

Cellularline

Solid Sales Growth Confirmed in 2Q

The group confirmed the positive sales performance shown in 1Q due to both the recovery in demand and numerous strategic actions implemented by management. In particular, the group's strategic developments in Germany through the acquisition of a majority stake in the German company Peter Jäckel and the distribution agreement with MediaMarktSaturn Germany boosted local sales by more than 100%. Looking at profitability, the results only partially show the initial benefits of the normalisation of transport costs and more favorable exchange rates than last year.

All three product lines registered an improvement yoy

1H23 revenues came in at EUR 67.8M up by 24.3% yoy (or 19.4% on a like-for-like basis). All three product lines registered an improvement yoy. The Red Line grew by 25.7%, driven by the recovery of demand in international markets for both Cellularline and Worldconnect products, as well as the positive effect of new acquisitions and the new sales agreement signed with MediaMarktSaturn Germany. The Blue Line increased by 27.0%, mainly driven by the domestic market. Lastly, the Black Line was up by 5.4%. Looking at geographies, the domestic market was up by 17.2% yoy (accounting for around 44.5% of total), while revenues generated abroad increased by around 30.1%.

Adj. EBITDA improved yoy; NFP impacted by M&A activity

Adjusted EBITDA was EUR 4.6M vs. EUR 3.3M in 1H22. Opex increased by EUR 3.7M in value vs. 1H22 (ratio to sales c. 29%, in line yoy); the adjusted net loss stood at EUR 1.1M vs. a EUR 0.3M loss in 1H22 impacted by higher financial expenses. Net debt was EUR 48.6M, increasing by EUR 8.2M vs. EUR 40.4M posted at YE22, mainly impacted by the effect of the acquisition of 60% of Peter Jäckel GmbH (EUR 6.9M including Put&Call) and a higher absorption from NWC due to usual business seasonality.

Positive outlook confirmed. FY23 estimates slightly revised downwards

Management reiterated its positive outlook for 2023, based on: i) the sales performance recorded in 1H22; ii) growth of the German market, where expansion is mainly driven by the above-mentioned distribution agreement and the acquisition finalised at the start of the year; and iii) some positive sector trends and growth opportunities in specific channels, such as Travel Retail and Telco. We slightly revised our 2023E estimates to incorporate: i) a slightly lower profitability profile; and ii) higher financial charges. We left almost unchanged our assumptions for FY24E-25E.

EUR 5.0 target price confirmed; BUY

Our DCF model confirms a target price of EUR 5.0, implying a BUY rating. The stock currently trades at compressed multiples, with a 2023E EV/EBITDA of 4.2x and a P/E of 5.6x. Given the good cash generation profile, we consider Cellularline an appealing value stock.

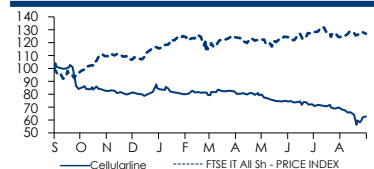
19 September 2023: 12:17 CET
Date and time of production

BUY

Target Price: EUR 5.0

Italy/Consumer Services
Company Results

EXM-STAR
Price Performance
(RIC: CELL.MI, BB: CELL IM)



Cellularline - Key Data

Price date (market close)	18/09/2023
Target price (€)	5.0
Target upside (%)	114.59
Market price (€)	2.33
Market cap (EUR M)	50.95
52Wk range (€)	3.85/2.10

Y/E Dec (EUR M)	FY22A	FY23E	FY24E
Revenues	137.6	168.0	180.0
Adj. EBITDA	16.64	23.52	27.90
Adj. EBIT	10.25	16.52	20.40
Adj. Net income	5.70	9.11	12.18
EPS (EUR)	0.26	0.42	0.56
Net debt/-cash	40.40	48.71	40.89
Adj P/E (x)	14.2	5.6	4.2
EV/EBITDA (x)	7.3	4.2	3.3
EV/EBIT (x)	Neg.	14.1	8.4
Div ord yield (%)	0	2.0	2.0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

Intesa Sanpaolo Research Dept.

