

cellnet

Company Update

Dave Clark
Chief Executive

AGM - 22 October 2020

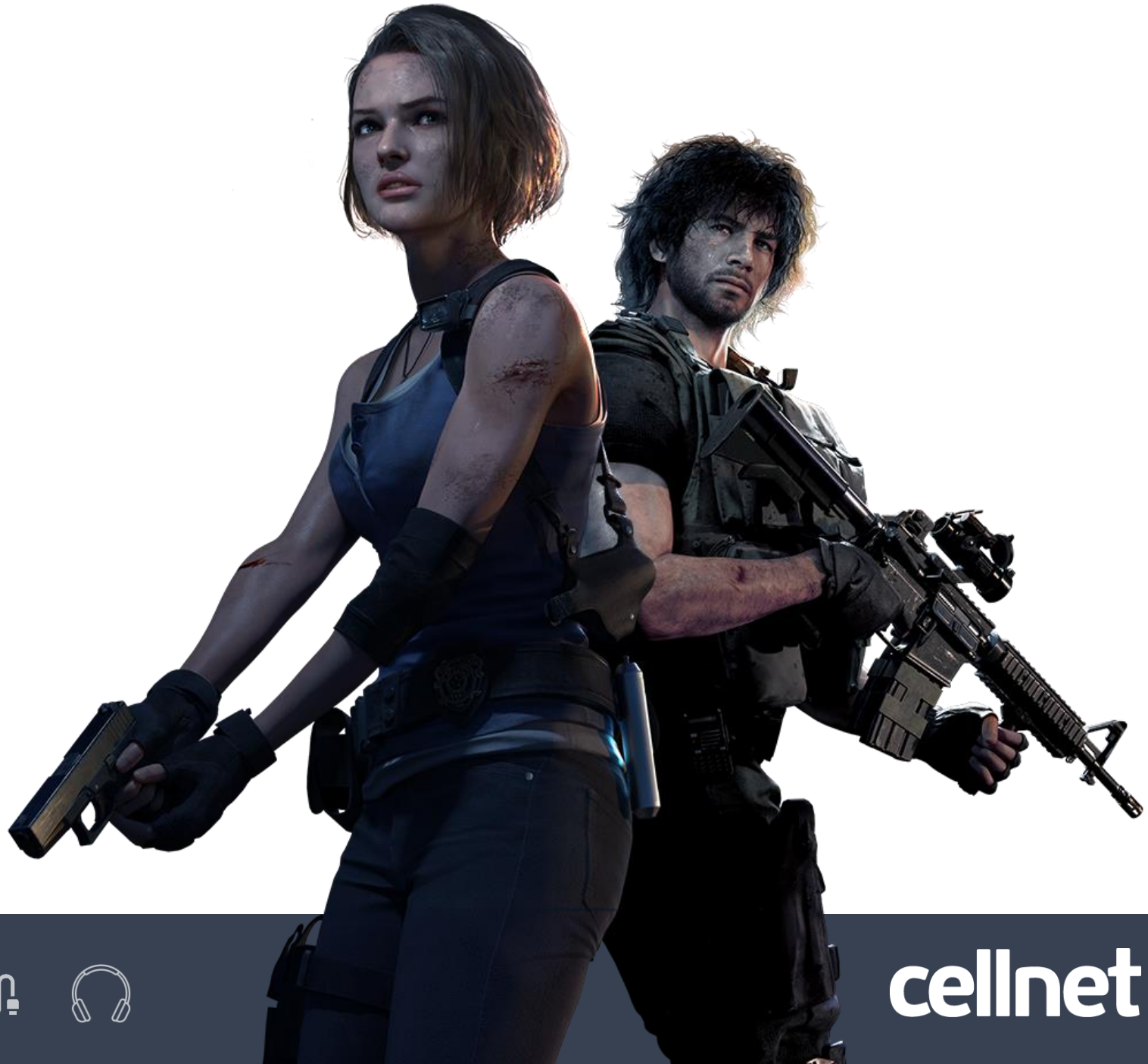
ASX:CLT



cellnet

We source products and represent market leading brands of lifestyle technology products into retail and business channels.

