

Company Note

MID CORPORATE

Cellularline

1H21 Results

In 2Q21, Cellularline registered a progressive rebound, particularly in the domestic market. We also appreciate the tight control on the group's working capital, which further confirmed its ability to generate cash (the operating cash flow was EUR 15.2M in 1H21).

2Q/1H21A results

2Q21 results came in slightly above our forecasts in terms of profitability. The Red Line grew by 7.4% yoy, driven by the recovery in demand on the domestic market (+27.7%), following the progressive normalisation of the economic situation. However, the rebound of the domestic market (overall +27.9% yoy) was partially offset by the negative performance of the German market, down by EUR 2.3M yoy, due to the delay in the roll-out of the new route-to-market for the German market. We underline that Worldconnect's performance was still heavily impacted by the weakness of the Airport Travel Retail channel (a full recovery is expected to start progressively from mid-2022).

Outlook

While the outlook on 2H is still strongly connected to potential developments linked to the evolution of the pandemic, management remains focused on the implementation of the group's medium/long-term strategy (e.g. the recent acquisition of Coverlab, which should allow Cellularline to implement the digitalisation process and strengthen the group's presence in e-commerce, and the publication of the group's first ESG report).

Estimates revision and valuation

In light of 1H21 results and the management's updated indications, we lower our projections for 2021E-22E. Following our estimates revision and the periodical update of our risk-free rate, we slightly fine-tune our DCF-based target price to **EUR 6.0/share** (from EUR 6.1/share), implying **a BUY rating on the stock**. Overall, we believe that Cellularline could benefit from the potential normalisation of the market environment in 2H21-2022. We think the rebound will also be helped by the several strategic actions under implementation.

15 September 2021: 12:43 CET
Date and time of production

BUY

Target Price: EUR 6.0
(from EUR 6.1)

Italy/Consumer Services
Update

MTA-STAR

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



Cellularline - Key Data

Price date (market close)	14/09/2021		
Target price (EUR)	6.0		
Target upside (%)	39.53		
Market price (EUR)	4.30		
Market cap (EUR M)	93.19		
52Wk range (EUR)	5.04/3.96		
Price performance %	1M	3M	12M
Absolute	-5.5	-2.5	-14.0
Rel. to FTSE IT All Sh	-3.5	-3.7	-34.9

Y/E Dec (EUR M)	FY20A	FY21E	FY22E
Revenues	104.5	115.0	140.0
Adj. EBITDA	15.10	17.25	25.20
Adj. EBIT	10.40	12.25	20.00
Adj. Net income	5.31	9.12	15.21
EPS (EUR)	0.24	0.42	0.70
Net debt/-cash	49.00	40.08	35.72
Adj P/E (x)	20.9	10.3	6.2
EV/EBITDA (x)	10.6	7.8	5.1
EV/EBIT (x)	Neg.	29.5	9.5
Div ord yield (%)	0	2.9	4.9

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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Corporate Broking Research

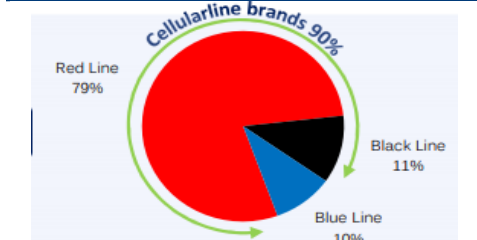
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2Q/1H21A Results

2Q21 results came in slightly above our forecasts in terms of profitability. Overall, in 2Q the group registered a progressive rebound, particularly in the domestic market. We also appreciate the tight control on the group's working capital, which further confirmed the company's ability to generate cash (the operating cash flow was EUR 15.2M in 1H21). The key figures of 1H21A results were:

