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11 October 2021

First-Quarter Trading Update (unaudited)

- Q1 net profit before tax of \$286,000
- Gross margin improvement of 330 basis points year-on-year
- Online sales accelerating, Q1 ecommerce revenue up 47% on corresponding period last year
- Strong offering complimenting Apple's new iPhone 13 range released on 24 September 2021

Cellnet Group Limited ("Cellnet" or the "Company") provides the following market update in relation to its first-quarter trading for the 2022 financial year.

Following a landmark FY21 result, Cellnet has continued to trade profitably in the first-quarter of FY22, despite the challenging operating conditions from ongoing lockdown restrictions across Australia and New Zealand.

Net profit before tax for the quarter was \$286,000. Trading margins improved 330 basis points year-on-year from increased online sales at higher margins and a continued pivot of the Company's brand portfolio to meet market demand in high growth categories, such as gaming and audio.

The Company's total sales in the first-quarter were impacted by the extended lockdowns, down 20% year-on-year to \$21.4 million. Online sales in the first-quarter increased 47% on the same corresponding period, with increased revenue on direct sites, including Cellnet's flagship Techunion ecommerce store and expansion of marketplace channels, which now include Amazon, Kogan, Catch, eBay, The Iconic, TheMarket and others.

Commenting on the quarter, Cellnet's Chief Executive Dave Clark, stated, "I am extremely pleased we continue to navigate the market headwinds, delivering a solid unaudited first-quarter profit in a challenging environment. We have capitalised on opportunities from recent brand acquisitions and continue to build out our ecommerce systems and platform. Despite the significant and inherent pressures of being at home for an extended period, the team has been resilient and outstanding in their support for each other. Their passion, drive and enthusiasm to succeed and perform at the highest level is remarkable. We look forward to restrictions easing from the second quarter and consumers returning to retail outlets ahead of our peak trading period. Together with momentum from the new iPhone launch and pent-up consumer demand for new gaming consoles, we remain positive in our outlook for the year ahead."

The financial information in this market update is unaudited.

Ends

Authorised for release by the board of directors.

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ABOUT CELLNET (ASX: CLT)

Established in 1992, Cellnet listed on the Australian Stock Exchange (ASX) in 1999 and is a leading distributor of lifestyle technology products, employing more than 70 people across Australia and New Zealand.

Cellnet represents global brands and sources products in high velocity categories including mobile, AV and IT accessories, audio, and gaming accessories and software into retail, business, and online channels.

Cellnet has extensive reach in Australasia, combining distribution of market leading brands with its own brands together with innovative category management services.

In 2017, Wentronic Holdings GmbH acquired a majority shareholding in Cellnet. Wentronic distributes AV, IT, and mobility accessories throughout Europe. The investment by Wentronic provides a strong strategic partnership whereby Cellnet and Wentronic can ensure products are sourced in the most cost-efficient manner.

In 2018 Cellnet diversified its product offering into gaming with the acquisition of Turn Left Distribution and in 2019 acquired Powerguard to enter the surge protection power category. In April 2020 Cellnet acquired Performance Distribution, a strategic purchase for infrastructure, knowledge, and experience to accelerate its online business across Australia and New Zealand.

