



HALF-YEARLY REPORT JUNE 30, 2021

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STAR7 SPA

Via Alessandria, 37/B -
15122 Valle San Bartolomeo (AL)
Share capital €500,000.00 fully paid up
Reg. Imp. 01255170050 - Rea 208355
Tax ID code and VAT number 01255170050

Report on Operations Six-monthly Report as at 30/06/2021

Dear Shareholders,

the Six-Monthly Report as of June 30, 2021 reports a profit of 1,252,129 euros (374,577 euros as of June 30, 2020 and 1,022,127 euros as of December 31, 2020).

Operating conditions and business development

Your company operates in the field of translation and interpreting, automation of translation processes and language technologies, technical editing and content *engineering*, dedicated IT development, and print *on demand*.

Pursuant to art. 2428, we inform that the activity is carried out at the head office in Alessandria, hamlet of Valle San Bartolomeo, and at the local units in Asti, Turin, Pistoia, Maranello and La Spezia.

From a legal point of view, STAR7 S.p.A. directly or indirectly controls the following companies which carry out activities that are complementary and/or functional to its *core business*:

<u>Company</u>	<u>Registered office</u>	<u>Shareholding</u>	<u>Control</u>	<u>Activities</u>
STAR7 PRINTING S.R.L.	ASTI - ITALY	60%	60%	printing & logistics
STAR7 ENGINEERING S.R.L.	MARANELLO (MO) - ITALY	100%	100%	process engineering
AD STUDIO S.R.L.	LUGO (RA) - ITALY	100%	100%	technical authoring
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE - BRAZIL	75%	75%	technical authoring printing
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE - BRAZIL	75%	75%	logistics
STAR USA LLC	DOVER - DELAWARE - U.S.A.	100%	100%	translation, authoring (in start up)
TECHWORLD LANGUAGE SERVICES INC.	TROY - MICHIGAN - U.S.A.	100%	100%	translation, authoring
THE GEO GROUP CORPORATION	MADISON - WISCONSIN - U.S.A.	100%	100%	translation, authoring
STAR7 GMBH	LINZ - AUSTRIA	100%	100%	technical authoring (in start up)
STAR ALBANIA SHPK	TIRANA - ALBANIA	100%	100%	technical authoring

Operating performance

General economic trends

In the first half of the year, after the period of stagnation caused by the COVID-19 pandemic emergency, the international scenario was characterized by a decisive recovery in world trade and a progressive improvement in production, albeit with different timing and pace in the various countries.

In fact, the overall scenario is one of growth and the forecast increase in GDP over the two-year period will be driven by investment and, to a lesser extent, by increased household consumption.

The activities of STAR7 S.p.A. and its subsidiaries during the first half of the year were part of this context, with clear growth results compared to both the same half of 2020 and the volumes of 2020.

The review of internal functions started in 2020 has brought about significant changes in the corporate structure, which is now projected towards an efficient multinational model, interconnected in all operational and functional areas and ready to face the request for admission of its shares to the listing on AIM.

Also in anticipation of the listing, in March 2021 the acquisition was completed of the production branch of Grafitec srl, operating in the printing sector and specializing in defense documentation, both classified and

ordinary.

In April our subsidiary, STAR USA LLC, completed the acquisition of the American company, The Geo Group Corporation, which operates in the translation sector and is preparing to develop translation activities in America. In the meantime, the process of acquiring a company specializing in software localization and translation services with a significant turnover that would give a strong boost to the activities of our company and the Group is being finalized.

On June 28, 2021, with a deed drawn up by Notary Conforti, the Parent Company purchased 50,000 shares owned by STAR AG for an amount of 3,000,000 euros.

This transaction is part of the process of admission of the Parent Company's shares to the AIM Italia multimedia trading system managed by Borsa Italiana S.p.A., which was suspended in March 2020 due to the health emergency and resumed in February of this year.

The outlook for the future is therefore positive, considering that Italian entrepreneurs are in favor of the vaccination campaign to defeat the COVID-19 pandemic, the main precondition for not nipping in the bud a recovery that has been taking place in recent months but that must be absolutely consolidated.

Research and development activities

Pursuant to article 2428, paragraph 3, number 1, the following information is acknowledged.

During the first half of 2021, as well as in the previous five-year period, as in part already formally explained in the Management Report on the Company's previous individual financial statements, STAR7 S.p.A. carried out research and development projects, eligible for subsidies pursuant to Article 3 of Decree no. 174 of May 29, 2015 of the Ministry of Economy and Finance (pursuant to Law Decree 145/2013 converted into Law 190/2014). As a leading company in the field of language and translation services, both on the national and international geographic market, we have in fact implemented Experimental Development Projects, where the developmental activity consisted in the conceptual definition and implementation of new products, processes or services.

The Company has developed high added-value editorial technologies in the various Business Areas (Editorial, Language Services, After Sales), succeeding in developing innovative ideas and applications of already existing services, as well as co-developing - also with dedicated internal resources - and increasing the potential and integration of already available software and creating new integrated platforms.

It is the Company's intention to continue to boost the development of new activities characterized by a dose of innovation with respect to its reference market, through a series of initiatives that will primarily involve human resources, external consultants and technical equipment.

Performance of operations in the sectors in which the company operates

As regards STAR7 S.p.A. and its subsidiaries, the past six months must be considered positive.

Both STAR7 S.p.A. and its subsidiaries increased their market share in both the translation and print/editorial sectors and significantly increased revenues in the defense sector.

Summary of financial statements (figures in Euros)

	30/06/2021	30/06/2020	Change	% Change
Net sales revenues	21,057,955	15,248,699	5,809,256	38.1%
Gross operating margin (M.O.L. or EBITDA)	2,341,677	510,247	1,831,430	358.9%
Operating income (EBIT)	1,734,094	280,873	1,453,221	517.4%
Profit before tax	1,672,129	374,577	1,297,552	346.4%
Net income	1,252,129	374,577	877,552	234.3%

	30/06/2021	31/12/2020	Change	% Change
Fixed assets	7,161,971	7,142,321	19,650	0.3%
Net equity	7,162,289	8,899,075	-1,736,786	-19.5%
Net financial position	16,486,759	12,841,878	3,644,881	28.4%

The change in the net financial position is mainly due to the use of financial resources for the purchase of treasury shares (EUR 3 million) aimed at listing on the AIM market of Borsa Italiana

Main income data

The Company's reclassified Income Statement compared with that for the same period of the previous year is as follows (in euros):

	30/06/2021	30/06/2020	Change	% Change
Net revenues	21,176,207	15,438,832	5,737,375	37.2%
Changes in inventories and increases in fixed assets	21,746 -	7,757	29,503	-380.3%
External costs	- 12,172,275 -	9,802,296	-2,369,979	24.2%
Value added	9,025,678	5,628,779	3,396,899	60.3%
Personnel costs	- 6,629,445 -	5,085,761	-1,543,684	30.4%
EBITDA	2,396,233	543,018	1,853,215	341.3%
Amortisation, depreciation, write-downs and other provisions	- 662,139 -	262,145	-399,994	152.6%
Operating profit (loss)	1,734,094	280,873	1,453,221	517.4%
Financial income and charges	- 61,965	93,704	-155,669	-166.1%
Profit (loss) before non-recurring items	1,672,129	374,577	1,297,552	346.4%
Revaluations and write-downs	-	-	-	-
Profit before tax	1,672,129	374,577	1,297,552	346.4%
Income taxes	- 420,000	-	-420,000	100.0%
Net profit (loss)	1,252,129	374,577	877,552	234.3%

In order to provide a better description of the Company's income situation, the table below shows some profitability indicators compared with the same indicators for previous years.

