

Company Note

MID CORPORATE

Cellularline

3Q/9M22 Results

The 3Q22 consolidated the top-line growth trend that started in 1Q22. On the other hand, the group registered a slight deterioration in the EBITDA margin, mainly impacted by cost inflation. In this context, management is focused on the execution of the group's medium/long-term strategy. Cellularline finalised the acquisition of the Spanish social-commerce company Subliros, owner of the Allogio brand, which should enable it to further strengthen its presence in the E-commerce channel.

3Q/9M22 results

Cellularline registered a strong top-line performance yoy, achieved thanks to the recovery of demand both on the domestic and international markets. International revenues also benefitted from the strong rebound registered by Worldconnect, thanks to the increase in traffic recorded in the Airport Travel Retail channel vs. last year. Overall, we appreciate that the progressive execution of the medium-long term strategy of the group led to an increasing demand for Cellularline products, both in Italy as well as international markets. Looking at profitability, the EBITDA margin decreased to 11.5% (vs. 12.4%) due to higher costs incurred for the purchase of products and a higher weighting of transportation costs.

Outlook & estimates

Management stated that the group is ready to face the fourth quarter, coinciding with their peak season, confident of closing the year with significant top-line growth, backed by the strong performance in the top line in 9M22 and the several initiatives put in place, despite the geopolitical uncertainty surrounding the global economy. Overall, it confirmed the long-term objectives and strategic targets included in the 2022-25 Business Plan. While we decided to take a conservative approach and await FY22 results to incorporate 2024-25 figures and the group's BP targets to our explicit forecast period, we slightly revise our 2022-23E figures mainly to incorporate a lower level of profitability.

Valuation

Our DCF model confirms a **target price of EUR 5.0/share**, implying a **BUY rating on the stock**. The stock currently trades at compressed multiples, with a 2022E EV/EBITDA of 5.6x and a P/E of 5.8x. In light of the strong cash generation profile, we consider Cellularline an appealing value stock.

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Date and time of production

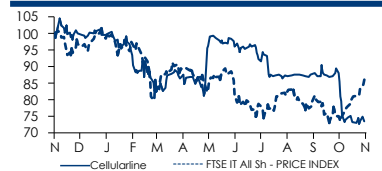
BUY

Target Price: EUR 5.0

Italy/Consumer Services
Update

MTA-STAR

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



Cellularline - Key Data

Price date (market close)	11/11/2022
Target price (EUR)	5.0
Target upside (%)	60.26
Market price (EUR)	3.12
Market cap (EUR M)	68.23
52Wk range (EUR)	4.46/3.10

Price performance %	1M	3M	12M
Absolute	-14.3	-15.9	-26.8
Rel. to FTSE IT All Sh	-27.1	-20.6	-16.3

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	110.6	138.0	158.0
Adj. EBITDA	16.12	19.04	24.17
Adj. EBIT	10.74	13.64	18.77
Adj. Net income	7.45	11.70	14.14
EPS (EUR)	0.34	0.54	0.65
Net debt/-cash	37.40	38.83	34.31
Adj P/E (x)	13.0	5.8	4.8
EV/EBITDA (x)	8.3	5.6	4.2
EV/EBIT (x)	Neg.	Neg.	15.1
Div ord yield (%)	3.6	2.3	2.8

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Corporate Broking Research

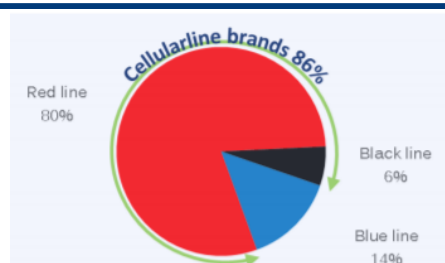
A. Francese, G. Berti, G. Cabrino
Y. El Alaoui, A. Terazzi

3Q/9M22 Results

9M22 revenues were EUR 95.3M, up by 28.7% yoy. The contribution of the newly-acquired company Coverlab was EUR 0.9M. The strong performance was achieved thanks to the recovery of demand both in the domestic and international markets. International revenues also benefitted from the strong rebound registered by Worldconnect, thanks to the increase in traffic recorded in the Airport Travel Retail channel vs. last year.