Gabriele Berti - Research Analyst
gabriele.ber ti@intesasnpaolo.com

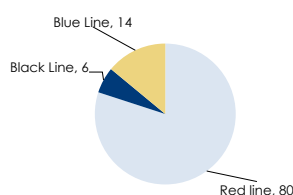
Corporate Broking Research

A. Francese, G. Berti, G. Cabrino
D. Rimini, A. Terazzi

2Q/1H23 Results

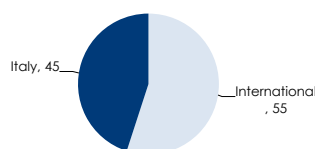
Revenues came in at EUR 67.8M, up by 24.3% yoy (or 19.4% on a like-for-like basis). All three product lines registered an improvement yoy. The Red Line grew by 25.7% yoy, driven by the recovery of demand in international markets for both Cellularline and Worldconnect products, as well as the positive effect of new acquisitions and the new sales agreement signed with MediaMarktSaturn Germany. The Blue Line increased by 27.0%, mainly driven by the domestic market. Lastly, the Black Line was up by 5.4% yoy. Looking at geographies, the domestic market was up by 17.2% yoy (accounting for around 44.5% of total), while revenues generated abroad increased by around 30.1%.

Revenues breakdown by business line



A: actual; Source: Company data

Domestic and International sales



A: actual; Source: Company data

Adjusted EBITDA was EUR 4.6M vs. EUR 3.3M in 1H22. Opex increased by EUR 3.7M in value vs 1H22 (ratio to sales c. 29%, in line yoy); the **adjusted net loss stood at EUR 1.1M** vs. EUR 0.3M in 1H22 impacted by higher financial expenses.

Net debt was EUR 48.6M, increasing by EUR 8.2M vs. EUR 40.4M posted at YE22, impacted by the effect of the acquisition of 60% of Peter Jäckel GmbH (EUR 6.9M including Put&Call) and a higher absorption from NWC due to usual business seasonality.

Cellularline – 2Q/1H23 results

EUR M	2Q22A	2Q23A	yoy %	1H22A	1H23A	yoy %
Revenues	31.2	37.6	20.4	54.6	67.8	24.3
Adj. EBITDA	3.9	4.1	4.1	3.3	4.6	37.2
Adj. EBITDA margin %	12.5	10.8		6.1	6.7	
Adj. EBIT	2.4	2.3	-3.8	0.5	1.4	NM
Adj. net income	1.0	-0.1	NM	-0.3	-1.1	NM
Reported net income	-40.4	-1.6	NM	-43.0	-4.0	NM
NFP	40.2	48.6		40.2	48.6	

NM: not meaningful; A: actual; E: estimates; Source: Company data

Estimates' Revision

We slightly revised our 2023E estimates to incorporate: i) a slightly lower profitability profile; and ii) higher financial charges.

We recall that the group's long-term objectives and strategic targets included in the 2022-25 Business Plan, are:

- Revenues in a range of EUR 175M and EUR 195M;
- Adj. EBITDA in constant growth over the 3-year plan, targeting to double the FY21 result thanks to: 1) significant revenues growth; 2) a better absorption of fixed costs; and 3) the execution of the planned actions to optimise the organisational structure and the efficiency and digitalisation of processes;
- An improvement in net financial debt that should lead to a leverage ratio below 1x at the end of the plan.

Cellularline – Estimates revision (2023E-25E)

EUR M	2023 Old	2023E New	Chg. %	2024 Old	2024E New	Chg. %	2025 Old	2025E New	Chg. %
Revenues	168.0	168.0	0.0	180.0	180.0	0.0	195.0	195.0	0.0
Adj. EBITDA	24.4	23.5	-3.6	27.9	27.9	0.0	32.2	32.2	0.0
margin on revenues (%)	14.5	14.0		15.5	15.5		16.5	16.5	
Adj. EBIT	17.4	16.5	-5.1	20.4	20.4	0.0	24.7	24.7	0.0
margin on revenues (%)	10.3	9.8		11.3	11.3		12.7	12.7	
Reported EBIT	7.9	7.1	-10.7	10.9	10.9	0.0	15.2	15.2	0.0
margin on revenues (%)	4.7	4.2		6.1	6.1		7.8	7.8	
Adj. net income	10.4	9.1	-12.4	12.9	12.2	-5.6	15.9	15.5	-2.4
Reported net income	5.1	3.8	-26.4	6.3	5.6	-11.8	9.2	8.9	-3.3
NFP	47.9	48.7		39.4	40.9		29.3	31.2	

E: estimates; Source: Intesa Sanpaolo Research

Valuation

Our DCF model confirms a **target price of EUR 5.0**, implying a **BUY rating on the stock**. We use the following key assumptions:

- A 9.9% WACC, incorporating a risk-free rate of 4.0%, an equity risk premium of 6.5%, a re-levered beta of 1.2x (source: Intesa Sanpaolo Research elaboration of Refinitiv) and a long-term target gearing ratio of 25%;

Cellularline - WACC calculation (%)