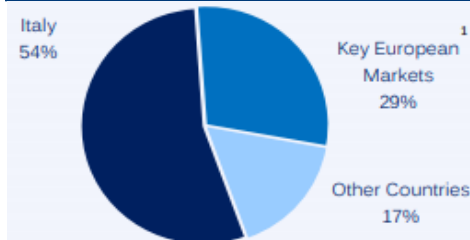
- **Revenues came in at EUR 39.7M** vs. EUR 36.6M in 1H20, showing some signs of a rebound, particularly in 2Q (around +39% yoy);
- **Looking at the business lines**, the Red Line grew by 7.4% yoy, driven by the recovery in demand on the domestic market (+27.7%), following the progressive normalisation of the economic situation. The Blue Line slightly decreased by EUR 0.2M yoy, impacted by the negative performance of the international Telco channel, while the Black Line was up by +37.1%;
- **Looking at geographies**, the abovementioned rebound of the domestic market (overall +27.9% yoy) was partially offset by the negative performance of the German market, down by EUR 2.3M yoy, due to the delay in the roll-out of the new route-to-market for the German market;
- We underline that Worldconnect's performance was still heavily impacted by the weakness of the Airport Travel Retail channel (a full recovery is expected to start progressively from mid-2022);

1H21 revenues breakdown by product line



Source: Company data

1H21 revenues breakdown by geographies



1) Germany, Austria, France, Spain, Portugal, Benelux, Switzerland. Source: Company data

- **Adjusted EBITDA was EUR 1.6M** vs. EUR 1.2M in 1H20, with a margin on revenues at 4.0% improving from 3.4% posted last year as a direct consequence of:
 - 2.6% improvement in the adj. gross margin, due to: i) trend of the USD dollar, which had a positive impact on the value of the goods purchased; ii) higher absorption of fixed costs, such as Logistics and Personnel; and iii) positive non-recurring effect related to Covid-19 (EUR 1.5M in 1H21 vs EUR 1.2M in 1H20);
 - 2.0% higher incidence of adj. operating expenses on revenue linked to: i) personnel cost, both for Worldconnect consolidation and lack of temporary lay-off compared to 1H20; ii) agent commission, due to the higher incidence of the domestic sales in 1H21 vs. 1H20; and iii) one-off contribution received in 1H21 from Worldconnect by Swiss government to compensate Covid-19 effects.
- The **adjusted net loss stood at EUR 0.2M**, vs. a net loss of EUR 0.7M in 1H20;

- **Net debt was EUR 38.2M**, significantly improving vs. the EUR 49.0M posted at YE20, mainly due to an effective management of operating working capital. We underline that the net debt included Coverlab acquisition effects of: i) cash out of EUR 0.2M paid at closing for the 55% of the Share Capital; and ii) debt for EUR 1.7M related to the Put & Call agreement for the remaining 45%.

Cellularline – 2Q/1H21 results

EUR M	2Q19A	2Q20A	1H20A	FY20A	2Q21A	2Q21E	2Q21C	A/E %	yoy %	1H21A	1H21E	yoy %
Revenues	34.7	16.6	36.6	104.5	23.1	22.8	NM	1.2	39.1	39.7	39.4	8.4
Adj. EBITDA	7.7	0.5	1.2	15.1	2.8	2.3	NM	21.4	NM	1.6	1.1	27.7
Adj. EBITDA margin %	22.3	2.8	3.4	14.4	12.1	9.9				4.0	2.7	
EBIT	4.7	-3.9	-6.1	-4.6	-0.3	-0.5	NM	NM	NM	-4.9	-5.1	NM
Adj. net income	6.3	0.1	-0.7	-1.7	1.6	1.3	NM	21.9	NM	-0.2	-0.4	NM
Net income	4.1	-2.2	-3.9	-3.9	0.7	0.0	NM	NM	NM	-3.2	-3.9	NM

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

Cellularline – Net Debt breakdown

EUR M	FY20A	1H21A	Change
Financial Liabilities	45.1	40.7	-4.4
Warrant	0.7	1.4	0.8
Oth Fin. Assets	-0.1	-0.4	-0.2
IFRS 16	1.8	1.9	0.1
Skross 2nd tranche	5.3	5.2	-0.1
Fair Value Put & Call	4.8	6.5	1.6
Cash & Equivalents	-8.6	-17.3	-8.6
Net debt	49.0	38.2	-10.8

