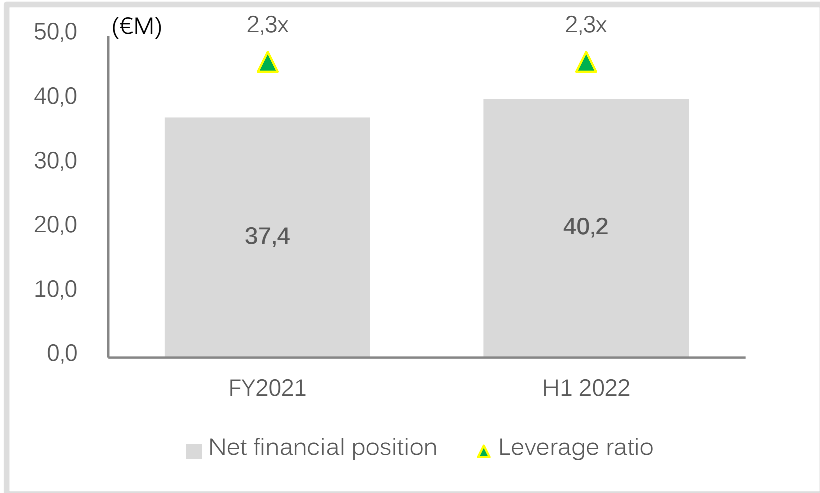
EBITDA Adj. [(1)]



Net Result Adj. [(1)]



Net Debt

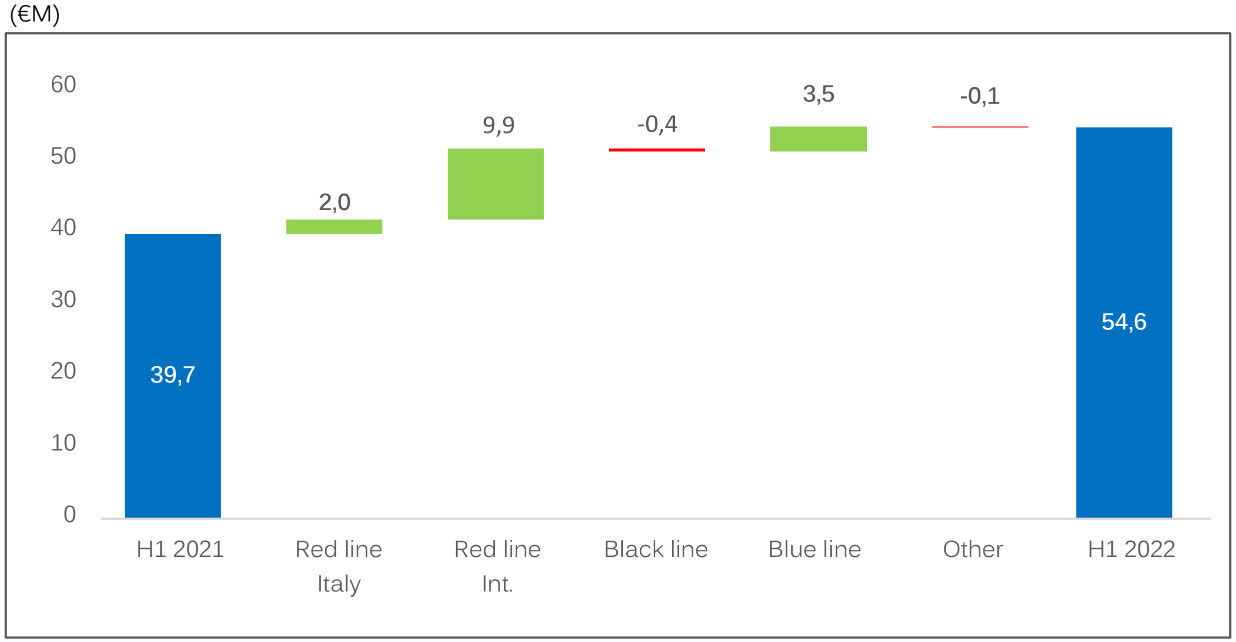


[(1)] Coverlab impact not material.