	30/06/2021	30/06/2020	31/12/2020
ROE	15.6%	4.6%	12.2%
ROI	7.3%	1.5%	6.1%
ROS	8.2%	1.8%	3.9%

Main balance sheet data

The reclassified Balance Sheet of the Company compared with the previous year's figures is as follows (in Euros):

	30/06/2021	31/12/2020	Change	% Change
Net intangible fixed assets	4,650,055	4,433,581	216,474	4.9%
Net property, plant and equipment	634,408	661,232	-26,824	-4.1%
Equity investments and other financial fixed assets	1,877,508	2,047,508	-170,000	-8.3%
Capital assets	7,161,971	7,142,321	19,650	0.3%
Inventories	219,031	17,284	201,747	1167.2%
Trade receivables	19,963,475	20,416,607	-453,132	-2.2%
Receivables due from associated and subsidiary companies	6,919,901	4,487,978	2,431,923	54.2%
Other receivables	2,221,722	1,465,917	755,805	51.6%
Accrued income and prepaid expenses	1,325,572	839,778	485,794	57.8%
Short-term operating assets	30,649,701	27,227,564	3,422,137	12.6%
Trade payables	- 3,577,010	- 3,429,345	-147,665	4.3%
Payables to associated and subsidiary companies	- 4,075,567	- 3,747,564	-328,003	8.8%
Tax and social security payables	- 1,713,725	- 956,707	-757,018	79.1%
Other payables	- 1,459,029	- 1,295,748	-163,281	12.6%
Accrued expenses and deferred income	- 148,565	- 351,845	203,280	-57.8%
Short-term operating liabilities	- 10,973,896	- 9,781,209	-1,192,687	12.2%
Net working capital	19,675,805	17,446,355	2,229,450	12.8%
Employee severance indemnity	- 2,905,911	- 2,583,457	-322,454	12.5%
Taxes and social security payables (beyond the subsequent year)	-	-	0	0.0%
Other medium- and long-term liabilities	- 282,817	- 264,266	-18,551	7.0%
Medium/long-term liabilities	- 3,188,728	- 2,847,723	-341,005	12.0%
Invested Capital	23,649,048	21,740,953	1,908,095	8.8%
Net equity	- 7,162,289	- 8,899,075	1,736,786	-19.5%
Medium/long-term net financial position	- 13,015,680	- 10,303,407	-2,712,273	26.3%
Short-term net financial position	- 3,471,079	- 2,538,471	-932,608	36.7%
Equity and net financial debt	- 23,649,048	- 21,740,953	- 1,908,095	8.8%

The reclassified balance sheet shows the company's financial soundness (i.e. its ability to maintain a financial balance in the medium/long term).

In order to provide a better description of the company's financial solidity, the table below shows some balance sheet ratios concerning both (i) the methods of financing medium/long-term loans and (ii) the composition of the sources of financing, compared with the same ratios relating to the financial statements of previous years.

	30/06/2021	31/12/2020
Primary structural margin (shareholders' equity - fixed assets)	318	1,756,754

Primary structure quotient (shareholders' equity / fixed assets)	1.00	1.25
Secondary structure margin (shareholders' equity + long-term liabilities - fixed assets)	16,204,726	14,907,884
Secondary structure quotient (shareholders' equity + long-term liabilities / fixed assets)	3.26	3.09

Financial highlights

The net financial position as of June 30, 2021 is as follows (in Euros):

	30/06/2021	31/12/2020	Change
Bank deposits	6,662,556	4,103,394	2,559,162
Cash and other valuables on hand	10,440	411	10,029
Cash on hand	6,672,996	4,103,805	2,569,191
Current financial assets	-	-	-
Due to banks (within one year)	- 10,098,905 -	6,581,222 -	3,517,683
Due to other financial institutions (within one year)	- 45,170 -	61,054	15,884
Advances for foreign payments	-	-	-
Short-term portion of loans	-	-	-
Financial receivables	-	-	-
Short-term financial payables	- 10,144,075 -	6,642,276 -	3,501,799
Net short-term financial position	- 3,471,079 -	2,538,471 -	932,608
Due to banks (beyond the next financial year)	- 13,015,680 -	10,303,407 -	2,712,273
Due to other financial institutions (beyond the subsequent year)	-	-	-
Advances for foreign payments	-	-	-
Long-term portion of loans	-	-	-
Financial receivables	-	-	-
Medium and long-term net financial position	- 13,015,680 -	10,303,407 -	2,712,273
Net financial position	- 16,486,759 -	12,841,878 -	3,644,881

In order to provide a better description of the financial situation, the table below shows some balance sheet ratios, compared with the same ratios relating to the financial statements of previous years.

	30/06/2021	31/12/2020
Primary liquidity	1.76	1.91
Secondary liquidity	1.77	1.91
Indebtedness (Financial debt / Equity)	3.23	1.90
Primary coverage rate of fixed assets	1.00	1.25
Secondary coverage rate of fixed assets	3.26	3.09
Net financial debt/equity	2.30	1.44
EBITDA/net financial expense	17.02	10.81

Net financial debt / EBITDA 7.04 6.31

The primary liquidity ratio (not including inventories) is 1.76. The company's current financial position is to be considered good.

The secondary liquidity ratio is 1.77. The value assumed by the net working capital is certainly satisfactory in relation to the amount of current payables.

The debt ratio is 3.23 and, net of available funds, falls to 2.30. The amount of debt is considered appropriate in relation to existing equity.

The fixed asset coverage ratio of 1.00 means that the amount of equity alone covers all fixed assets. Shareholders' equity together with consolidated payables are considered to be of an appropriate amount in relation to the amount of fixed assets.

The last index means that Ebitda would theoretically be able to reduce net debt to zero in about 6-7 years.

Environmental and personnel information

In view of the Company's social role, as highlighted in the Management Report document issued by the Italian Accounting Profession, it is deemed appropriate to provide the following information regarding the environment and personnel.

Environment

The Company does not engage in polluting industrial processes.

Staff

No on-the-job deaths occurred during the year among personnel listed in the register.

During the year, there were no serious occupational accidents that resulted in serious or very serious injuries to personnel on the payroll, not even as a result of Covid-19.

During the year there were no charges relating to occupational illnesses on employees or former employees and mobbing cases.

Investments

During the first half of the year, investments were made in the following areas:

Fixed assets	Acquisitions during the year
Land and buildings	0
Plant and machinery	3,500
Industrial and commercial equipment	0
Other assets	45,248
Assets under development and payments on account	0
TOTAL	48,748

The most significant item of fixed assets, "Other assets", consists of hardware and electronic equipment.

Relations with subsidiary, associated, parent and sister companies

The following table shows the figures taken from the financial statements as at 30/06/2021 of the **subsidiary** companies, meaning those companies in which STAR7 S.p.A. directly and/or indirectly holds the majority of votes that can be exercised at the Shareholders' Meeting (art. 2359 of the Italian Civil Code).