E: estimates; Source: Intesa Sanpaolo Research

Earnings Outlook

While the outlook on 2H is still strongly connected to potential developments linked to the evolution of the pandemic, management remains focused on the implementation of the group's medium/long-term strategy. In particular:

- The developments of the core business, such as product innovation/expansion, new commercial and trade marketing initiatives;
- The strengthening of the brand awareness of the group in international market with focus in Germany;
- The process of continuous integration of the subsidiaries;
- The ESG project, as an integral part of the group's long-term strategy;
- Scouting for further potential M&A transactions;
- The implementation of the new business model related to the E-Commerce channel, whose project developed in-house will be operational by the end of 2021.

As regards this latter point, we highlight that in June Cellularline announced the acquisition of a 55% stake of Nicotina Group (Coverlab), a company involved in the sale of custom smartphone accessories through a proprietary website (www.shopcoverlab.com). The transaction is worth about EUR 0.3M, with the possibility to raise its stake to 100% by 2026. Coverlab recorded a turnover of EUR 0.24M in FY20, of which approximately 46% in international markets. 1Q21 was up by 30% yoy. Although small, we positively view the deal from a strategic point of view. Indeed, we think the

transaction could speed up the development of the group's e-commerce channel and strengthen its know-how in the digital field.

Lastly, we underline that during the conference call management stated that the group's business is not significantly impacted by the global issues related to the supply chain. Indeed, they do not see impact in 'simple products' such as cases, cables etc. Some small issues in earphones; however, their range and stocks are wide enough, and they are not seeing any relevant issues.

Estimates revision

Following 1H21A results and the management's updated indications (in particular regarding the timing of the rebound in Germany), we lower our projections for 2021E-22E. Overall, we believe that Cellularline could benefit from the potential normalisation of the market environment in 2H21-2022. We think the rebound will be also helped by the abovementioned strategic actions under implementation, as well as by the growing tendency of OEMs not to include chargers or headsets with new mobile devices.

Cellularline – Estimates revision (2021E-22E)

EUR M	2021E Old	2021E New	Chg. %	2022E Old	2022E New	Chg. %
Revenues	120.0	115.0	-4.2	150.0	140.0	-6.7
Adj. EBITDA	19.0	17.3	-9.2	28.8	25.2	-12.5
Adj. EBITDA margin (%)	15.8	15.0		19.2	18.0	
Adj. EBIT	14.0	12.3	-12.5	23.6	20.0	-15.3
Adj. EBIT margin (%)	11.6	10.7		15.7	14.3	
Adj. net income	10.3	9.1	-11.5	17.7	15.2	-14.1
NFP	45.4	40.1		43.3	35.7	

E: estimates; Source: Intesa Sanpaolo Research

Cellularline – Adjusted & reported figures (2021E-23E)

EUR M	2021E	2022E
Adj. EBITDA	17.3	25.2
margin on revenues %	15.0	18.0
Adj. EBIT	12.3	20.0
margin on revenues %	10.7	14.3
Reported EBIT	4.6	13.6
margin on revenues %	4.0	9.7
Adj. Net income	9.1	15.2
Reported Net income	4.1	11.0

E: estimates; Source: Intesa Sanpaolo Research

Valuation

Following our estimates revision and the periodical update of our risk-free rate, we slightly fine-tune our DCF based **target price to EUR 6.0/share** (from EUR 6.1/share), implying a **BUY rating on the stock**. We use the following key assumptions in our valuation:

BUY rating confirmed; new TP EUR 6.0/share

- A 6.8% WACC, incorporating a risk-free rate of 1.0% (previously 0.75%), an equity risk premium of 6.5%, a re-levered beta of 1.2x (source: Intesa Sanpaolo Research elaboration on Bloomberg data) and a long-term target gearing ratio of 30%;

Cellularline - WACC calculation (%)

Risk-free rate	1.0
Equity risk premium	6.5
Beta (x)	1.2
Cost of equity	8.7
Net cost of debt	2.5
Gross cost of debt	3.5
Tax rate	30
Gearing	30
WACC (%)	6.8