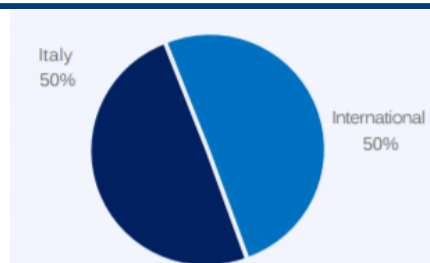
Looking at product lines, we highlight that the Red Line grew by 27.2% yoy, mainly driven by the recovery in demand on international markets; the Blue Line increased by EUR 6.0M yoy, mainly due to increased demand for products of non-Group owned brands distributed in Italy (which benefitted from the unbundling process); the Black Line was down by 13.4% (or EUR 0.9M).

9M22 revenues breakdown by product line



Source: Company data

9M22 revenues breakdown by geographies



Source: Company data

Adjusted EBITDA was EUR 10.9M vs. EUR 9.2M in 9M21. The EBITDA margin decreased to 11.5% (vs. 12.4%) due to higher costs incurred for the purchase of products and a higher weighting of transportation costs.

The **adjusted net profit stood at EUR 3.7M** vs. EUR 4.2M in 9M21.

The **net financial position was EUR 45.3M** vs. a net debt of EUR 37.4M at YE21A. The increase in NFP was mainly related to the higher operating working capital required to support top-line growth, although OWC weighting on revenues decreased to 79.4% from 86.2% in 9M21.

Cash flow from operations was also affected (i.e. inventory) by the change in the method of transport (favouring sea over air transport) in order to limit costs, but implying a higher volume of goods in transit.

Cellularline – 3Q/9M22 results

EUR M	3Q21A	3Q22A	yoy %	3Q22E	A/E %	9M21A	9M22A	yoy %	9M22E	A/E %
Revenues	34.3	40.7	18.6	40.7	0.1	74.0	95.3	28.7	95.3	0.0
Adj. EBITDA	7.6	7.6	0.3	7.8	-2.7	9.2	10.9	19.3	11.1	-1.7
Adj. EBITDA margin %	22.1	18.7		19.2		12.4	11.5		11.7	
EBIT	4.2	3.3	-21.9	2.4	34.8	-0.7	-41.5		-42.4	-2.1
Adj. Net income	4.3	4.0	-8.5	5.7	-30.4	4.2	3.7	-11.9	5.4	-31.7
Net income	2.6	3.0	15.4	0.8	NM	-0.7	-40.1	NM	-42.2	NM

NM: not meaningful; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

2022-25 Business Plan and Earnings Outlook

In relation to the voluntary public tender offer launched by 4Side (a subsidiary wholly-owned by Esprinet), Cellularline recently unveiled the company's economic and financial targets included in the 2022-25 Business Plan, whose targets for 2025 point to:

- 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) better absorption of fixed costs; and 3) 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.

The main key targets and initiatives included in the 2022-25 business plan were:

- **Brand & Products:** continuous innovation of the product range in all the categories, such as protection, audio, chargers, and impulse products, pushing for a product assortment oriented to more profitable categories;
- **Italian market:** market leadership confirmed & partnerships with retailers strengthened to a next level, working on all channels (Consumer Electronics, Mass Merch and Telco);
- **International prioritisation:** 1) going back to Germany & Austria; 2) raising the market share in selected EU countries and Mid-East; and 3) strategic agreements with key EU distributors;
- **Travel Retail:** significant progressive rebound of Worldconnect and growth also for Cellularline in this channel (both Italy and Europe);
- **E-commerce:** strengthening the channel and digital know-how. Priorities should be: 1) increasing the effectiveness of proprietary websites; and 2) working in synergy with retailers to boost online sales and omnichannel opportunities;
- **Group organisation, processes and digitalisation:** evolution of the organisational structure by: 1) streamlining processes, organisation & digitalisation; and 2) exploitation of synergies between group companies;
- **ESG:** Development of an ESG concept fully integrated in the business strategy, through the pursuit of a Sustainable Innovation Path.

Estimates Revision

While we decided to take a conservative approach and await FY22 results to incorporate 2024-25 figures and the group's BP targets in our explicit forecast period, we slightly revised our 2022-23E figures mainly to factor in: 1) a lower level of profitability due to the unfavourable USD exchange rate; 2) a different contribution mix (Company, Business unit, product) to the top-line growth; and 3) a higher weighting of transportation costs.