Our innovative and passionate approach makes us the most exciting and engaging company to partner with and be part of.



cellnet

THE CELLNET GROUP

cellnet

Established in 1992, Cellnet listed on the Australian Stock Exchange (ASX) in 1999 and now employs over 70 people across Australia and New Zealand. Cellnet is one of the largest accessory specialist distributors in the region. Cellnet's success is derived from its unique managed services model, combining world leading brands, its own 3sixT brand and an innovative category management approach. Cellnet provides extensive reach and coverage across all markets in both the Australian and New Zealand retail and telecommunications channels.

cellnet.com.au

 **Turn Left**
DISTRIBUTION

Turn Left is a leading Interactive Entertainment specialist across Australia and New Zealand. Partnering with some of the world's market leading brands, Turn Left provides a full-service distribution model, working with vendors and partners to manage fully integrated, localised end-to-end, go-to-market solutions with overarching marketing, PR and event activations.

turnleft.net.au

 **Performance**
Distribution

Performance Distribution is a leading specialist in online channels and direct to consumer distribution across Australia and New Zealand. Providing brands with website, database management and digital campaigns as well as traditional distribution services. Performance Distribution provides an Omni-Channel technology platform to brands and retailers that wish to sell online and strengthens the established Cellnet and Turn Left retail network with support for endless aisle and click and collect strategies.

performancedistribution.nz

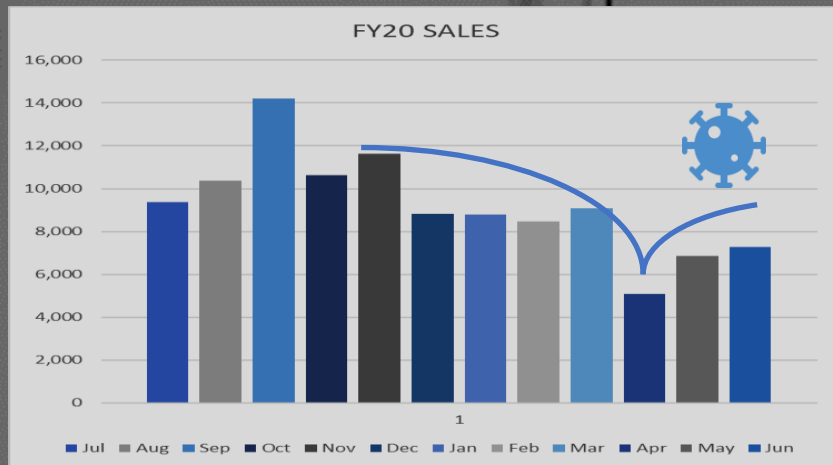


COMMERCIAL IN CONFIDENCE |

cellnet

FY2020 RESULT

- Positive operating EBITDA of \$372,000 under challenging conditions
- Net loss before tax of \$1.962m
- Increased focus on costs, down 22% year on year
- Strong balance sheet with \$6.9m cash at bank
- Enhanced free cash position of \$11.8m
- Momentum into FY2021, sales rebounding since April



COMMERCIAL IN CONFIDENCE |

cellnet

5 YEAR SUMMARY

\$000's	2016	2017	2018	2019	2020
Revenue	75,154	82,685	87,507	110,714	96,225
Increase		10%	6%	27%	(13%)
EBITDA	2,337	2,585	3,956	1,751	372
EBITDA%	3.10%	3.10%	4.50%	1.60%	(0.40%)
NPAT (operational)	1,748	2,035	3,167	405	(2,373)
Non recurring costs	-	1,026	-	-	693
EPS (cps) operational	3.3	3.9	5.6	0.47	(2.4)
DPD (cps)	1.25	1.25	1.25	Nil	Nil



COMMERCIAL IN CONFIDENCE |

cellnet

FY2021 Q1 UPDATE

- Unaudited net profit before tax for the quarter was \$551,000, up over 90% on the first quarter result for the 2020 financial year
- Continued strong growth in gaming category, with additional brands set to launch in Q2
- Online sales increasing month-on-month during Q1
- Continued brand portfolio pivot to meet market demand in high growth categories, such as gaming and audio
- Focus on cost reduction, with unaudited operating costs down 25% year-on-year