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (Loss) as at 30-06-2021 in €	Shareholders' equity as at 30-06-2021 n €	Share held in %	Shareholders' equity in € pro-quota	Book value or corresponding receivable	Difference
STAR7 PRINTING S.R.L.	ASTI	01495260059	10,000	60,469	644,533	60%	386,720	6,000	380,720
STAR7 ENGINEERING S.R.L.	MARANELLO (MO)	02436770065	40,000	345,927	1,373,428	100%	1,373,428	674,920	698,508

AD STUDIO S.R.L.	LUGO (RA)	02552920395	10,000	-68,474	38,550	100%	38,550	10,000	28,550
STAR COMUNICAÇÃO E SERVIÇOS LTDA	Brazil		320,704	649,191	2,352,064	75%	1,764,048	379,679	1,384,369
CAL COMUNICAÇÃO LTDA	Brazil		110,725	-3,214	16,019	75%	12,014	122,228	-110,214
STAR7 AUSTRIA GMBH	Austria	ATU71651312	35,000	36,605	72,732	100%	72,732	199,350	-126,618
STAR USA LLC	USA		6,114	-169,609	-203,453	100%	-203,453	292,474	-495,927
STAR ALBANIA SHPK	ALBANIA		4,106	3,088	22,778	100%	22,778	4,143	18,635
							3,466,817	1,688,794	1,778,023

STAR USA LLC figures are taken from the sub-consolidated statement of financial position which includes Techworld Language Services Inc. and The Geo Group Corp. which are direct subsidiaries of STAR USA LLC which owns 100% of the share capital.

The book value of investments in subsidiaries is, on the whole, well below the share of shareholders' equity of the investee companies. In individual cases where the book value is higher than the corresponding fraction of shareholders' equity, it was decided not to write down the value as these are investments of a strategic nature, in certain cases in the start-up phase, also taking into account the impact of the Covid-19 epidemic, which has undoubtedly caused a slowdown in economic activity and the growth phase of companies in the start-up phase.

At the end of 2020, a 33% stake was acquired in IAMDEV STP a r.l., a strategic company operating in software production.

Name	City, if in Italy, or Foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the last financial year in €	Net equity in €	Share held in %	Book value or corresponding receivable
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	120,000
							120,000

The company has had the following dealings with **subsidiary** Group companies:

SUBSIDIARY COMPANY	FINANCIAL RECEIVABLES	FINANCIAL LIABILITIES	TRADE RECEIVABLES	TRADE PAYABLES	TRADE REVENUES	COMMERCIAL COSTS
STAR7 PRINTING SRL			1,016	2,118,837	4,998	3,224,107
STAR7 ENGINEERING SRL			2,663	532,800	6,805	188,005
AD STUDIO SRL	400,000		2,033	304,211	833	506,625
STAR7 AUSTRIA GMBH			1,319	34,980	1,298	104,300
STAR COMUNICAÇÃO E SERVIÇOS LTDA	563,473		49,833	196		196
STAR USA LLC	4,340,718		825,426		433,354	
STAR ALBANIA SHPK	400,000			308,642		297,826
TECHWORLD LANGUAGE SERVICES INC.				6,712		4,819
CAL COMUNICAÇÃO LTDA						
TOTAL	5,704,191	-	882,290	3,306,378	447,288	4,325,878

Financial receivables due from STAR USA LLC regard the funding provided to the subsidiary undertaking for the acquisition of Techworld Language Services Inc. (3,091,812 Euros) and The Geo Group Corporation (1,248,907 Euros).

Receivables of a financial nature due from STAR Comunicacao e Servicos Ltda mainly relate to the deferred payment of dividends.

Financial receivables due from AD Studio and STAR Albania regard temporary liquidity requirements.

The company had the following relationships with **associated** companies:

ASSOCIATED COMPANY	TRADE RECEIVABLES	TRADE PAYABLES	TRADE REVENUES	COMMERCIAL COSTS
STAR AG	161,126	253,343	35,097	199,781
DANTE SRL		193,050		239,600
IAMDEV S.t.p. s.r.l.				46,826
STAR DEUTSCHLAND GMBH	73,020		81,076	10,046
STAR PARIS	46,020		38,115	655

STAR SERV.LINGUISTICOS LDA		39,073		61,614
STAR Software, Translation, Artwork, Recording GmbH	8,960		8,960	-
STAR SOFTWARE SHANGHAI CO. LTD	131	37,490		29,781
STAR JAPAN TOKYO	2,301	34,485	2,030	55,486
STAR PREVAJALSKE STORITVE D.O.O Ljubljana		27,289		64,206
STAR CZECH S.R.O.	4,685	22,686	5,157	75,056
STAR POLONIA		40,080		57,673
STAR INFORMATION ENGINEERING S.L.		15,884		23,212
STAR UK LIMITED	638	13,354	995	27,358
STAR GROUP SCANDINAVIA AB	5,829	12,484	12,315	8,407
STAR EGITTO MIDDLE EAST LTD CAIRO		9,435		10,988
STAR HUNGARY KFT		9,218		23,585
Star Information Services Ltd. Sti.	112			-
STAR Information Services & Tools S.R.L.		8,911		20,473
STAR AG TAIWAN BRANCH		8,363		7,319
STAR SERVICIOS LINGUISTICOS	761	8,007		10,264
STAR GROUP AMERICA LLC	2,758	7,596	2,529	2,466
STAR TURCHIA INF.SERVICES LTD STI		6,784		6,784
STAR KOREA AG		5,577		6,020
STAR SPB - RUSSIA		5,400		8,625
STAR SOFTWARE INDONESIA		3,903		6,068
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA		3,751		4,149
STAR GMBH		893		-
GRAFICA E EDITORA STARCOM LTDA		629		-
STAR J&M FINNLAND OY		614		1,132
STAR TECHNOLOGY SOLUTIONS	20,868	519	9,535	195
STAR SA	6,211	155	37,953	45
STAR CO., LTD		102		102
STAR TECH SRL		60		-
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD		54		2,336
	333,420	769,189	233,764	1,010,252

These transactions, which do not include any atypical and/or unusual operations, are conducted on an arm's length basis.

Information on risks and uncertainties pursuant to art. 2428, paragraph 3, point 6-bis of the Italian Civil Code

Credit

Receivables from customers are carefully monitored, and therefore the credit risk is deemed to be adequately covered by the relevant allowance for doubtful accounts.

Liquidity

Note:

- there are adequate lines of credit to meet liquidity needs;
- the Company holds deposits with credit institutions to meet liquidity needs;
- there are no significant concentrations of liquidity risk on either the side of financial assets or sources of funding;
- the terms of collection are appropriate in relation to those of payment.

Market risk

The effects of possible changes on the income statement in relation to relevant risk variables are limited and acceptable for each of the following components:

- interest rate risk
- price risk
- exchange rate risk

In view of the size of the risks, the Company does not have any hedging activities in place, with the exception of interest rate swaps to hedge them (for related information reference should be made to the Notes to the financial statements).

Key risks are continuously monitored by the Board of Directors.

Information on own shares

As of the closing date of this half-year report, the Company owns 50,000 treasury shares for a total value of EUR 3,000,000. No shares and/or quotas of parent companies are held.