We also underline that the acquisition of Sublivos, the Spanish social-commerce company owner of the Allogio brand, should not have a significant impact on the group's financials in terms of cash-out.

Cellularline – Estimates revision (2022E-23E)

EUR M	2022E Old	2022E New	yoy %	2023 Old	2023E New	yoy %
Revenues	135.0	138.0	2.2	155.0	158.0	1.9
Adj. EBITDA	20.5	19.0	-7.1	25.6	24.2	-5.6
margin on revenues (%)	152.0	13.8		16.5	15.3	
Adj. EBIT	15.1	13.6	-9.8	20.2	18.8	-7.0
margin on revenues (%)	11.2	9.9		13.0	11.9	
Reported EBIT	-34.8	-41.3	NM	10.2	6.8	-33.6
margin on revenues (%)	NM	NM		6.6	4.3	
Adj. net income	11.7	11.7	-0.3	15.2	14.1	-7.0
Reported net income	-34.3	-39.4	NM	8.7	6.3	-27.1
NFP	37.1	38.8		33.8	34.3	

NM: not meaningful; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

Valuation

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

- An 8.3% WACC, incorporating a risk-free rate of 3.0%, an equity risk premium of 6.5%, a levered beta of 1.2x (source: Intesa Sanpaolo Research elaboration on Refinitiv) and a long-term target gearing ratio of 30%;

Cellularline - WACC calculation (%)

Risk-free rate	3.0
Equity risk premium	6.5
Beta (x)	1.2
Cost of equity	10.9
Net cost of debt	2.5
Gross cost of debt	3.5
Tax rate	30
Gearing	30
WACC (%)	8.3

Source: Intesa Sanpaolo Research estimates

- Terminal value growth is prudentially set at 0% while, in calculating the LT, we apply a 13.0% EBIT margin (vs. 11.9% we expect in 2023E) as we think it is the normalised level of profitability of the group, net of the extraordinary impacts related to the current spike of inflation in transportation costs. As usual, LT depreciation equals capex;
- We did not adjust the number of shares to include the effects arising from the potential conversion of warrants as we consider unlikely the event of reaching the strike price (we recall that the warrants have a strike price of EUR 9.5 and a mandatory exercise price of EUR 13.0 and will expire in 2023).

Cellularline - DCF model

EUR M	2022E	2023E	LT
Sales	138.0	158.0	158.0
yoy %	24.8	14.5	42.9
Adj. EBIT	13.6	18.8	20.5
Adj. EBIT margin (%)	9.9	11.9	13.0
Taxes	0.0	0.0	-6.2
NOPAT	13.6	18.8	14.4
Non-cash items	5.0	5.0	
Investments	-3.5	-3.5	
NWC changes	-14.5	-9.6	
Others	-2.5	-4.1	
FCF	-1.8	6.6	14.4
Discounted FCF	-1.8	5.9	12.0
WACC (%)	8.3		
Perpetuity growth rate (%)	0.0		
NPV of cash flows	4.1		
NPV of terminal value	143.2		
EV	147.3		
Net debt @ 2021A	37.4		
Equity value	109.9		
No. of shares (M)	21.9		
Value per share (EUR)	5.0		

Source: Intesa Sanpaolo Research estimates

Cellularline – Sensitivity analysis

EUR/share	Growth (%)				
	-1.0	-0.5	0	0.5	1.0
WACC (%)					
7.3	5.2	5.6	6.1	6.6	7.3
7.8	4.7	5.1	5.5	6.0	6.5
8.3	4.3	4.7	5.0	5.4	5.9
8.8	4.0	4.3	4.6	5.0	5.4
9.3	3.6	3.9	4.2	4.5	4.9