EXECUTIVE LEADERSHIP TEAM



Dave Clark
Chief Executive
Cellnet Group



Chris Barnes
CFO & Co Sec
Cellnet Group



Belinda Campos
Managing Director
Turn Left Distribution



Craig Kingshott
Managing Director
Cellnet Australia



Paul Elliot
Executive Consultant
Turn Left Distribution



COMMERCIAL IN CONFIDENCE |

cellnet

CELLNET BOARD MEMBERS



Tony Pearson
Non-Executive
Chair



Michael Wendt
Non-Executive
Deputy Chair



Kevin Gilmore
Non-Executive
Director



Brian Danos
Non-Executive
Director



Giles Karhan
Non-Executive
Director

Audit and risk: G. Karhan (Chair), T. Pearson, B. Danos

Nomination and remuneration: M. Wendt (Chair), T. Pearson, K. Gilmore



COMMERCIAL IN CONFIDENCE |

cellnet

SHAREHOLDER VALUE

At-Risk variable remuneration is now more closely tied to shareholder return (Return On Equity)

ROE
100%
↑
0%



Executive leadership team (ELT)

- 100% ROE - CEO, CFO
- 100% PBT – Divisional Managing Directors



Senior management team (SMT)

- 80% Personal KPI, 20% Divisional PBT



Sales & Product teams

- 100% Personal KPI



COMMERCIAL IN CONFIDENCE |

cellnet

OUR PLAYGROUND

 <p>CASES Smartphone/Tablet/Hybrid/ Smart Watches</p>	 <p>SCREEN PROTECTION Clear/Glass/Privacy/Ultra Thin</p>	 <p>CONNECTIVITY Charge & Sync/Data/Audio/Adapters</p>	 <p>POWER Wireless/Wall/Car/Portable</p>	 <p>AUDIO Headphones/Speakers/Bluetooth</p>	 <p>VIDEO & IOT GADGETS Cameras/Toys</p>
 <p>GAMING ACCESSORIES Controllers/Headphones/Chairs</p>	 <p>GAMING SOFTWARE PCs/Consoles/Apps</p>	 <p>INPUT DEVICES Keyboards/Stylus</p>	 <p>MEMORY MicroSD/USB/SDHC/OTG/CF</p>	 <p>HEALTH & WELLNESS Activity Trackers/HRMs</p>	 <p>IOT HOME AUTOMATION IP Cameras/Security/Safety</p>



COMMERCIAL IN CONFIDENCE |

cellnet

OUR RETAIL PARTNERS

OPTUS

thewarehouse //

NewsLink

TLA

aella **ae** DUTYFREE
The art of the Gift

COSTCO
WHOLESALE

JB HI-FI

noel leeming

tech2go

THE GOOD GUYS

Target

BCF
BOATING • CAMPING • FISHING

Officeworks

Harvey Norman

Lagardère
TRAVEL RETAIL

RELAY.

QANTAS

DR **BOOM**
COMMUNICATIONS

vita

Spark

T

EBGAMES

PHONE KING

A

AUSTRALIA POST

rebel

amazon

MIGHTYape

ACIEM

flybuys

DAVID JONES

PBTECH

2

THE GAMESMEN

network
communications

100%
APPLIANCES

Smiths City

Leading Edge
GROUP

vodafone

oobe

AIR NEW ZEALAND

THE ICONIC

mo's
MOBILES

acquire

catch
.com.au

BIGW

THE MARKET



COMMERCIAL IN CONFIDENCE |

cellnet

OUR BRAND PARTNERS

3sixT



arlo

beats. by dr. dre.

MAXIMUM GAMES

Mirabella

mophie.



BlueAnt

BRAVEN

COLLECTIVEMINDS

CAPCOM

oppo



PanzerGlass™

plantronics.

defunc

D-Link

dreamGEAR

goo bay

POWERGUARD

RIG

SAMSUNG

SENNHEISER

GRIFFIN

HUAWEI

IFROGZ

incase

Square

Strontium

SUBSONIC

tech21

INCIPIO



KONAMI

KONTROLFREEK

THRUSTMASTER

tile

TREND MICRO

UAG

LIFEPROOF

LIFX

logitech

MARVELOUS!