Source: Intesa Sanpaolo Research estimates

- Terminal value growth is prudentially set at 0% while, in calculating the LT, we apply the same level of revenues and EBIT margin we expect in 2022E. As usual, LT depreciation equals capex;
- Lastly, we adjust the number of shares to include the effects arising from the potential conversion of warrants (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	2021E	2022E	LT
Sales	115.0	140.0	140.0
yoy %	10.0	21.7	21.7
Adj. EBIT	12.3	20.0	20.0
Adj. EBIT margin (%)	10.7	14.3	14.3
Taxes	2.1	-1.1	-6.0
NOPAT	14.3	18.9	14.0
Non-cash items	4.6	4.8	
Investments	-4.0	-3.5	
NWC changes	0.8	-9.1	
Others	-3.0	-3.0	
FCF	12.8	8.2	14.0
Discounted FCF	12.8	7.7	12.3
WACC (%)	6.8		
Perpetuity growth rate (%)	0.0		
NPV of cash flows	20.4		
NPV of terminal value	179.0		
EV	199.4		
Net debt @ 2020A	49.0		
Equity value	150.4		
No. of shares fully diluted (M)	24.9		
Value per share (EUR)	6.0		

Source: Intesa Sanpaolo Research estimates

Cellularline – Sensitivity analysis

EUR/share WACC (%)	Growth (%)				
	-1.0	-0.5	0	0.5	1.0
5.8	6.2	6.8	7.4	8.2	9.2
6.3	5.6	6.1	6.7	7.4	8.2
6.8	5.1	5.6	6.0	6.6	7.3
7.3	4.7	5.1	5.5	6.0	6.5
7.8	4.3	4.6	5.0	5.4	5.9

Source: Intesa Sanpaolo Research estimates

Cellularline – Key Data

Rating BUY	Target price (EUR/sh) Ord 6.0	Mkt price (EUR/sh) Ord 4.30	Sector Consumer Services	
Values per share (EUR)				
No. ordinary shares (M)	21.87	21.87	21.87	21.87
Total no. of shares (M)	21.87	21.87	21.87	21.87
Market cap (EUR M)	157.02	110.96	94.03	94.03
Adj. EPS	1.07	0.24	0.42	0.70
CFPS	1.0	0.85	0.42	0.74
BVPS	9.3	9.5	9.6	10.0
Dividend ord	0.33	0	0.13	0.21
Income statement (EUR M)				
	2019A	2020A	2021E	2022E
Revenues	140.4	104.5	115.0	140.0
EBITDA	33.06	15.10	17.25	25.20
EBIT	20.26	-3.40	4.55	13.60
Pre-tax income	20.08	-2.39	2.05	12.10
Net income	18.21	13.91	4.11	11.05
Adj. net income	23.31	5.31	9.12	15.21
Cash flow (EUR M)				
	2019A	2020A	2021E	2022E
Net income before minorities	18.2	13.9	4.1	11.0
Depreciation and provisions	3.7	4.7	5.0	5.2
Others/Uses of funds	0	0	0	0
Change in working capital	-4.9	3.2	0.8	-9.1
Operating cash flow	17.0	21.8	10.0	7.2
Capital expenditure	-3.4	-33.5	-4.0	-3.5
Financial investments	0	0	0	0
Acquisitions and disposals	-4.9	0	0	0
Free cash flow	8.7	-11.7	6.0	3.7
Dividends	-6.1	-7.2	0	-2.7
Equity changes & Other non-operating items	-8.7	5.0	-1.7	0
Net cash flow	-6.1	-13.9	4.3	1.0
Balance sheet (EUR M)				
	2019A	2020A	2021E	2022E
Net capital employed	227.1	257.5	250.9	254.9
of which associates	0	0	0	1.0
Net debt/-cash	24.6	49.0	40.1	35.7
Minorities	0	0	0	0
Net equity	202.5	208.5	210.9	219.2
Minorities value	0	0	0	0
Enterprise value	181.6	160.0	134.1	128.8
Stock market ratios (x)				
	2019A	2020A	2021E	2022E
Adj. P/E	6.7	20.9	10.3	6.2
P/CFPS	7.2	6.0	10.3	5.8
P/BVPS	0.78	0.53	0.45	0.43
Payout (%)	31	0	30	30
Dividend yield (% ord)	4.6	0	2.9	4.9
FCF yield (%)	7.7	-20.0	11.3	7.5
EV/sales	1.3	1.5	1.2	0.92
EV/EBITDA	5.5	10.6	7.8	5.1
EV/EBIT	9.0	Neg.	29.5	9.5
EV/CE	0.80	0.62	0.53	0.51
D/EBITDA	0.74	3.2	2.3	1.4
D/EBIT	1.2	Neg.	8.8	2.6
Profitability & financial ratios (%)				
	2019A	2020A	2021E	2022E
EBITDA margin	23.5	14.4	15.0	18.0
EBIT margin	14.4	-3.3	4.0	9.7
Tax rate	9.3	NM	NM	8.7
Net income margin	13.0	13.3	3.6	7.9
ROCE	8.9	-1.3	1.8	5.3
ROE	9.2	6.8	2.0	5.1
Interest cover	76.5	3.4	1.8	9.1
Debt/equity ratio	12.1	23.5	19.0	16.3
Growth (%)				
		2020A	2021E	2022E
Sales		-25.6	10.0	21.7
EBITDA		-54.3	14.2	46.1
EBIT		NM	NM	NM
Pre-tax income		NM	NM	NM
Net income		-23.6	-70.4	NM
Adj. net income		-77.2	71.9	66.8