Source: Intesa Sanpaolo Research estimates

Cellularline – Key Data

Rating BUY	Target price (EUR/sh) Ord 5.0	Mkt price (EUR/sh) Ord 3.12			Sector Consumer Services
Values per share (EUR)	2019A	2020A	2021A	2022E	2023E
No. ordinary shares (M)	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
Market cap (EUR M)	157.02	110.96	96.68	68.23	68.23
Adj. EPS	1.07	0.24	0.34	0.54	0.65
BVPS	9.3	9.5	9.4	7.5	7.7
Dividend ord	0.33	0	0.16	0.07	0.09
Income statement (EUR M)	2019A	2020A	2021A	2022E	2023E
Revenues	140.4	104.5	110.6	138.0	158.0
EBITDA	33.06	15.10	16.12	19.04	24.17
EBIT	20.26	-3.41	-5.16	-41.26	6.77
Pre-tax income	20.08	-2.40	-6.56	-41.36	5.27
Net income	18.21	13.90	-3.85	-39.36	6.34
Adj. net income	23.31	5.30	7.45	11.70	14.14
Cash flow (EUR M)	2019A	2020A	2021A	2022E	2023E
Net income before minorities	18.2	13.9	-3.8	-39.4	6.3
Depreciation and provisions	12.8	18.5	21.3	60.3	17.4
Others/Uses of funds	-5.7	-24.3	-3.0	-3.0	-3.0
Change in working capital	-4.9	3.2	7.4	-14.5	-9.6
Operating cash flow	20.4	11.3	21.8	3.5	11.1
Capital expenditure	-3.4	-33.5	-7.4	-3.5	-3.5
Financial investments	0	0	0	0	0
Acquisitions and disposals	-4.9	0	0	0	0
Free cash flow	12.1	-22.2	14.4	-0.0	7.6
Dividends	-6.1	-7.2	0	-1.0	-1.6
Equity changes & Non-op items	-8.7	5.0	-2.8	0	-1.5
Net cash flow	-2.7	-24.4	11.6	-1.0	4.5
Balance sheet (EUR M)	2019A	2020A	2021A	2022E	2023E
Net capital employed	227.1	257.5	242.8	203.8	202.5
of which associates	0	0	0	0	0
Net debt/-cash	24.6	49.0	37.4	38.8	34.3
Minorities	0	0	0	0	0
Net equity	202.5	208.5	205.4	165.0	168.2
Minorities value	0	0	0	0	0
Enterprise value	181.6	160.0	134.1	107.1	102.5
Stock market ratios (x)	2019A	2020A	2021A	2022E	2023E
Adj. P/E	6.7	21.0	13.0	5.8	4.8
P/CFPS	5.1	3.4	5.5	3.3	2.9
P/BVPS	0.78	0.53	0.47	0.41	0.41
Payout (%)	31	0	47	14	13
Dividend yield (% ord)	4.6	0	3.6	2.3	2.8
FCF yield (%)	7.7	-20.0	14.9	-0.0	11.2
EV/sales	1.3	1.5	1.2	0.78	0.65
EV/EBITDA	5.5	10.6	8.3	5.6	4.2
EV/EBIT	9.0	Neg.	Neg.	Neg.	15.1
EV/CE	0.80	0.62	0.55	0.53	0.51
D/EBITDA	0.74	3.2	2.3	2.0	1.4
D/EBIT	1.2	Neg.	Neg.	Neg.	5.1
Profitability & financial ratios (%)	2019A	2020A	2021A	2022E	2023E
EBITDA margin	23.5	14.4	14.6	13.8	15.3
EBIT margin	14.4	-3.3	-4.7	-29.9	4.3
Tax rate	9.3	NM	41.3	4.8	NM
Net income margin	13.0	13.3	-3.5	-28.5	4.0
ROCE	8.9	-1.3	-2.1	-20.2	3.3
ROE	9.2	6.8	-1.9	-21.3	3.8
Interest cover	76.5	3.4	-3.7	-412.6	4.5
Debt/equity ratio	12.1	23.5	18.2	23.5	20.4
Growth (%)		2020A	2021A	2022E	2023E
Sales		-25.6	5.8	24.8	14.5
EBITDA		-54.3	6.8	18.1	26.9
EBIT		NM	-51.5	NM	NM
Net income		-23.7	NM	NM	NM
Adj. net income		-77.3	40.7	57.1	20.8

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

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 Risks

Company specific risks:

- Global logistics issues might affect cost base;
- A resurgence of restrictive measures;
- 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.