ULTIMATE EARS

ZAGG

ZENS



COMMERCIAL IN CONFIDENCE |

cellnet

POSITIONED FOR GROWTH



Gaming

'Next Gen' Consoles

- Xbox series X and PlayStation 5 gaming consoles expected to launch November 2020
- Pre-sales of the 'Next Gen' consoles sold out in hours
- This will drive sales of new games and compatible accessories



Online

Accelerated growth

- Covid-19 has accelerated online growth to unprecedented levels
- Years of organic growth has been realised in just a few short months
- Consumer behaviour has now changed forever



5G

Mobile 'Super Cycle'

- Apple has launched the iPhone 12 range, all devices support 5G
- Android manufacturers already have 5G flagship devices
- New accessories emerging designed for 5G and utilising the increased capabilities it unlocks



Audio

Sustained growth

- The audio category is the largest electronics category in Australia
- Global CAGR of 13% 2020-2025
- Transition of Smart Wireless Headphones into 'Hearables'



COMMERCIAL IN CONFIDENCE |

cellnet

NEW BRAND PARTNERS

STEALTH

Category: **Gaming accessories**

- High growth category
- Compliments existing range
- UK No. 2 and UK fastest growing



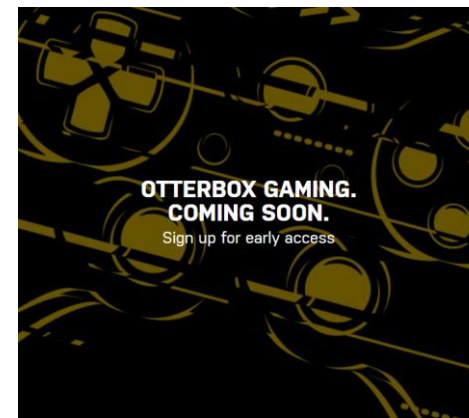
Category: **Gaming accessories**

- Superdrive steering wheels
- Quality wheels, affordable price
- European market presence



Category: **Gaming accessories**

- Cellnet key partner for ANZ launch
- Next Gen Xbox partnership
- Leverages Otterbox mobility footprint



OtterBox and Xbox Partner on Next Gen Gaming Ecosystem



Category: **Gaming accessories**

- Retro gaming Micro Players
- Multiple formats and titles
- Space Invaders, Pacman, Galaga



cellnet

NEW BRAND PARTNERS

BlueAnt



Category: **Portable Audio**

- High growth category
- Expands BT speaker range
- Established ANZ audio brand

Category: **Portable Audio**

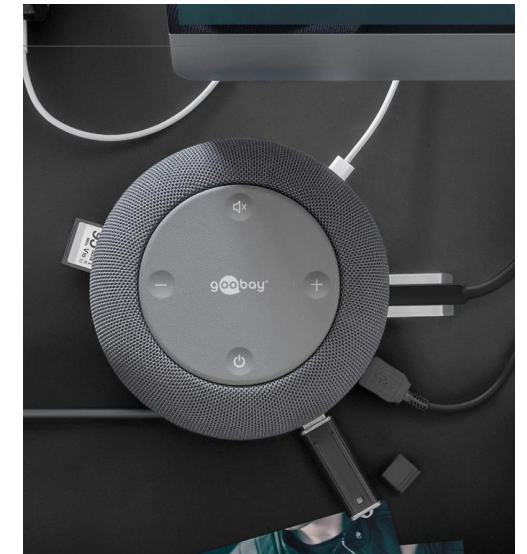
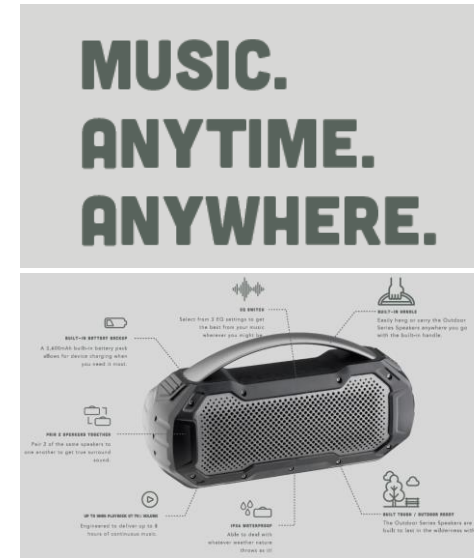
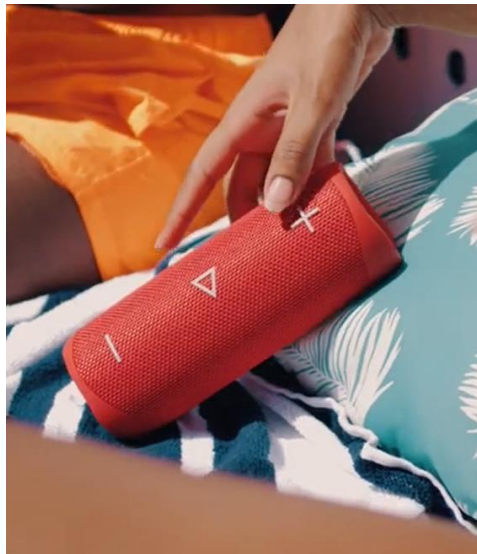
- Affordable quality
- True Wireless, sports target
- AI smart fitness range