Risk-free rate	4.0
Equity risk premium	6.5
Beta (x)	1.2
Cost of equity	12.1
Net cost of debt	3.3
Gross cost of debt	4.7
Tax rate	30
Gearing	25
WACC (%)	9.9

Source: Intesa Sanpaolo Research estimates

- Terminal value growth is prudentially set at 0%. As usual, LT depreciation equals capex;

Cellularline - DCF model

EUR M	2023E	2024E	2025E	LT
Sales	168.0	180.0	195.0	195.0
yoy %	22.1	7.1	8.3	76.4
Adj. EBIT	16.5	20.4	24.7	24.7
Adj. EBIT margin (%)	9.8	11.3	12.7	12.7
Taxes	0.2	-2.4	-3.8	-5.4
NOPAT	16.7	18.0	20.9	19.2
Non-cash items	6.6	7.1	7.1	
Investments	-3.5	-3.5	-3.5	
NWC changes	-13.1	-5.7	-7.1	
Others	-2.6	-2.6	-2.6	
FCF	4.1	13.3	14.7	19.2
Discounted FCF	3.7	11.0	11.1	13.2
WACC (%)	9.9			
Perpetuity growth rate (%)	0.0			
NPV of cash flows	25.9			
NPV of terminal value	133.1			
EV	158.9			
Net debt @ 2022A*	48.9			
Equity value	110.0			
No. of shares (M)	21.9			
Value per share (EUR)	5.0			

*) including impacts arising from the acquisition of Peter Jäckel; Source: Intesa Sanpaolo Research estimates

Cellularline – Sensitivity analysis

EUR/share	Growth (%)				
	-1.0	-0.5	0	0.5	1.0
8.9	5.3	5.6	6.0	6.4	6.9
9.4	4.9	5.2	5.5	5.9	6.3
9.9	4.5	4.7	5.0	5.4	5.7
10.4	4.1	4.4	4.6	4.9	5.2
10.9	3.8	4.0	4.3	4.5	4.8

Source: Intesa Sanpaolo Research estimates

Valuation and Key Risks

Valuation basis

Our EUR 5.0 TP is derived with a DCF model, using a 9.9% WACC incorporating a risk-free rate of 4.0%, an equity risk premium of 6.5%, a re-levered beta of 1.2x (source: Intesa Sanpaolo Research elaboration on Refinitiv) and a long-term target gearing ratio of 25%. Terminal value is prudently set at 0%.

Key Risks

Company specific risks:

- Global logistics issues might affect cost base;
- Still small contribution from the e-commerce channel.

Sector generic risks:

- An increase in competition from the main competitors and a potentially higher penetration of private labels and online competitors;
- Potentially rapid changes in consumer trends and needs, also given the fast technological evolution of electronics' components and accessories, with a possible impact on the group's strategy and brand awareness.

Company Snapshot

Company Description

Cellularline is the European market leader in the design, manufacturing and distribution of accessories for connectivity devices. Leveraging on more than 5,000 points of sales, the company reaches more than 60 countries in the world and covers all the major distribution channels (CE, Telco, Travel Retail, Mass Merchandise, Sport stores as well as other retailers). Cellularline has a wide product portfolio composed of three major categories: (i) Protection & Style (cases and screen protectors); (ii) Charge & Utilities (battery chargers, powerbanks, car accessories and cables); and (iii) Voice & Sport (earphones and sports accessories). Moreover, the company recently launched the AQL brand (AudioQuality Lab), the product line dedicated to the world of music.

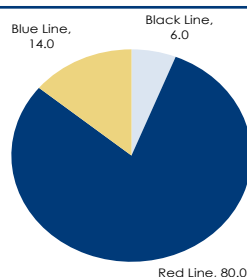
Key data

Mkt price (€)	2.33	Free float (%)	75.4
No. of shares	21.87	Major shr	S.L.M.K. SA
52Wk range (€)	3.85/2.10	(%)	9.4
Reuters	CELL.MI	Bloomberg	CELL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-8.6	-1M	-10.9
-3M	-16.5	-3M	-17.8
-12M	-37.2	-12M	-50.5

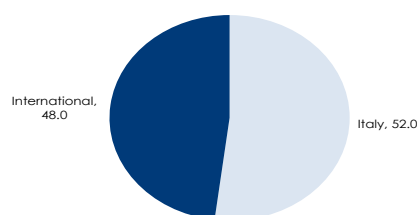
Estimates vs. consensus

EUR M (Y/E Dec)	2022A	2023E	2023C	2024E	2024C	2025E	2025C
Sales	137.6	168.0	163.0	180.0	172.0	195.0	178.0
EBITDA	16.64	23.52	20.00	27.90	24.00	32.18	26.00
EBIT	-76.30	7.06	7.00	10.94	11.00	15.21	13.00
Pre-tax income	-74.82	3.56	4.00	7.94	8.00	12.71	10.00
Net income	-75.17	3.75	3.00	5.56	5.00	8.90	7.00
Adj. EPS (EUR)	0.26	0.42	0.37	0.56	0.47	0.71	0.54