Foreseeable evolution of operations

The performance of the first months after 30/06/2021 confirms the good performance of the first half of 2021, with an improvement in the national and international economic scenario, especially thanks to the ongoing vaccination campaign that is overcoming the Covid-19 epidemiological emergency.

Fulfilments pursuant to articles 375 and 377 of Legislative Decree 14/2019 (Business Crisis Code)

On March 16, 2019, the Corporate Crisis Code, which amended Article 2086 of the Civil Code, came into force, thereby placing the onus on the Administrative Body to verify the adequacy of organizational structures in order to prevent the onset of any corporate crisis. This must be done at least every 6 months.

The Company has an adequate organisational chart, also in view of the planned listing, and has adequate instruments for the constant monitoring of corporate activities, the economic and financial performance and a management control system.

The indicators relating to negative or below-par shareholders' equity and the DSGR (Debt Service Coverage Ratio) do not reveal any critical aspects.

Valle San Bartolomeo (Alessandria), 15 September 2021
Chairman of the Board of Directors
Lorenzo Mondo

STAR7 S.P.A.**Balance sheet as at 30-06-2021**

ID data	
Headquarters in	ALESSANDRIA
Tax ID No	01255170050
REA Index number	AL 208355.
VAT No.	01255170050
Share capital in Euro	500,000
Legal form	COMPANY LIMITED BY SHARES (SPA)
Company in liquidation	no
Single member company	no
Company subject to management and coordination by another party	no
Group membership	yes

Balance Sheet

	30-06-2021	31-12-2020
Balance sheet		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
1) start-up and expansion costs	587,715	657,902
4) industrial patents and intellectual property rights	1,370,681	1,228,526
5) goodwill	1,692,093	1,722,974
6) assets under development/construction and payments on account	651,142	586,041
7) others	348,424	238,138
Total intangible assets	4,650,055	4,433,581
II - Property, plant and equipment		
1) land and buildings	221,609	222,505
2) plant and machinery	16,899	15,375
3) industrial and commercial equipment	5,101	8,321
4) other assets	390,799	415,031
Total property, plant and equipment	634,408	661,232
III - Financial fixed assets		
1) equity investments		
a) subsidiaries	1,688,794	1,688,794
b) associates	120,000	120,000
Total equity investments	1,808,794	1,808,794
2) receivables		
a) from subsidiaries		
due within the next financial year	-	170,000
Total receivables from subsidiaries	-	170,000
d-bis) from others		
due after the next financial year	68,714	68,714
Total receivables from others	68,714	68,714
Total receivables	68,714	238,714
Total financial fixed assets	1,877,508	2,047,508
Total fixed assets (B)	7,161,971	7,142,321
C) Current assets		
I - Inventories		
4) finished products and goods	39,031	17,284
5) advances	180,000	-
Total inventories	219,031	17,284
II - Receivables		
1) from customers		
due within the next financial year	19,963,475	20,416,607
Total trade receivables	19,963,475	20,416,607
2) from subsidiaries		
due within the next financial year	6,586,481	4,132,666
Total receivables from subsidiaries	6,586,481	4,132,666
3) from associates		
due within the next financial year	333,420	355,312
Total receivables from associated companies	333,420	355,312
5-bis) tax receivables		
due within the next financial year	1,201,779	791,524

Total tax receivables	1,201,779	791,524
5-ter) prepaid taxes	202,657	206,159
5-quer) from others		
due within the next financial year	817,286	468,234
Total receivables from others	817,286	468,234
Total receivables	29,105,098	26,370,502
IV - Cash on hand		
1) bank and postal deposits	6,662,556	4,103,394
3) cash and cash equivalents	10,440	411
Total cash and cash equivalents	6,672,996	4,103,805
Total current assets (C)	35,997,125	30,491,591
D) Accruals and deferrals	1,325,572	839,778
Total Assets	44,484,668	38,473,690
Liabilities		
A) Net equity		
I - Capital	500,000	500,000
IV - Legal reserve	100,000	100,000
VI - Other reserves, indicated separately		
Special reserve	7,923,536	7,291,413
Capital contributions	2,846	2,846
Misc. other reserves	409,325	19,321
Total other reserves	8,335,707	7,313,580
VII - Reserve for transactions to hedge expected cash flows	(25,547)	(36,632)
IX - Profit (loss) for the year	1,252,129	1,022,127
X - Negative reserve for treasury shares in portfolio	(3,000,000)	-
Total Owners' Equity	7,162,289	8,899,075
B) Provisions for risks and charges		
1) pensions and similar obligations	124,066	90,930
2) for taxes, including deferred taxes	75,135	75,135
3) financial derivative liabilities	33,616	48,201
4) others	50,000	50,000
Total provisions for risks and charges	282,817	264,266
C) Employee severance indemnity	2,905,911	2,583,457
D) Payables		
4) borrowings from banks		
due within the next financial year	10,098,905	6,581,222
due after the next financial year	13,015,680	10,303,407
Total due to banks	23,114,585	16,884,629
5) borrowings from other lenders		
due within the next financial year	45,170	61,054
Total borrowings from other lenders	45,170	61,054
7) trade payables		
due within the next financial year	3,577,010	3,429,345
Total trade payables	3,577,010	3,429,345
9) payables to subsidiaries		
due within the next financial year	3,306,378	2,703,849
Total payables to subsidiaries	3,306,378	2,703,849
10) payables to associated companies		
due within the next financial year	769,189	1,043,715
Total payables to associated companies	769,189	1,043,715
12) tax payables		

due within the next financial year	946,568	322,225
Total taxes payable	946,568	322,225
13) due to social security institutions		
due within the next financial year	767,157	634,482
Total payables to social security institutions	767,157	634,482
14) other payables		
due within the next financial year	1,459,029	1,295,748
Total other payables	1,459,029	1,295,748
Total Payables	33,985,086	26,375,047
E) Accruals and deferrals	148,565	351,845
Total Liabilities	44,484,668	38,473,690

Income Statement

	30-06-2021	30-06-2020
Income Statement		
A) Value of production		
1) revenues from sales and services	21,057,955	15,248,699
2) change in inventories of work in progress, semi-finished and finished products	21,746	(7,757)
5) other revenues and income		
grants related to income	80,000	768
others	38,252	189,365
Total other revenues and income	118,252	190,133
Total Value of Production	21,197,953	15,431,075
B) Cost of production		
6) raw and ancillary materials, consumables and goods	525,171	129,392
7) services	10,915,852	9,078,598
8) use of third party assets	420,661	255,753
9) personnel		
a) wages and salaries	4,814,515	3,649,351
b) social security contributions	1,457,062	1,146,074
c) employees' leaving entitlement	316,040	290,336
e) other costs	41,828	-
Total personnel costs	6,629,445	5,085,761
10) amortisation, depreciation and writedowns		
a) amortisation of intangible fixed assets	500,885	163,561
b) depreciation of tangible fixed assets	73,562	48,313
d) write-downs of receivables included in current assets and cash and cash equivalents	54,556	32,771
Total amortisation, depreciation and write-downs	629,003	244,645
12) provisions for risks	33,136	17,500
14) sundry operating expenses	310,591	338,553
Total Costs of Production	19,463,859	15,150,202
Difference between value and cost of production (A - B)	1,734,094	280,873
C) Financial income and charges		
15) income from equity investments		
from subsidiaries	75,490	170,000
Total income from equity investments	75,490	170,000
16) other financial income		
d) income other than the above		
others	243	79
Total income other than the above	243	79
Total other financial income	243	79
17) interest and other financial expense		
others	137,591	76,364
Total interest and other financial expense	137,591	76,364
17-bis) foreign exchange gains and losses	(107)	(11)
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(61,965)	93,704
Profit (loss) before tax (A - B + - C + - D)	1,672,129	374,577
20) Current, deferred and prepaid income taxes for the period		
current taxes	420,000	-
Total current, deferred and prepaid income taxes for the period	420,000	-
21) Profit (loss) for the year	1,252,129	374,577