Category: **Portable Audio**

- Target telco and online
- 3sixT satellite audio brand
- Cellnet owned brand

Category: **IT accessories**

- New category, WFH and B2B
- Wentronic brand
- New retail packaging



cellnet

OUR OWN BRAND

3sixt
Designed for life.

BY THE NUMBERS

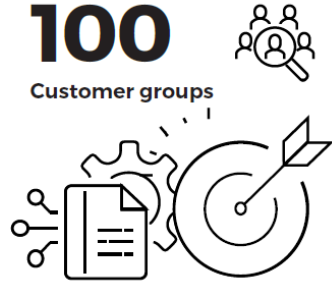
\$200M

ANZ revenue since launch



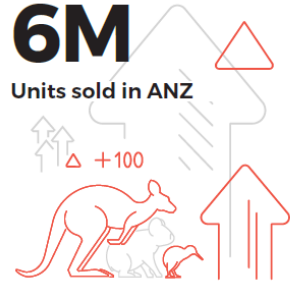
100

Customer groups



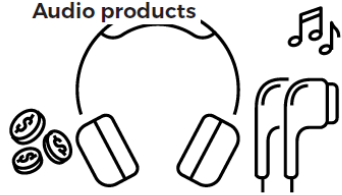
6M

Units sold in ANZ



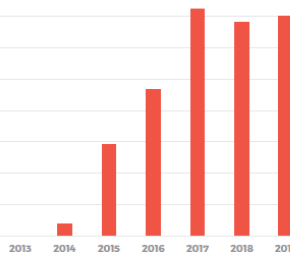
\$10M

Audio products



30

Distributed countries



CATEGORIES



Portable Power



Chargers



Surge Protection



Wearable Accessories



Bundles



Audio



Cases & Screen Protection



Mounts & Docks



Connectivity



Travel Solutions



RANKED
#3 GFK

cellnet



OUR ONLINE STRATEGY



- Our **acquisition** provides **knowledge, experience** and **infrastructure** to **accelerate online growth**
- **De-risk** Cellnet's traditional **wholesale business**, capitalise on **category acquisitions**
- **Increase** Cellnet **trading margins** with increased **direct to consumer sales**
- Rapid expansion of **marketplace offering** utilising new integrated systems
- Vendor **partner engagement**, operating ANZ brand sites for our partners
- Customer **Omni channel** solutions, enabling **click and collect** and **endless aisle** strategies
- Develop the Cellnet **TechPlayground** online platform for all categories



cellnet

SUSTAINABILITY

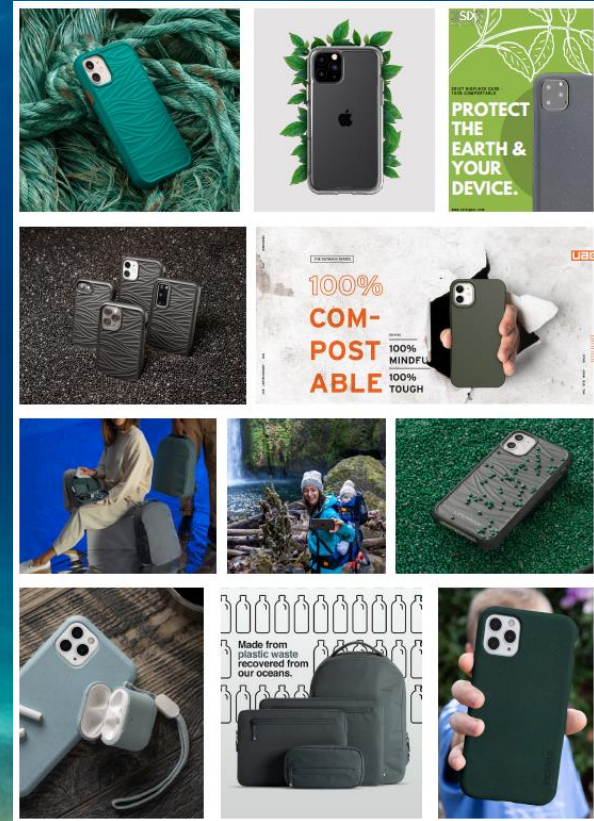


Over **1 Billion** phone cases are **discarded** each year, we are **driving change** in our industry for **our planet**.