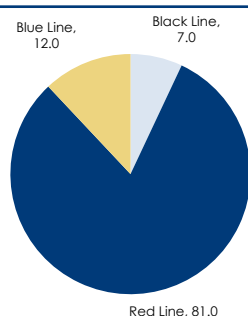
Key data

Mkt price (EUR)	3.12	Free float (%)	73.8
No. of shares	21.87	Major shr	S.L.M.K. SA
52Wk range (EUR)	4.46/3.10	(%)	8.5
Reuters	CELL.MI	Bloomberg	CELL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-14.3	-1M	-27.1
-3M	-15.9	-3M	-20.6
-12M	-26.8	-12M	-16.3

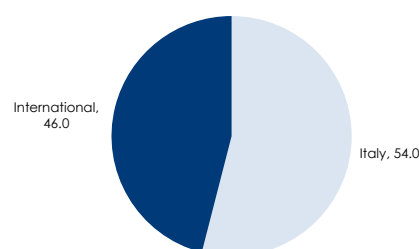
Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2022C	2023E	2023C	2024E	2024C
Sales	110.6	138.0	135.5	158.0	NA	NA	NA
EBITDA	16.12	19.04	20.52	24.17	NA	NA	NA
EBIT	-5.16	-41.26	-34.78	6.77	NA	NA	NA
Pre-tax income	-6.56	-41.36	-36.28	5.27	NA	NA	NA
Net income	-3.85	-39.36	-14.64	6.34	NA	NA	NA
EPS (EUR)	0.34	0.54	0.54	0.65	NA	NA	NA

FY21A revenues by product line (%)



FY21A revenues by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 11/11/2022)

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 around EUR 1Bn.

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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 sponsor 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.intesasnpaolo.com); all other research is available by contacting your sales representative.

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.intesasnpaolo.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)

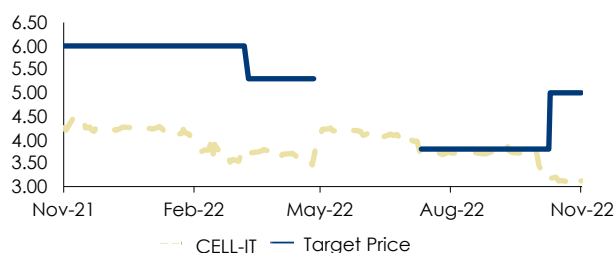
In its recommendations, Intesa Sanpaolo SpA uses an "absolute" rating system, which is not related to market performance and whose key is reported below:

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

Long-term rating	Definition
BUY	If the target price is 20% higher than the market price
ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% 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 for determining an investment rating or target. 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 one-year 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

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->. Note: please also refer to <https://group.intesasanpaolo.com/it/research/equity-credit-research/equity> in applicable cases for the ISP-UBI Equity Ratings Reconciliation Table, the archive of ex-UBI's previously published research reports and 12M historical recommendations.

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
21-Jul-22	HOLD	3.8	3.7
09-May-22	Under Review	Under Review	4.1
21-Mar-22	BUY	5.3	3.6

Equity rating allocations (long-term horizon: 12M)**Intesa Sanpaolo Research Rating Distribution (at October 2022)**

Number of companies considered: 127	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	65	18	17	0	0
of which Intesa Sanpaolo's Clients (%)**	83	39	55	0	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

Valuation methodology (short-term horizon: 3M)

Our short-term investment ideas are based on ongoing special market situations, including among others: spreads between share categories; holding companies vs. subsidiaries; stub; control chain reshuffling; stressed capital situations; potential extraordinary deals (including capital increase/delisting/extraordinary dividends); and preys and predators. Investment ideas are presented either in relative terms (e.g. spread ordinary vs. savings; holding vs. subsidiaries) or in absolute terms (e.g. preys).

The companies to which we assign short-term ratings are under regular coverage by our research analysts and, as such, are subject to fundamental analysis and long-term recommendations. The main differences attain to the time horizon considered (monthly vs. yearly) and definitions (short-term 'long/short' vs. long-term 'buy/sell'). Note that the short-term relative recommendations of these investment ideas may differ from our long-term recommendations. We monitor the monthly performance of our short-term investment ideas and follow them until their closure.

Equity rating key (short-term horizon: 3M)

Short-term rating	Definition
LONG	Stock price expected to rise or outperform within three months from the time the rating was assigned due to a specific catalyst or event
SHORT	Stock price expected to fall or underperform within three months from the time the rating was assigned due to a specific catalyst or event

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 are one of the main financial lenders to Cellularline and its parent and group companies
- Intesa Sanpaolo acts as Specialist relative to securities issued by Cellularline

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