FY22A revenues by product line (%)



FY22A revenues by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 18/09/2023)

Cellularline – Key Data

Rating BUY	Target price (€/sh) Ord 5.0		Mkt price (€/sh) Ord 2.33			Sector Consumer Services
Values per share (EUR)	2020A	2021A	2022A	2023E	2024E	2025E
No. ordinary shares (M)	21.87	21.87	21.87	21.87	21.87	21.87
Total no. of shares (M)	21.87	21.87	21.87	21.87	21.87	21.87
Market cap (EUR M)	110.96	96.68	80.91	50.95	50.95	50.95
Adj. EPS	0.24	0.34	0.26	0.42	0.56	0.71
BVPS	9.5	9.4	5.8	5.8	5.9	6.2
Dividend ord	0	0.16	0	0.05	0.05	0.05
Income statement (EUR M)	2020A	2021A	2022A	2023E	2024E	2025E
Revenues	104.5	110.6	137.6	168.0	180.0	195.0
EBITDA	15.10	16.12	16.64	23.52	27.90	32.18
EBIT	-3.41	-5.16	-76.30	7.06	10.94	15.21
Pre-tax income	-2.40	-6.56	-74.82	3.56	7.94	12.71
Net income	13.90	-3.85	-75.17	3.75	5.56	8.90
Adj. net income	5.30	7.45	5.70	9.11	12.18	15.52
Cash flow (EUR M)	2020A	2021A	2022A	2023E	2024E	2025E
Net income before minorities	13.9	-3.8	-75.2	3.8	5.6	8.9
Depreciation and provisions	18.5	21.3	92.9	16.5	17.0	17.0
Others/Uses of funds	-24.3	-3.0	-6.2	-3.0	-3.0	-3.0
Change in working capital	3.2	7.4	-3.9	-13.1	-5.7	-7.1
Operating cash flow	11.3	21.8	7.7	4.1	13.8	15.7
Capital expenditure	-33.5	-7.4	-3.9	-3.5	-3.5	-3.5
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0	-1.3	-4.4	0	0
Free cash flow	-22.2	14.4	2.5	-3.8	10.3	12.2
Dividends	-7.2	0	-1.0	0	-1.0	-1.0
Equity changes & Non-op items	5.0	-2.8	-4.5	-4.5	-1.5	-1.5
Net change in cash	-24.4	11.6	-3.0	-8.3	7.8	9.7
Balance sheet (EUR M)	2020A	2021A	2022A	2023E	2024E	2025E
Net capital employed	257.5	242.8	167.9	175.5	170.7	167.4
of which associates	0	0	0	0	0	0
Net debt/-cash	49.0	37.4	40.4	48.7	40.9	31.2
Minorities	0	0	0	0	0	0
Net equity	208.5	205.4	127.5	126.8	129.8	136.2
Minorities value	0	0	0	0	0	0
Enterprise value	160.0	134.1	121.3	99.7	91.8	82.1
Stock market ratios (x)	2020A	2021A	2022A	2023E	2024E	2025E
Adj. P/E	21.0	13.0	14.2	5.6	4.2	3.3
P/CFPS	3.4	5.5	4.6	2.5	2.3	2.0
P/BVPS	0.53	0.47	0.63	0.40	0.39	0.37
Payout (%)	0	47	0	11	8	6
Dividend yield (% ord)	0	3.6	0	2.0	2.0	2.0
FCF yield (%)	-20.0	14.9	3.1	-7.4	20.3	24.0
EV/sales	1.5	1.2	0.88	0.59	0.51	0.42
EV/EBITDA	10.6	8.3	7.3	4.2	3.3	2.6
EV/EBIT	Neg.	Neg.	Neg.	14.1	8.4	5.4
EV/CE	0.62	0.55	0.72	0.57	0.54	0.49
D/EBITDA	3.2	2.3	2.4	2.1	1.5	0.97
D/EBIT	Neg.	Neg.	Neg.	6.9	3.7	2.0
Profitability & financial ratios (%)	2020A	2021A	2022A	2023E	2024E	2025E
EBITDA margin	14.4	14.6	12.1	14.0	15.5	16.5
EBIT margin	-3.3	-4.7	-55.4	4.2	6.1	7.8
Tax rate	NM	41.3	NM	NM	30.0	30.0
Net income margin	13.3	-3.5	-54.6	2.2	3.1	4.6
ROCE	-1.3	-2.1	-45.4	4.0	6.4	9.1
ROE	6.8	-1.9	-45.2	3.0	4.3	6.7
Interest cover	3.4	-3.7	51.6	2.0	3.6	6.1
Debt/equity ratio	23.5	18.2	31.7	38.4	31.5	22.9
Growth (%)		2021A	2022A	2023E	2024E	2025E
Sales		5.8	24.5	22.1	7.1	8.3
EBITDA		6.8	3.2	41.4	18.6	15.3
EBIT		-51.5	NM	NM	55.0	39.1
Pre-tax income		NM	NM	NM	NM	60.2
Net income		NM	NM	NM	48.0	60.2
Adj. net income		40.7	-23.5	59.8	33.6	27.4