Cash flow statement, indirect method

	30-06-2021	30-06-2020
Cash flow statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the year	1,252,129	374,577
Income taxes	420,000	-
Interest expense/(income)	137,348	76,296
(Dividends)	(75,490)	(170,000)
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	1,733,987	280,873
Adjustments for non-cash items that did not have a balancing entry in net working capital		
Provisions	349,176	307,836
Depreciation/amortisation of fixed assets	574,446	211,874
Adjustments to the value of financial assets and liabilities of derivative financial instruments not involving monetary movements	(14,585)	-
Other adjustments up/(down) for non-cash items	72,817	-
Total adjustments for non-monetary items that did not have a balancing entry in net working capital	981,854	519,710
2) Cash flow before changes in net working capital	2,715,841	800,583
Change in net working capital		
Decrease/(Increase) in inventories	(201,747)	(129,845)
Decrease/(Increase) in trade receivables	453,132	4,786,254
Increase/(Decrease) in trade payables	147,665	(506,165)
Decrease/(Increase) in accrued income and prepaid expenses	(485,795)	125,275
Increase/(Decrease) in accrued expenses and deferred income	(203,280)	(16,011)
Other decreases/(Other increases) in net working capital	(1,993,485)	3,944,803
Total change in net working capital	(2,283,510)	8,204,311
3) Cash flow after changes in net working capital	432,331	9,004,894
Other adjustments		
Interest received/(paid)	(137,348)	(76,296)
(Income taxes paid)	(279,366)	-
(Use of provisions)	(66,403)	-
Total other adjustments	(483,117)	(76,296)
Cash flow from operating activities (A)	(50,786)	8,928,598
B) Cash flow from investment activities		
Property, plant and equipment		
(Investments)	(46,737)	(67,014)
Intangible fixed assets		
(Investments)	(657,359)	(628,234)
Financial fixed assets		
(Investments)	-	(2,313,098)
Divestments	170,000	287,500
(Acquisition of business units net of cash and cash equivalents)	(60,000)	(1,236,705)
Cash flow from investing activities (B)	(594,096)	(3,957,551)
C) Cash flow from financing activities		
Loan funds		
Increase/(Decrease) in short-term payables to banks	2,792,958	(356,534)
Financing	4,000,000	-
(Repayment of loans)	(578,886)	(1,771,331)
Own funds		
Sale/(purchase) of treasury shares	(3,000,000)	-

Cash flow from financing activities (C)	3,214,072	(2,127,865)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	2,569,190	2,843,181
Cash and cash equivalents at beginning of year		
Bank and postal deposits	4,103,394	1,568,153
Cash and cash equivalents	411	3,361
Total cash and cash equivalents at beginning of year	4,103,805	1,571,514
Cash and cash equivalents at end of year		
Bank and postal deposits	6,662,556	4,412,250
Cash and cash equivalents	10,440	2,446
Total cash and cash equivalents at end of year	6,672,996	4,414,696

STAR7 S.p.A.

Head office in Via Alessandria 37/B - fraz. Valle San Bartolomeo - 15122 ALESSANDRIA (AL)
Share capital €500,000,000.00 fully paid up

Notes to the Six-Monthly Report as of 30/06/2021

Dear Shareholders

this Six-Monthly Report shows a net profit for the period of €1,252,129 (€374,577 as at 30/06/2020 and €1,022,127 as at 31/12/2020).

Your company produces and translates technical documentation, interpreting, automates editorial processes, develops dedicated software, and prints on demand. It stands out for its expertise and experience, as well as its great commitment to the search for new and innovative solutions.

Research and development activities

During the first half of 2021, STAR7 S.p.A. developed Research and Development Projects, eligible for subsidies pursuant to Article 3 of Decree no. 174 of May 29, 2015 of the Ministry of Economy and Finance. It has been decided to consider this activity worthy of recognition in the current Six-Monthly Report, both for tax purposes, with the consequent determination of a Research and Development Credit to be used as compensation, and for accounting purposes, with the recognition of a revenue among "Other revenues" of € 80,000, charging this amount to item A5) Other revenues and income - b) Operating grants. This has entailed recognition of a research and development receivable in these financial statements, all on the assumption that the eligible costs underlying the calculation are fully recognized in the income statement.

Significant events during the first half of the year

In the first half of the year, after the period of stagnation caused by the Covid-19 pandemic emergency, there was a progressive improvement in production, albeit with different timing and rhythms in the various countries. In fact, the overall scenario is one of growth and the forecast increase in GDP over the two-year period will be driven by investment and, to a lesser extent, by increased household consumption.

This is the context in which your Company's activities during the first half of the year have taken place, with clear growth results compared to both the same half of 2020 and 2020 volumes.

The company, with the review and implementation of internal functions started in 2020, has made significant changes in the corporate structure as part of a path towards an efficient and interconnected multinational model in all operational and functional areas and ready to face the request for admission of its shares to the listing on AIM.

Also in anticipation of the listing, in March 2021 the acquisition of the production branch of Grafitec srl was completed, operating in the printing sector and specializing in defense documentation, both classified and ordinary, while our subsidiary STAR USA LLC acquired the American company The Geo Group Corporation, operating in the translation sector and preparatory to the development of translation activities in America.

The process of acquiring a company specializing in software localization and translation services with a significant turnover that would provide a strong boost to our company's business is also being finalized.

Also as part of the process of admission of the Company's shares to the AIM Italia multimedia trading system managed by Borsa Italiana S.p.A., which was suspended in March 2020 due to the health emergency and resumed in February of this year, on 28/6/21 by deed of Notary Conforti the Company purchased 50,000 shares owned by STAR AG.

Preparation criteria

The criteria used in the preparation of the Half-yearly Report as at 30/06/2021 and in the valuations take into account the changes introduced into the national legislation by Legislative Decree no. 139/2015, through which Directive 2013/34/EU was implemented. As a result of Legislative Decree no. 139/2015, the national accounting

standards OIC were amended.

This Six-Monthly Report for the six months ended 30 June 2021 complies with the requirements of Articles 2423 et seq. of the Italian Civil Code, as illustrated in these Notes, which have been drawn up in accordance with Article 2427 of the Italian Civil Code and constitute an integral part thereof.

Book values are expressed in Euro units by rounding off the relevant amounts. Any rounding differences were posted to the item "Euro rounding reserve" under shareholders' equity; pursuant to article 2423, paragraph 6, of the Italian Civil Code, the Notes to the Financial Statements have been drawn up in euros.

The Notes to the Financial Statements present information on items in the Balance Sheet and Income Statement in the order in which the relevant items are shown in the respective financial statements.

Basis of preparation

(Ref. articles 2423 and 2423-bis C.C.)