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 data

Mkt price (EUR)	4.30	Free float (%)	76.9
No. of shares	21.67	Major shr	S.L.M.K. SA
52Wk range (EUR)	5.04/3.96	(%)	7.9
Reuters	CELL.MI	Bloomberg	CELL IM
Performance (%)	Absolute		Rel. FTSE IT All Sh
-1M	-5.5	-1M	-3.5
-3M	-2.5	-3M	-3.7
-12M	-14.0	-12M	-34.9

Key Risks

Company specific risks:

- Longer restrictive measures period.

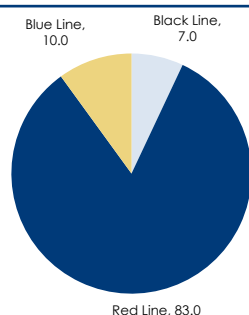
Sector generic risks:

- 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.

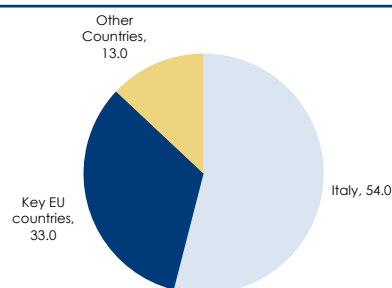
Estimates vs. consensus

EUR M (Y/E Dec)	2020A	2021E	2021C	2022E	2022C
Sales	104.5	115.0	124.0	140.0	148.0
EBITDA	15.10	17.25	18.96	25.20	28.80
EBIT	-3.40	4.55	6.30	13.60	NA
Pre-tax income	-2.39	2.05	NA	12.10	NA
Net income	13.91	4.11	5.15	11.05	9.00
EPS	0.24	0.42	0.47	0.70	0.81

FY20A revenues by product line (%)



FY20A revenues by geography (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 14/09/2021)

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 have revenues ranging from EUR 50M-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 below EUR 1Bn.

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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)
18-May-21	BUY	6.1	4.5
22-Mar-21	BUY	6.4	4.5
18-Nov-20	BUY	7.6	4.2
16-Sep-20	BUY	9.4	5.0

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

Intesa Sanpaolo Research Rating Distribution (at July 2021)

Number of companies considered: 126	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	44	35	21	0	0
of which Intesa Sanpaolo's Clients (%)**	82	73	39	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

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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
- One or more of the companies of the Intesa Sanpaolo Banking Group provide/have provided investment banking services to and/or concerning Cellularline in the last twelve months

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