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Disclaimer

Analyst certification

The financial analyst who prepared this report, and whose name and role appear on the first page, certifies that:

1. The views expressed on the company mentioned herein accurately reflect independent, fair and balanced personal views; 2. No direct or indirect compensation has been or will be received in exchange for any views expressed.

Specific disclosures

- Neither the analyst nor any person closely associated with the analyst has a financial interest in the securities of the company.
- Neither the analyst nor any person closely associated with the analyst serves as an officer, director or advisory board member of the company.
- The analyst named in this document is not registered with or qualified by FINRA, the U.S. regulatory body with oversight over Intesa Sanpaolo IMI Securities Corp. Accordingly, the analyst may not be subject to FINRA Rule 2241 and NYSE Rule 472 with respect to communications with a subject company, public appearances and trading securities in a personal account. For additional information, please contact the Compliance Department of Intesa Sanpaolo IMI Securities Corp. at 212-326-1133.
- The analyst of this report does not receive bonuses, salaries, or any other form of compensation that is based upon specific investment banking transactions.
- The research department supervisors do not have a financial interest in the securities of the company.

This research has been prepared by Intesa Sanpaolo SpA, and is distributed by Intesa Sanpaolo SpA, Intesa Sanpaolo-London Branch (a member of the London Stock Exchange) and Intesa Sanpaolo IMI Securities Corp. (a member of the NYSE and FINRA). Intesa Sanpaolo SpA accepts full responsibility for the contents of this report and also reserves the right to issue this document to its own clients. Intesa Sanpaolo SpA, is authorised by the Banca d'Italia and is regulated by the Financial Services Authority in the conduct of designated investment business in the UK and by the SEC for the conduct of US business.

Opinions and estimates in this research are as at the date of this material and are subject to change without notice to the recipient. Information and opinions have been obtained from sources believed to be reliable, but no representation or warranty is made as to their accuracy or correctness. Past performance is not a guarantee of future results. The investments and strategies discussed in this research may not be suitable for all investors. If you are in any doubt you should consult your investment advisor.

This report has been prepared solely for information purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any financial products. It should not be regarded as a substitute for the exercise of the recipient's own judgment. No Intesa Sanpaolo SpA entity accepts any liability whatsoever for any direct, consequential or indirect loss arising from any use of material contained in this report. This document may only be reproduced or published with the name of Intesa Sanpaolo SpA.

Intesa Sanpaolo SpA has in place the Conflicts of Interest Management Rules for managing effectively the conflicts of interest which might affect the impartiality of all investment research which is held out, or where it is reasonable for the user to rely on the research, as being an impartial assessment of the value or prospects of its subject matter. A copy of these Rules is available to the recipient of this research upon making a written request to the Compliance Officer, Intesa Sanpaolo SpA, C.so Matteotti n° 1, 20121 Milan (MI) Italy. Intesa Sanpaolo SpA has formalised a set of principles and procedures for dealing with conflicts of interest ("Rules for Research"). The Rules for Research is clearly explained in the relevant section of Intesa Sanpaolo's website (www.intesasnpaolo.com).

Member companies of the Intesa Sanpaolo Group, or their directors and/or representatives and/or employees and/or persons closely associated with them, may have a long or short position in any securities mentioned at any time, and may make a purchase and/or sale, or offer to make a purchase and/or sale, of any of the securities from time to time in the open market or otherwise.

This document has been prepared and issued for, and thereof is intended for use by, MiFID II eligible counterparties/professional clients (other than elective professional clients) or otherwise by market professionals or institutional investors only, who are financially sophisticated and capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies.