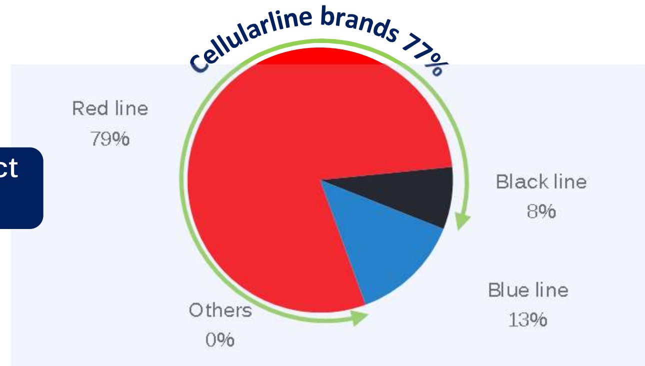
cellularline

Focus on Revenues

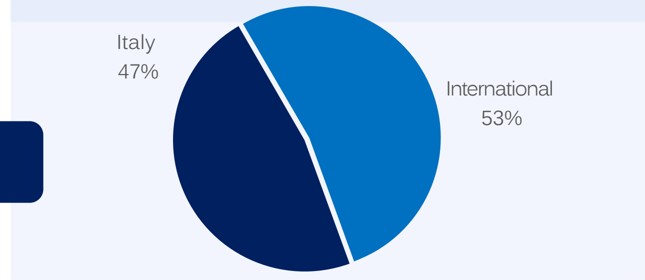
Revenues bridge



Product Line



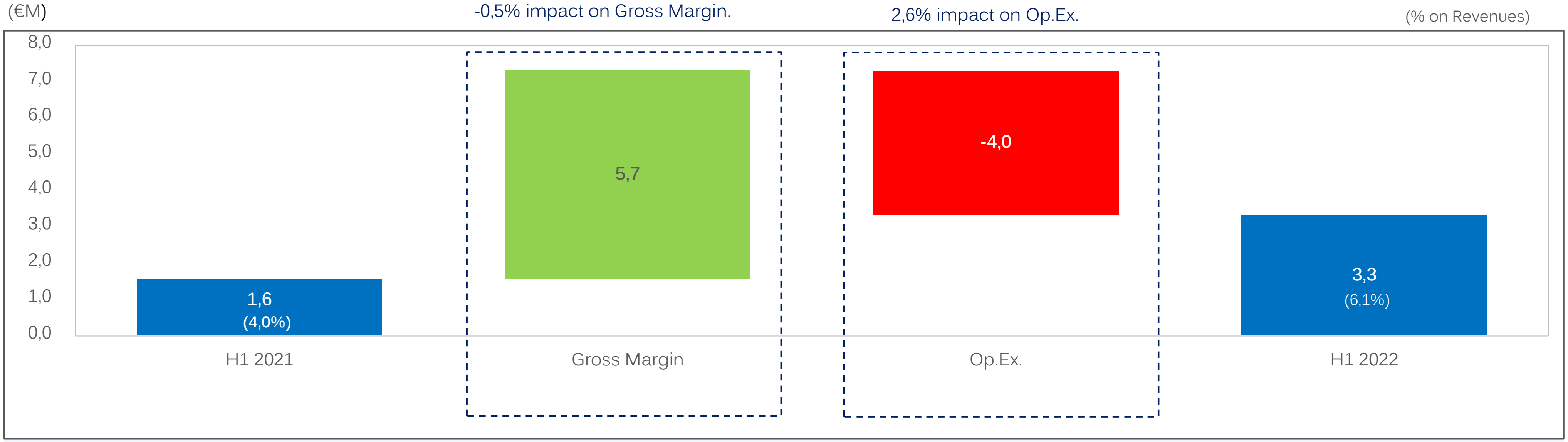
Geo



- Revenues had a remarkable +37,4% YTD 2022, reaching €54.6M in the period:
  - +35,3% in Q2 2022, following +40.2% in Q1 2022
- Red line ~80% of total Revenues showed strong rebound thanks to:
  - higher demand for Cellularline products, both in Italy as well as international markets
  - Worldconnect, who benefitted from traffic recovery in the Airport Travel Retail Channel and the reopening of some International Hubs
  - Coverlab for €0.6M, social commerce start-up acquired in July 2021
- International markets recorded a positive performance in the semester, bringing the incidence on total Revenues up to 53%, thanks to the positive contribution of all countries

Focus on EBITDA Adj.