The valuation of the items in the financial statements was carried out in accordance with the general criteria of prudence and competence, with a view to the continuation of the business.

It should be noted that for the purposes of the going concern assumption pursuant to art. 2423-bis of the Italian Civil Code, for the preparation of the Financial Statements as of 31/12/2020 the Company did not make use of the exemption option provided for by paragraph 2 of art. 38-quater of Law 77/2020 converting Law Decree 34/2020 ("Relaunch Decree"), an option introduced following the Covid-19 epidemic.

The application of the principle of prudence has entailed the individual valuation of the elements making up the individual items of assets or liabilities, in order to avoid offsetting losses that must be recognized with profits that must not be recognized as they have not yet been realized.

In accordance with the accruals principle, the effect of transactions and other events has been recorded in the accounts and attributed to the period to which such transactions and events refer, and not to the period in which the related cash movements (receipts and payments) take place.

In application of the principle of materiality, the obligations concerning recognition, measurement, presentation and disclosure have not been complied with when their observance would have an irrelevant effect on the true and fair view.

The continuity of application of the valuation criteria over time is a necessary element for the purposes of comparability of the company's financial statements in the various financial years.

Recognition and presentation of items in the financial statements has been made taking into account the substance of the transaction or contract.

Exceptional cases pursuant to art. 2423, fifth paragraph, of the Italian Civil Code

(Ref. art. 2423, fifth paragraph, C.C.)

There were no exceptional circumstances that made it necessary to resort to derogations pursuant to art. 2423, paragraph 5 of the Italian Civil Code.

Suspension of depreciation - art. 60 Law 126/2020

It should be borne in mind that pursuant to art. 60 of Law no. 126/2020 the Company, as an exception to art. 2426, paragraph 1, number 2) of the Italian Civil Code, decided not to carry out annual amortization of the cost of certain intangible assets in the Financial Statements as of 31/12/2020. As provided for by the above-mentioned legal provision, the portion of amortization not carried out is charged to the Income Statement for the following year, thus extending the original amortization schedule by one year. The Company was induced to avail itself of the aforementioned waiver as the pandemic caused by the Covid-19 virus significantly slowed the growth process undertaken and interrupted the execution of certain activities such as the rebranding of the Group and the listing of shares on the AIM market. Provision has been made for the related deferred taxes.

It should be noted, however, that the income statement for the six months ended June 30, 2020, included for comparative purposes in this Semi-Annual Report, does not include the aforementioned suspension of amortization and depreciation, which was done in the annual report for the year ended December 31, 2020. Please refer to the Financial Statements for the year ended 12/31/2020 for the effects of the suspension.

Changes in accounting principles

The Company has not changed its accounting policies.

Comparability and fit issues

There are no problems in comparing and matching data in the Six-Monthly Report with those from previous periods.

Measurement criteria applied

Ref. art. 2426, first paragraph, Civil Code and Accounting Principles OIC 12.

Fixed assets

Intangible fixed assets

These are recorded at the historical cost of acquisition and shown net of amortization charged directly to the individual items.

Start-up and expansion costs benefiting future periods have been capitalised with the consent of the Board of Statutory Auditors. Start-up and expansion costs are amortized over five years.

Licenses and software are amortized at an annual rate of 33.33%.

The costs of creating the website are amortized at an annual rate of 20%.

Goodwill is amortizable over 10 years. For the amortization of the company branch acquired from Dante S.r.l., recourse was made to the exemption provided for by Law 126/2020 in the Financial Statements for the year ended December 31, 2020.

Leasehold improvements are depreciated at rates that depend on the duration of the lease of the property being improved.

No development costs and/or assets in progress relating to Research and Development projects capitalized pursuant to OIC 24 have been recorded.

If, irrespective of the depreciation already recorded, an impairment loss occurs, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

Property, plant and equipment

They are recorded at purchase or production cost and adjusted by the corresponding depreciation provisions.

Ancillary charges and costs incurred in using the asset were taken into account in the value recorded in the financial statements, reducing the cost of trade discounts and cash discounts of a significant amount.

The depreciation quotas charged to the Income Statement have been calculated on the basis of the criterion of the residual useful life of the assets, taking into account their use, destination and economic-technical duration, a criterion which we consider to be well represented by the following rates, which have not been modified with respect to the previous year and which are reduced by half in the year the assets enter service:

Asset Category	% Amortisation/Depreciation
Buildings	3%
Plant and machinery	15%
Equipment	15%
Furniture	12%
Electronic office machines	20%
Trucks	20%

If, irrespective of the depreciation already recorded, an impairment loss occurs, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

There are no tangible assets with monetary or economic revaluation.

There are no capitalized borrowing costs.

Receivables

The amortised cost rule has not been applied as the effects are irrelevant for the purposes of giving a true and fair view; therefore, receivables are shown at their estimated realizable value.

The nominal value of receivables is adjusted to their estimated realizable value by means of a specific allowance for doubtful accounts, taking into account the existence of indicators of uncollectibility as well as the general economic situation, negatively affected by the Covid-19 epidemic.

Payables

The amortised cost rule has not been applied as the effects are irrelevant for the purposes of giving a true and fair view; therefore, payables are shown at their nominal value, which reasonably approximates their discharge value.

Accruals and deferrals

They have been determined in accordance with the criterion of actual accrual for the year. For long-term accruals and deferrals, the conditions that determined their original booking were verified, adopting the appropriate changes where necessary.

Inventories

Raw and ancillary materials and finished products are recorded at the lower of purchase or production cost and estimated realizable value; the valuation criterion is unchanged from the previous year.

Equity investments

Shareholdings in subsidiaries, entered under financial fixed assets, are valued at purchase or subscription cost. Investments recorded as fixed assets represent a long-term, strategic investment by the Company. Investments recorded at purchase cost have not been written down because there are no indicators of impairment, despite the negative effects caused by the Covid-19 epidemiological emergency.

Provisions for risks and charges

These are set aside to cover losses or debts whose existence is certain or likely, but whose exact amount or date of occurrence could not be determined at the end of the financial year. In the valuation of these provisions, the general criteria of prudence and accruals were respected and no generic risk provisions without economic justification were set up. Contingent liabilities have been recorded in the financial statements and posted to the provisions since they are considered probable and the amount of the related charge can be reasonably estimated.

Provision for severance pay

The provision represents the actual debt accrued to employees in accordance with the law and current labor contracts, considering all forms of remuneration of an ongoing nature. The fund does not include the indemnities accrued as of January 1, 2007 and destined for complementary pension schemes pursuant to Legislative Decree no. 252 of December 5, 2005.

Income Taxes

Taxes are accounted for on an accruals basis and therefore represent provisions for taxes settled for the year, determined in accordance with current rates and regulations. Deferred taxation has been recorded on temporary differences between the book values and tax bases of positive and negative income components.

Revenue and cost recognition

Revenue from sales of products is recognized at the time of transfer of the typical risks and rewards of ownership, which is normally identified with the delivery or shipment of the goods. Revenues from services and those of a financial nature are recognized on an accruals basis. The same criteria apply to cost entry. Revenues and income, costs and charges relating to transactions denominated in foreign currency are

accounted for at the exchange rate in force on the date on which the transaction is carried out.