Therefore, such materials may not be suitable for all investors and recipients are urged to seek the advice of their independent financial advisor for any necessary explanation of the contents thereof.

Persons and residents in the UK: this document is not for distribution in the United Kingdom to persons who would be defined as private customers under rules of the Financial Conduct Authority.

US persons: This document is intended for distribution in the United States only to Major US Institutional Investors as defined in SEC Rule 15a-6. US Customers wishing to effect a transaction should do so only by contacting a representative at Intesa Sanpaolo IMI Securities Corp. in the US (see contact details below).

Intesa Sanpaolo SpA issues and circulates research to Major Institutional Investors in the USA only through Intesa Sanpaolo IMI Securities Corp., 1 William Street, New York, NY 10004, USA, Tel: (1) 212 326 1150.

Inducements in relation to research

This document has been prepared and issued for, and thereof is intended for use by, MiFID 2 eligible counterparties/professional clients (other than elective professional clients) or otherwise by market professionals or institutional investors only, who are financially sophisticated and capable of evaluating investment risks independently, both in general and with regard to specific transactions and investment strategies.

Therefore, such materials may not be suitable for all investors and recipients are urged to seek the advice of their independent financial advisor for any necessary explanation of the contents thereof.

Pursuant to the provisions of Delegated Directive (EU) 2017/593, this document can be qualified as an acceptable minor non-monetary benefit as it is:

- Written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis (Specialist/Corporate Broker/Listing Agent contract), provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public - Delegated Directive (EU) 2017/593 - art. 12 paragraph 3.

Distribution Method

This document is for the exclusive use of the person to whom it is delivered by Intesa Sanpaolo and may not be reproduced, redistributed, directly or indirectly, to third parties or published, in whole or in part, for any reason, without prior consent expressed by Intesa Sanpaolo. The copyright and all other intellectual property rights on the data, information, opinions and assessments referred to in this information document are the exclusive domain of the Intesa Sanpaolo banking group, unless otherwise indicated. Such data, information, opinions and assessments cannot be the subject of further distribution or reproduction in any form and using any technique, even partially, except with express written consent by Intesa Sanpaolo.

Persons who receive this document are obliged to comply with the above indications.

Coverage policy and frequency of research reports

The list of companies covered by the Research Department is available upon request. Intesa Sanpaolo SpA aims to provide continuous coverage of the companies on the list in conjunction with the timing of periodical accounting reports and any exceptional event that affects the issuer's operations. The companies for which Intesa Sanpaolo SpA acts as listing agent or specialist or other regulated roles are covered in compliance with regulations issued by regulatory bodies with jurisdiction. In the case of a short note, we advise investors to refer to the most recent company report published by Intesa Sanpaolo SpA's Research Department for a full analysis of valuation methodology, earnings assumptions, risks and the historical of recommendation and target price. In the Equity Daily note and Weekly Preview report the Research Department reconfirms the previously published ratings and target prices on the covered companies (or alternatively such ratings and target prices may be placed Under Review). Research qualified as a minor non-monetary benefit pursuant to provisions of Delegated Directive (EU) 2017/593 is freely available on the IMI Corporate & Investment Banking Division web site (www.imi.intesasanpaolo.com); all other research is available by contacting your sales representative.

Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies eligible for listing have revenues below EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation of around EUR 1Bn.

Equity Research Publications in Last 12M

The list of all recommendations on any financial instrument or issuer produced by Intesa Sanpaolo Research Department and distributed during the preceding 12-month period is available on the Intesa Sanpaolo website at the following address:

<https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest0>

Valuation methodology (long-term horizon: 12M)

The Intesa Sanpaolo SpA Equity Research Department values the companies for which it assigns recommendations as follows:

We obtain a fair value using a number of valuation methodologies including: discounted cash flow method (DCF), dividend discount model (DDM), embedded value methodology, return on allocated capital, break-up value, asset-based valuation method, sum-of-the-parts, and multiples-based models (for example PE, P/BV, PCF, EV/Sales, EV/EBITDA, EV/EBIT, etc.). The financial analysts use the above valuation methods alternatively and/or jointly at their discretion. The assigned target price may differ from the fair value, as it also takes into account overall market/sector conditions, corporate/market events, and corporate specifics (ie, holding discounts) reasonably considered to be possible drivers of the company's share price performance. These factors may also be assessed using the methodologies indicated above.

