

20 October 2020

First Quarter Trading Update

- Q1 net profit before tax (unaudited) up 90% year-on-year
- Operating costs (unaudited) down 25% year-on-year with no impact on operations
- Continued strong growth in gaming category, with additional brands set to launch in Q2
- Online sales increasing month-on-month during Q1

Cellnet Group Limited (“Cellnet” or the “Company”) has previously advised of strong trading conditions in June and July of this year, and now provides the following update to the market in relation to its first quarter trading for the 2021 financial year.

Unaudited net profit before tax for the quarter was \$551,000, up over 90% on the first quarter result for the 2020 financial year. This performance was driven by:

- the continued pivot of its brand portfolio to meet market demand in high growth categories, such as gaming and audio
- ongoing growth in higher margin categories and channels, such as gaming and online
- an ongoing focus on cost reduction, with unaudited operating costs down 25% year-on-year
- the company also notes that it has received support from the Commonwealth Government’s JobKeeper program in the quarter

The first quarter performance was achieved despite the Apple iPhone launch being moved from its traditional first quarter introduction to the second quarter, which Cellnet is now eagerly anticipating.

Commenting on the result, Cellnet’s CEO, Dave Clark, stated, “I am very pleased with our first quarter results. In the face of the strong COVID-19 headwinds and the delayed Apple iPhone launch, our team was able to deliver a strong quarterly profit increase of 90%. Not only this, but we were also able to sign several new world-class brands. As we move into the ‘super-cycle’ of gaming consoles and 5G phones, this has been a very encouraging start to the year.”

Ends

Authorised for release by the board of directors.

For further information, please contact Chris Barnes on 1300 235 563.