- Creating **Biodegradable** and **compostable** products
- Using certified **recycled plastics** in packaging and products
- Reducing** or **removing all plastics** from packaging
- Working with our partners** for **positive change**



We've joined the fight on plastic

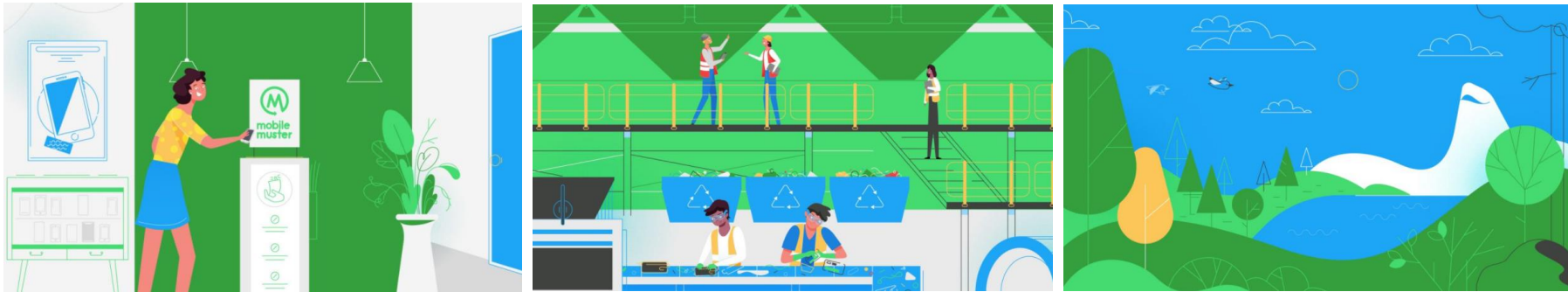


RECYCLING INVESTMENT



MobileMuster is the **product stewardship program** of the **mobile phone industry** and is **accredited by the federal government**. It provides a free mobile phone recycling program in Australia to the **highest environmental standard**.

- Our partnership with MobileMuster helps develop the circular economy
- Reduction of product to landfill and disposal of end of life product
- Meets our obligations under the Product Stewardship Act
- Provides free recycling services for our customers
- Partnership supported by our vendor partners