Equity rating key: (long-term horizon: 12M)

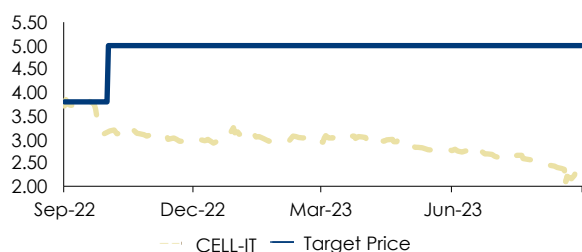
In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, whose key is reported below:

Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
BUY	If the target price is 10% higher than the market price.
HOLD	If the target price is in a range 10% below or 10% above the market price.
SELL	If the target price is 10% lower than the market price.
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis to determine an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a 12M time horizon.
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated.
Note	Intesa Sanpaolo assigns ratings to stocks on a 12M horizon based on a number of fundamental drivers including, among others, updates to earnings and/or valuation models; short-term price movements alone do not imply a reassessment of the rating by the analyst.

Historical recommendations and target price trends (long-term horizon: 12M)

The 12M rating and target price history chart(s) for the companies currently under our coverage can also be found at Intesa Sanpaolo's website/Research/Regulatory disclosures: <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/tp-and-rating-history-12-months->. Intesa Sanpaolo changed its long-term 12M horizon rating key on 3 April 2023; please refer to the ISP Equity Rating Reconciliation Table for further details at the following link: <https://group.intesasanpaolo.com/it/research/equity-credit-research>.

Target price and market price trend (-1Y)**Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
20-Oct-22	BUY	5.0	3.2

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at July 2023)**

Number of companies considered: 126	BUY	HOLD	SELL
Total Equity Research Coverage relating to last rating (%)*	77	23	0
of which Intesa Sanpaolo's Clients (%)**	71	52	0

* Last rating refers to rating as at end of the previous quarter; ** Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

Company-specific disclosures

Intesa Sanpaolo S.p.A. and the other companies belonging to the Intesa Sanpaolo Banking Group (hereafter the "Intesa Sanpaolo Banking Group") have adopted written guidelines "Organisational, Management and Control Model" pursuant to Legislative Decree 8 June 2001 no. 231 (available at the Intesa Sanpaolo website, <https://group.intesasanpaolo.com/en/governance/leg-decree-231-2001>) setting forth practices and procedures, in accordance with applicable regulations by the competent Italian authorities and best international practice, including those known as Information Barriers, to restrict the flow of information, namely inside and/or confidential information, to prevent the misuse of such information and to prevent any conflicts of interest arising from the many activities of the Intesa Sanpaolo Banking Group, which may adversely affect the interests of the customer in accordance with current regulations.

In particular, the description of the measures taken to manage interest and conflicts of interest – related to Articles 5 and 6 of the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest as subsequently amended and supplemented, the FINRA Rule 2241, as well as the Financial Conduct Authority Conduct of Business Sourcebook rules COBS 12.4 - between the Intesa Sanpaolo Banking Group and issuers of financial

instruments, and their group companies, and referred to in research products produced by analysts at Intesa Sanpaolo S.p.A. is available in the "Rules for Research " and in the extract of the "Corporate model on the management of inside information and conflicts of interest" published on the website of Intesa Sanpaolo S.p.A.

At the Intesa Sanpaolo website, webpage <https://group.intesasanpaolo.com/en/research/RegulatoryDisclosures/archive-of-intesa-sanpaolo-group-s-conflicts-of-interest> you can find the archive of disclosure of interests or conflicts of interest of the Intesa Sanpaolo Banking Group in compliance with the applicable laws and regulations.

Furthermore, we disclose the following information on the Intesa Sanpaolo Banking Group's conflicts of interest.

- One or more of the companies of the Intesa Sanpaolo Banking Group plan to solicit investment banking business or intends to seek compensation from Cellularline in the next three months
- One or more of the companies of the Intesa Sanpaolo Banking Group have a Long position larger than the 0.5% of the issued share capital of Cellularline
- Intesa Sanpaolo acts as Specialist relative to securities issued by Cellularline

Intesa Sanpaolo Research Dept.

