

30 August 2022

Cellnet maintains strong balance sheet, opens new Distribution Centre

- Strong balance sheet with \$6.5m cash at bank as of 30 June 2022
- Net Tangible Assets of 7.5 cents per share
- EBITDA loss of \$373,000
- Online sales continue to grow, up 27% year-on-year
- Cellnet expands own brand range, sales up 12% year-on-year
- New distribution centre opens in Melbourne

Trans-Tasman lifestyle technology distributor Cellnet Group Limited (“Cellnet” or the “Company”) has announced an EBITDA loss of \$373,000 for the year ending 30 June 2022. After including one-off and other non-cash items, the Company generated an after-tax loss of \$2.3 million. Statutory EBITDA is reconciled to a net loss after tax as follows:

	FY2022 \$000
Statutory EBITDA	(373)
Depreciation and amortisation	(1,022)
Impairment expense	(613)
Interest expense	(292)
Profit/(loss) before tax	(2,300)
Income tax (expense)/benefit	-
Net profit/(loss) attributable to shareholders	(2,300)

The non-cash, non-recurring items that negatively affected the financial reporting period are as follows:

- Impairment of goodwill which arose from an acquisition in FY2020 (\$481,000)
- Impairment of right of use assets (\$132,000)

The Company has maintained its strong balance sheet with \$6.5m cash at bank as of 30 June 2022 and Net Tangible Assets of 7.5 cents per share. Excluding the dividend payment of \$729,000, cash at bank increased by \$201,000 compared with the same period last year.

Online sales from Cellnet managed websites and marketplace stores continued to experience strong growth, up 27% year-on-year. Cellnet own brands which include 3sixT, Powerguard and Wave Audio continued to perform well in all channels, increasing 12% compared to the same period last year.

Total sales decreased 18% year-on-year and were adversely impacted by further Covid-19 restrictions and increased input costs of goods, logistics and freight. The Company also experienced reduced gaming sales with software publishers delaying releases due to Covid-19 disruption. Many of the delayed titles are now set for release in 2023.

In the second-half of the financial year Cellnet moved to optimise and consolidate its Australian warehousing and logistics operations, opening a new distribution centre on 1 July 2022. The strategic direction to take its supply chain in-house was driven by a desire to further enrich customer experience, and offer customised business partner solutions, comprehensive digital channel fulfillment and 3PL services. Located in Melbourne, the modern 3,600m² office and distribution facility has sufficient capacity for all Cellnet operations with further headroom available for future growth requirements.

“This is an extremely exciting step in our supply chain evolution. The need to unify logistics across the group and have direct relationships with freight carriers became more evident during the pandemic. The team are excited to provide our brand and customer partners an enhanced fulfillment experience.” says Dave Clark, Cellnet Chief Executive.

Commenting on the results Clark added “We acknowledge it has been a challenging year, but we believe we have now taken appropriate steps to ensure we have the right team in place with a real competitive advantage, underpinned by our new distribution centre and market leading brand portfolio.”

Cellnet Chief Executive, Dave Clark, and Chief Financial Officer, Chris Barnes, are available to discuss the results with investors. To register interest in a Cellnet results briefing please email ir@cellnet.com.au.

ENDS

Authorised for release by the Board.

For further information, please contact Chris Barnes (Company Secretary) on 1300 235 563

About Cellnet

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.

Our Brand Partners