NOTES, ASSETS

FIXED ASSETS

Intangible fixed assets

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
4,650,055	4,433,581	216,474

Changes in intangible fixed assets
(Ref. art. 2427, first paragraph, no. 2, C.C.)

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Industrial patents and intellectual property rights	Goodwill	Intangible fixed assets in progress and advances	Other intangible fixed assets	Total intangible assets
Value at start of year							
Cost	1,514,755	150,352	2,171,486	1,772,180	586,041	620,715	6,815,530
Amortisation/depreciation (accumulated)	856,853	150,352	942,960	49,206		382,577	2,381,949
Book value	657,902	0	1,228,526	1,722,974	586,041	238,137	4,433,581
Changes during the year							
Increases due to acquisitions	70,000		333,133	60,000	193,469	60,757	717,359
Amortisation/depreciation for the year	140,187		190,978	90,881		78,839	500,885
Other changes					-128,369	128,369	0
Total changes	-70,187	0	142,155	-30,881	65,100	110,287	216,475
Value at end of year							
Cost	1,584,755	150,352	2,504,620	1,832,180	651,142	809,841	7,532,889
Amortisation/depreciation (accumulated)	997,040	150,352	1,133,938	140,087		461,416	2,882,834
Book value	587,715	0	1,370,681	1,692,093	651,142	348,424	4,650,055

In the first half of 2021, increases primarily relate to:

- start-up and expansion costs: are related to software services for an on-line technical documentation management project for the automotive sector;
- licences, trademarks and similar rights: purchased software and internally developed programmes; STAR7 trademark; the purchase of licenses for the year relates to the implementation of the ERP that is nearing completion, which has not been amortized in accordance with proper accounting principles;
- goodwill: acquisition of company branch from Grafitec s.r.l.;
- assets under development/construction and payments on account: charges for listing on the AIM market, rebranding/corporate organization, professional services for ongoing due diligence, other minor;
- other intangible fixed assets leasehold improvements.

There are no indicators of impairment of intangible fixed assets at 30/06/2021.

In the financial statements for the year ended December 31, 2020, the Company, as a result of the Covid-19 epidemic emergency, which prevented it from completing planned activities and slowed the growth process it had undertaken, exercised its right to suspend amortization (pursuant to Article 60 of Law 126/2020) for the following categories of intangible assets:

- licences, trademarks and similar rights: € 261,991;
- goodwill of Dante S.r.l. company branch: € 128,012.

A total of € 390,003 in amortization was suspended in 2020 (of which € 261,991 was deducted for tax purposes as goodwill was not franked for tax purposes). It should also be noted that amortization charges not recorded in the Income Statement but deducted for tax purposes gave rise to deferred taxation of €73,095 (theoretical tax rate of 27.9%).

Breakdown of start-up and expansion costs and development costs (Ref. art. 2427, first paragraph, no. 3, Civil Code)

The breakdown of start-up and expansion costs and the reasons for their recognition are shown below.

Start-up and expansion costs

Pursuant to OIC 24, in 2018 start-up costs related to new activities connected with new contracts with leading customers in the Automotive sector amounting to € 1,384,755 were recorded under item B11. In 2020, 130,000 euros were capitalized in relation to costs for software services for an online technical documentation management project for the automotive sector. In the first half of 2021 additional start-up costs were capitalized relating to new activities related to the Automotive sector (€ 70,000).

No development costs and/or assets in progress were recorded relating to Research and Development projects capitalized pursuant to OIC 24.

Property, plant and equipment

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
634,408	661,232	- 26,824

Changes in property, plant and equipment

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets under construction and advances	Total property, plant and equipment
Value at start of year						
Cost	226,300	32,521	103,229	1,184,653	0	1,546,702
Amortisation/depreciation (accumulated)	3,795	17,145	94,908	769,622		885,470
Book value	222,505	15,376	8,321	415,031	0	661,232
Changes during the year						
Increases due to acquisitions		3,500		45,248		48,748
Reclassifications			-1,840	-171		-2,011
Decreases due to disposals and divestments (of book value)						0
Amortisation/depreciation for the year	896	1,976	1,380	69,309		73,562
Other changes						0
Total changes	-896	1,524	-3,220	-24,232	0	-26,825
Value at end of year						
Cost	226,300	36,021	101,389	1,229,901	0	1,593,610
Amortisation/depreciation (accumulated)	4,691	19,121	96,288	838,931	0	959,031
Other changes	0	0	0	-171	0	-171
Book value	221,609	16,899	5,101	390,799	0	634,408

Increases for the year mostly concern electronic machines and hardware.

The item land/buildings relates to a building plot currently used as a parking lot.

The item "Fixed assets under construction and advances" includes € 235,715 relating to the start of works for the construction of new offices in front of the registered office in Alessandria, in the hamlet of Valle San Bartolomeo; said works were financed by means of a property lease and therefore the above amount was transferred to other receivables / intangible fixed assets.

It should be noted that, despite the option provided for by art. 60 of Law 126/2020 as a result of the Covid-19 epidemiological emergency, amortization rates were neither suspended nor reduced in FY 2020.

Real estate leasing

Finance lease transactions: the table below summarizes the figures for the property lease contract in progress if it were recorded in the accounts in accordance with international accounting standards (so-called financial method).

	Amount
Total amount of leased assets as at 30/06/2021	1,387,464
Depreciation and amortization that would have been charged in the first half of the year	22,622
Present value of instalments not yet due at 30/06/2021	1,104,940
Financial charges for the first half of the year based on the effective interest rate	34,954

Financial fixed assets

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
1,877,508	2,047,508	- 170,000

This category includes equity investments and long-term receivables, the movements of which are shown in the tables below.

Movements in equity investments, other securities and derivative financial instruments held as fixed assets

	Equity investments in subsidiaries	Equity investments in other companies	Total equity investments
Value at start of year			
Cost	1,688,794	120,000	1,808,794
Book value	1,688,794	120,000	1,808,794
Changes during the year			
Increases due to acquisitions			0
Decreases due to disposals (of book value)			0
Total changes			0
Value at end of year			
Cost	1,688,794	120,000	1,808,794
Book value	1,688,794	120,000	1,808,794

There were no changes in the first half of 2021.

Equity investments

Investments in subsidiaries and other companies recorded as fixed assets represent a long-term, strategic investment by the Company and are valued at purchase/subscription cost.

Details of long-term investments in subsidiaries

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (Loss) as at 30-06-2021 in €	Shareholders' equity as at 30- 06-2021 in €	Share held in %	Shareholders' equity in € pro-quota	Book value or corresponding receivable	Difference
STAR7 PRINTING S.R.L.	ASTI	01495260059	10,000	60,469	644,533	60%	386,720	6,000	380,720
STAR7 ENGINEERING S.R.L.	MARANELLO (MO)	02436770065	40,000	345,927	1,373,428	100%	1,373,428	674,920	698,508
AD STUDIO S.R.L.	LUGO (RA)	02552920395	10,000	-68,474	38,550	100%	38,550	10,000	28,550
STAR COMUNICAÇÃO E SERVIÇOS LTDA	Brazil		320,704	649,191	2,352,064	75%	1,764,048	379,679	1,384,369
CAL COMUNICAÇÃO LTDA	Brazil		110,725	-3,214	16,019	75%	12,014	122,228	- 110,214
STAR7 AUSTRIA GMBH	Austria	ATU71651312	35,000	36,605	72,732	100%	72,732	199,350	- 126,618
STAR USA LLC	USA		6,114	-169,609	-203,453	100%	- 203,453	292,474	- 495,927
STAR ALBANIA SHPK	ALBANIA		4,106	3,088	22,778	100%	22,778	4,143	18,635
							3,466,817	1,688,794	1,778,023

The following additional information is provided for investments in subsidiaries:

- the income statement and balance sheet used for the calculation of the pro-quota share of shareholders' equity is that as at 30/06/2021;
- sSTAR USA LLC data are taken from the sub-consolidated statement of financial position which includes Techworld Language Services Inc. and The Geo Group Corp., directly controlled by STAR USA LLC which holds 100% of the share capital;
- the exchange rate used for the Balance Sheet is that published by the Bank of Italy on June 30, 2021, whilst the average exchange rate for the first half of the year was used for the Income Statement.