Gregorio De Felice - Head of Research	+39 02 8796 2012	gregorio.defelice@intesaspaolo.com
Equity&Credit Research		
Alberto Cordara	+39 02 4127 8647	alberto.cordara@intesaspaolo.com
Giampaolo Trasi	+39 02 8794 9803	giampaolo.trasi@intesaspaolo.com
Equity Research		
Monica Bosio (Head)		monica.bosio@intesaspaolo.com
Alberto Artoni		alberto.artoni@intesaspaolo.com
Luca Bacoccoli		luca.bacoccoli@intesaspaolo.com
Davide Candela		davide.candela@intesaspaolo.com
Oriana Cardani		oriana.cardani@intesaspaolo.com
Marco Cristofori		marco.cristofori@intesaspaolo.com
Antonella Frongillo		antonella.frongillo@intesaspaolo.com
Renato Gargiulo		renato.gargiulo@intesaspaolo.com
Manuela Meroni		manuela.meroni@intesaspaolo.com
Elena Perini		elena.perini@intesaspaolo.com
Bruno Permutti		bruno.permutti@intesaspaolo.com
Corporate Broking Research		
Alberto Francese (Head)		alberto.francese@intesaspaolo.com
Gabriele Berti		gabriele.berti@intesaspaolo.com
Giada Cabrino		giada.cabrino@intesaspaolo.com
Davide Rimini		davide.rimini@intesaspaolo.com
Arianna Terazzi		arianna.terazzi@intesaspaolo.com
Credit Research		
Maria Grazia Antola (Head)		maria.antola@intesaspaolo.com
Alessandro Chiodini		alessandro.chiodini@intesaspaolo.com
Dario Fasani		dario.fasani@intesaspaolo.com
Melanie Gavin		melanie.gavin@intesaspaolo.com
Maria Gabriella Tronconi		maria.tronconi@intesaspaolo.com
Barbara Pizzarelli (Research Support)		barbara.pizzarelli@intesaspaolo.com
Technical Analysis		
Corrado Binda		corrado.binda@intesaspaolo.com
Sergio Mingolla		antonio.mingolla@intesaspaolo.com
Clearing & Data Processing		
Anna Whatley (Head)		anna.whatley@intesaspaolo.com
Stefano Breviglieri		stefano.breviglieri@intesaspaolo.com
Maria Emakova		maria.emakova@intesaspaolo.com
Annita Ricci		annita.ricci@intesaspaolo.com
Wendy Ruggeri		wendy.ruggeri@intesaspaolo.com
Elisabetta Bugliesi (IT support)		elisabetta.bugliesi@intesaspaolo.com
Intesa Sanpaolo – IMI Corporate & Investment Banking Division		
Bernardo Bailo - Head of Global Markets Sales	+39 02 7261 2308	bernardo.bailo@intesaspaolo.com
Equity Sales		
Giorgio Pozzobon	+39 02 7261 5616	giorgio.pozzobon@intesaspaolo.com
Institutional Sales		
Catherine d'Aragon	+39 02 7261 5929	catherine.daragon@intesaspaolo.com
Francesca Bonacina		fancesca.bonacina1@intesaspaolo.com
Carlo Cavaliere	+39 02 7261 2722	carlo.cavaliere@intesaspaolo.com
Laurent Kieffer	+44 20 7651 3653	laurent.kieffer@intesaspaolo.com
Roberta Pupeschi	+39 02 7261 6363	roberta.pupeschi@intesaspaolo.com
Federica Repetto	+39 02 7261 5517	federica.repetto@intesaspaolo.com
Fabrizio Tito	+39 02 7261 7152	fabrizio.tito@intesaspaolo.com
Mark Wilson	+39 02 7261 2758	mark.wilson@intesaspaolo.com
Paola Parenti (Corporate Broking)	+39 02 7265 6530	paola.parenti@intesaspaolo.com
Francesco Riccardi (Corporate Broking)	+39 02 7261 5966	francesco.riccardi@intesaspaolo.com
Laura Spinella (Corporate Broking)	+39 02 7261 5782	laura.spinella@intesaspaolo.com
Alessandro Bevacqua	+39 02 7261 5114	alessandro.bevacqua@intesaspaolo.com
Lorenzo Pennati (Sales Trading)	+39 02 7261 5647	lorenzo.pennati@intesaspaolo.com
Equity Derivatives Institutional Sales		
Emanuele Manini	+39 02 7261 5936	emanuele.manini@intesaspaolo.com
Enrico Ferrari	+39 02 7261 2806	enrico.ferrari@intesaspaolo.com
Stefan Gess	+39 02 7261 5927	stefan.gess@intesaspaolo.com
Edward Lythe	+44 20 7894 2456	edward.lythe@intesaspaolo.com
Ferdinando Zamprotta	+39 02 7261 5577	ferdinando.zamprotta@intesaspaolo.com
Gherardo Lenti Capoduri – Head of Market Hub	+39 02 7261 2051	gherardo.lenticapoduri@intesaspaolo.com
E-commerce Distribution		
Massimiliano Raposio	+39 02 7261 5388	massimiliano.raposio@intesaspaolo.com
Intesa Sanpaolo IMI Securities Corp.		
Greg Principe (Equity Institutional Sales)	+1 212 326 1233	greg.principe@intesaspaolo.com