COMMERCIAL IN CONFIDENCE |

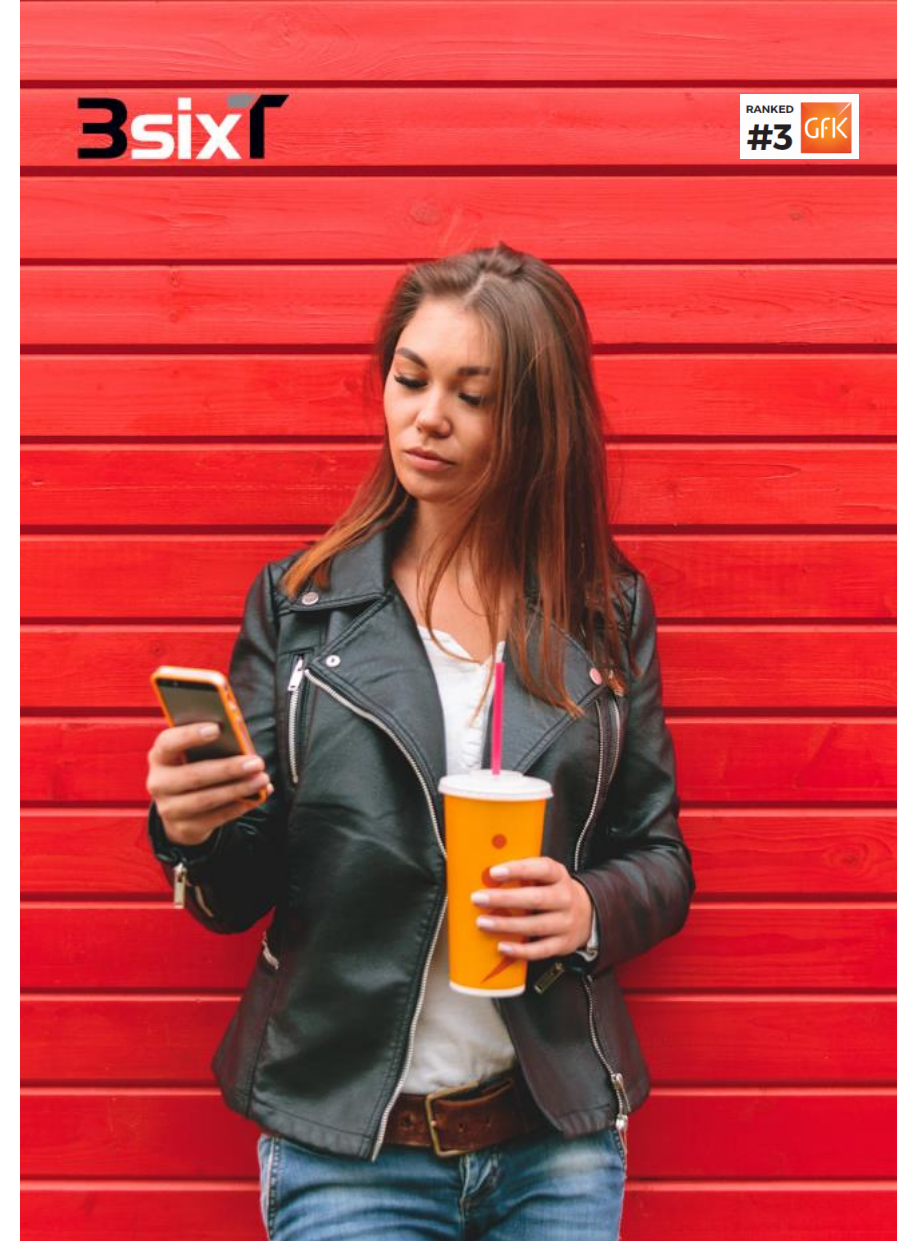
cellnet

INVESTOR CHECKLIST

- ✔ **Strong balance sheet and reduced operating costs (YoY)**
- ✔ **Established leading specialist in Australia and New Zealand**
- ✔ **Market leading brands in high growth categories**
- ✔ **Extensive reach into retail and business channels**
- ✔ **Online experience and scalable omni-channel infrastructure**
- ✔ **Strong supplier relationships and long-term strategic partnerships**
- ✔ **Market leading, high-performing own brand 3sixT (GFK Rank #3)**
- ✔ **Unique, bespoke retail category management solutions**
- ✔ **Untapped potential from recent acquisitions in gaming and online**
- ✔ **New leadership team, non-executive board and independent chair**
- ✔ **Recent net share acquisition by Cellnet key management personnel**
- ✔ **New performance incentives to drive shareholder return**

3sixT

RANKED
#3 GfK



cellnet



Cellnet Group Limited

Tenancy E1, 5 Grevillea Place
Brisbane Airport QLD 4008

Australia

cellnet.com.au

Cellnet New Zealand

10a Orbit Drive

Rosedale Auckland 0632

New Zealand

cellnet.co.nz

Turn Left Distribution

P.O. Box 160

Rozelle NSW 2039

Australia

turnleft.net.au

cellnet

Cellnet Group Limited is listed on the Australian Securities Exchange (ASX:CLT).

Cellnet has made every attempt to ensure the accuracy and reliability of the information provided in this document. However, the information is provided "as is" without warranty of any kind. Cellnet does not accept any responsibility or liability for the accuracy, content, completeness, legality, or reliability of the information contained. No warranties, promises and/or representations of any kind, expressed or implied, are given as to the nature, standard, accuracy or otherwise of the information provided nor to the suitability or otherwise of the information to your particular circumstances. We shall not be liable for any loss or damage of whatever nature (direct, indirect, consequential, or other) whether arising in contract, tort or otherwise, which may arise as a result of your use of (or failure to use) the information.