EBITDA Adj. bridge

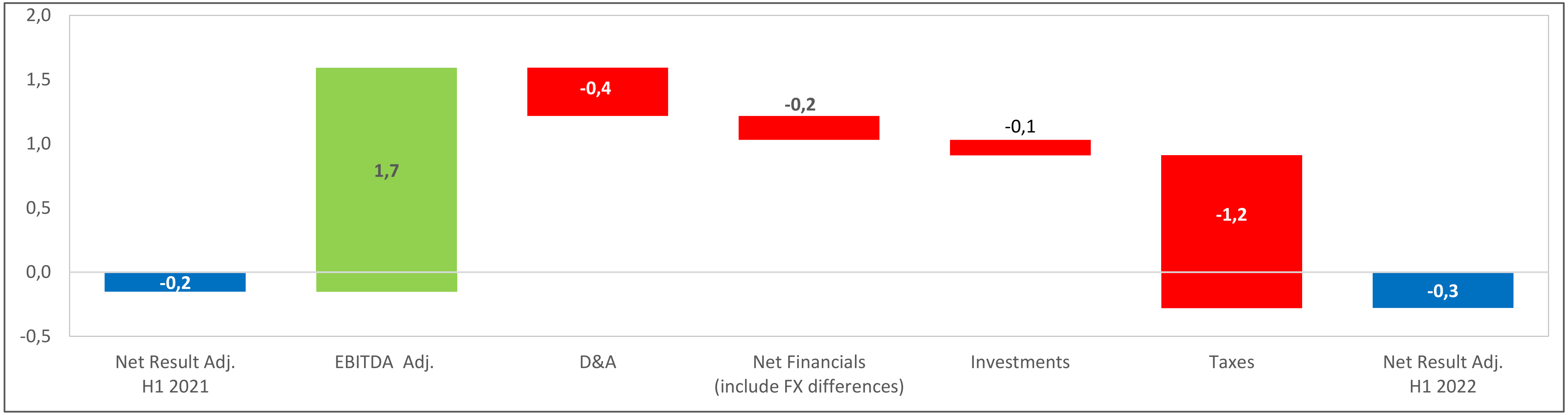


- EBITDA Adj. hit €3.3M in H1 2022, recording a strong increase in absolute terms (+€1.7.M) and with an improving in margin of +2,1%
- Gross margin raised €5.7M, thanks to volume effect but slightly decreased (-0,5%) as a percentage on Revenues, mainly due to a different contribution mix to the top line growth
- Opex increased €4.0M in absolute terms in the period but declined 2,6% as incidence on Revenues due to greater absorption of fixed costs, given by the strong growth in Revenues and tight cost control put in place by the management
  - Main benefits raised from reduction in the incidence of *i*) personnel costs, *ii*) consultancy and *iii*) other commercial variable costs; while the incidence of transport costs increased

Focus on Net Result Adj.

Net Result Adj. bridge

(€M)

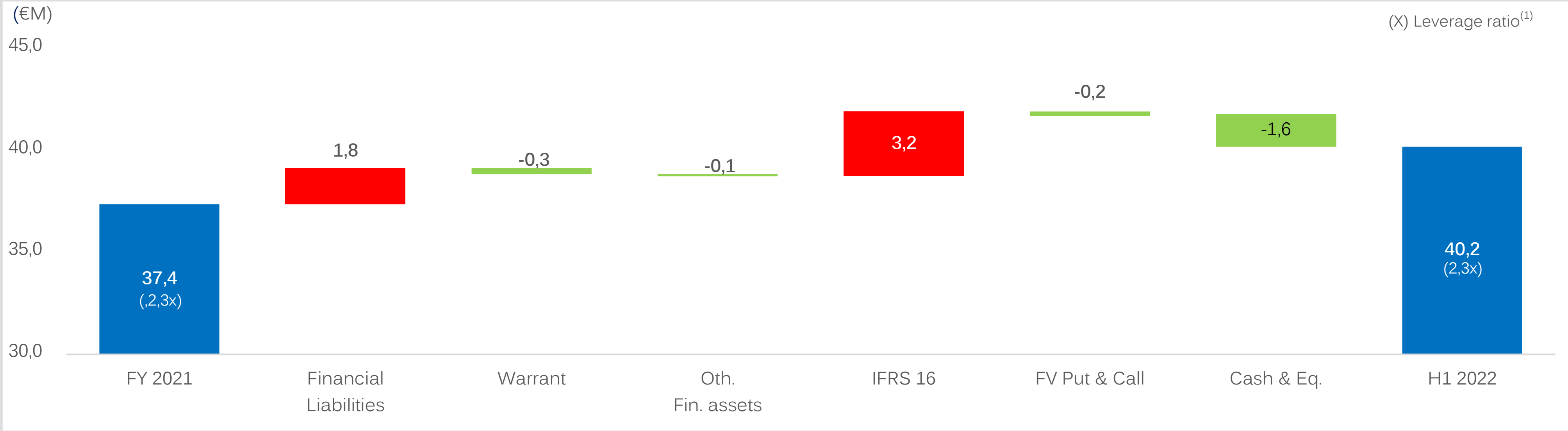


➢ Net Result Adj. -€0.3M substantially stable in H1 2022 vs H1 2021, as a consequences of different effects:

- positive contribution from EBITDA Adj., thanks to the improvement in the business performances
- increase in D&A, mainly due to amortization of new lease contract (ex IFRS16)
- higher Net financials related to FX hedging costs, partially compensated by lower interest on financial debts
- lower benefit from deferred active taxes (-€1.8M) partially compensated by lower tax on adjustments (+€0.6M)

Focus on Net Debt

Net Debt bridge



Net Debt

(€m)	FY 2021	H1 2022	Delta
Financial Liabilities	35,7	37,5	1,8
Warrant	1,2	0,9	-0,3
Oth. Fin. assets	-0,0	-0,1	-0,1
IFRS 16	1,8	5,0	3,2
Fair Value Put & Call	6,7	6,5	-0,2
Cash & Equivalents	-8,1	-9,7	-1,6
Net Debt	**37,4**	**40,2**	**2,8**

- Net Debt as of 30 June 2022 (€40.2M) increased €2.8M compared to FY2021, mainly due to the impact of Lease financing (ex IFRS16) related to the new warehouse contract (+€3.2M).
- Cash & Cash equivalent is -€9.7M, net of dividend paid for €1.0M
- Operating cash flow for the period amounted to Euro 3.6 million, mainly due to the operating profitability generated and an efficient Operating Working Capital management, whose incidence to Revenues decreased to 58,9% in H1 2022 vs 67,1% in H1 2021.
- Leverage ratio of 2,3x and Credit line for Acquisition (€20.0M) give ample financial flexibility for further M&A activities.

[1]Leverage ratio: Net Debt/ EBITDA Adj..
[2]Fair Value Put & Call refers to: Systema €0,6M; Worldconnect €4,4M and Coverlab €1,7M.

Overview on FY 2022

- **The Management** is fully **focused on** four main streams:
  - **Brand and products**: innovation and expansion of the product range, a distinctive element of the Group's DNA, in order to meet the needs of the final consumer by interpreting market trends;
  - **Core business**: confirmation of leadership in the domestic market through the strengthening of partnerships with the main retailers and expansion into international markets through the acquisition of new customers and agreements with strategic local distributors;
  - **E-commerce**: implementation of the strategic plan defined in 2021 which provides both the implementation of business to consumer - through the Group's proprietary sites and market places - and business to business with the strengthening of the partnership with the online sites of main players in the sector;
  - **M&A**: scouting for potential transactions in channels, products and markets deemed strategic.

- **The management,** backed by the several projects already implemented as well as the results achieved in the first semester of 2022, expects an increase in **Revenues** and **EBITDA Adjusted** in **FY2022**, as well as a further gradual **reduction** in the level of **Net financial debt**.

- **Geopolitical risks** and **price increases** are the **main threats** for the **global economy**.

- **Positive feedback from IFA**, the most inspiring trade show for consumer electronics and home appliances in Europe

cellularline

Appendix

1. Impairment test on Goodwill

Appendix: Impairment test on Goodwill

- The Group tests Goodwill for impairment annually and whenever there is any indication of loss:
    - the recoverable amount was determined using the Discounted cash flow method
    - the Company conducted an analysis on impairment of Goodwill as the Group's net equity is higher than the value of the Stock Exchange capitalisation (a "trigger event")

- With the support of an Independent Accounting Expert (Deloitte & Touche), the Group carried out an impairment test:
    - substantially consistent in its approach to that adopted for the Annual report FY2021
    - updating all relevant parameters based on information available from external sources:
        - discount rate (WACC)
        - perpetual growth rate subsequent to the explicit forecast (g-rate)
    - adding an execution risk of the business plan into the WACC

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 (0,83%)
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 effect of the significant increase in the discount rate (WACC) used for the purposes of the test, caused by the significant worsening of macroeconomic parameters generated an impairment loss on Goodwill of Euro 39.9 million

- For the purposes of business performance analysis, **the write-off has been considered as non-recurring items**

cellularline

Q&A session

cellularline

IR contact

Davide Danieli
Group Corporate & Financial Officer

Alessandro Brizzi
IR & Group Finance Manager

ir@cellularlinegroup.com

www.cellularlinegroup.com

Ph: +39 0522 33 40 02