It is believed that, despite the ongoing Covid-19 epidemiological emergency, no indicators of impairment of the value of equity investments have emerged precisely because of their strategic nature and the complementary nature of the activities they carry out with respect to the Company's business; there were no cases of "reversal of value".

In the case of equity investments carried at a value higher than the book value of shareholders' equity (investments in Cal Comunicacao Ltda, Star7 Austria Gmbh and Star USA LLC), no impairment loss was deemed to exist as these are strategic investments and also in view of the negative effects caused by the Covid-19 epidemic.

For a better understanding of the performance of the Company and its subsidiaries, reference should be made to the Consolidated Interim Report of the STAR Group7.

Details of equity investments in other companies

Name	City, if in Italy, or Foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the last financial year in €	Net equity in €	Share held in %	Book value or corresponding receivable
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	120,000
							120,000

No non-current investments have undergone any changes in destination.

There are no restrictions on the availability of any investment by the participating company, nor are there any stock options or other privileges.

During the year, no investee company approved any paid or unpaid capital increases. No significant transactions, other than ordinary commercial transactions, were carried out with investee companies.

Changes in and maturity of long-term receivables

	Long-term receivables due from subsidiary undertakings	Long-term receivables due from associated undertakings	Non-current receivables due from others	Total long-term receivables
Value at start of year	170,000	0	68,714	238,714
Changes during the year	-170,000	0		-170,000
Value at end of year	0	0	68,714	68,714
Portion due within the year	0	0		0
Portion due after the end of the year	0	0	68,714	68,714
Of which with residual duration of more than 5 years	0	0	0	0

Receivables from subsidiaries as at 31/12/2020 (€ 170,000) referred to dividends to be collected from STAR COMUNICACAO LTDA.

Other receivables refer to guarantee deposits.

Breakdown of long-term receivables by geographical area

Receivables at June 30, 2021 are broken down by geographical area as follows (article 2427, paragraph 1, no. 6, of the Italian Civil Code):

- Italy: € 68,714.

CURRENT ASSETS

Inventories

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
219,031	17,284	201,747

Closing inventories are valued at the lower of purchase or production cost and estimated realizable value; the valuation criterion is unchanged from the previous year.

	Value at start of year	Changes during the year	Value at end of year
Finished products and goods	17,284	21,747	39,031

Payments on account	-	180,000	180,000
Total inventories	17,284	201,747	219,031

Current receivables

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
29,105,098	26,370,502	2,734,596

Changes in and maturity of receivables posted to current assets

	Value at start of year	Change during the year	Value at end of year	Portion due within the year	Portion due after the end of the year	Of which with residual duration of more than 5 years
Receivables due from clients included in current assets	20,416,607	- 453,132	19,963,475	19,963,475	-	-
Receivables due from subsidiary undertakings included in current assets	4,132,666	2,453,815	6,586,481	6,586,481	-	-
Receivables due from associated undertakings posted to current assets	355,312	- 21,892	333,420	333,420	-	-
Tax credits posted to current assets	791,524	410,255	1,201,779	1,201,779	-	-
Deferred tax assets posted to current assets	206,159	- 3,502	202,657	202,657	-	-
Receivables due from others included in current assets	468,234	349,052	817,286	817,286	-	-
Total receivables posted to current assets	26,370,502	2,734,596	29,105,098	29,105,098	-	-

The Company has exercised the option not to apply the amortized cost method to receivables in cases where the effects are immaterial, such as receivables due within 12 months; receivables are therefore valued at their estimated realizable value.

Receivables due from clients include 3,412,779 euros relating to bills sold to the factoring company and the SBF.

Tax credits primarily include VAT credits (1,106,815 euros) and tax credits for Research and Development for 2021 (80,000 euros). The latter amount refers to the benefit resulting from incurring costs classifiable as research and development during the period.

Deferred tax assets refer to IRES as detailed in the table:

	Taxable		IRES paid on account			
	as at 31-12-2020	Change	as at 30-06-2021	as at 31-12-2020	Change	as at 30-06-2021
Allowance for doubtful accounts - portion exceeding tax deductibility	356,150		356,150	85,476	-	85,476
Provision for risks and charges - derivative financial instruments payable	48,201	- 14,585	33,616	11,568	- 3,500	8,068
Provisions for risks and charges - other	50,000		50,000	12,000	-	12,000
Undeducted costs to be recovered	404,640		404,640	97,114	-	97,114
	858,991	- 14,585	844,406	206,158	- 3,500	202,657

Receivables from others mainly include:

- 236,145 euros relating to the accrued severance indemnity for employees of SDS; the same amount has been recorded under liabilities in the item "Provisions for severance indemnities". This line of business leased by Star7 for a period of three years and expiring in November 2020, has been extended for another year. At the end of the lease of the company branch and in case of return of the same to the company SDS srl, the amounts will be compensated;
- 386,228 for costs incurred relating to the start of work on the construction of new offices in front of the company's headquarters; these works have been financed by means of a lease and the above amount has therefore been transferred from tangible fixed assets in progress.

The tables below show receivables due from subsidiary and associated undertakings:

SUBSIDIARY COMPANY	FINANCIAL RECEIVABLES	TRADE RECEIVABLES	TOTAL
STAR7 PRINTING SRL		1,016	1,016
STAR7 ENGINEERING SRL		2,663	2,663
AD STUDIO SRL	400,000	2,033	402,033

STAR7 AUSTRIA GMBH		1,319	1,319
STAR COMUNICAÇÃO E SERVIÇOS LTDA	563,473	49,833	613,306
STAR USA LLC	4,340,718	825,426	5,166,144
STAR ALBANIA SHPK	400,000		400,000
TECHWORLD LANGUAGE SERVICES INC.			-
CAL COMUNICAÇÃO LTDA			-
TOTAL	5,704,191	882,290	6,586,481

Financial receivables due from STAR USA LLC regard the funding provided to the subsidiary undertaking for the acquisition of Techworld Language Services Inc. (3,091,812 Euros) and The Geo Group Corporation (1,248,907 Euros).

Receivables of a financial nature from STAR Comunicacao e Servicos Ltda mainly relate to the deferred payment of dividends resolved in 2020 and 2021.

Financial receivables due from AD Studio and STAR Albania regard temporary liquidity requirements.

ASSOCIATED COMPANY	TRADE RECEIVABLES
STAR AG	161,126
STAR DEUTSCHLAND GMBH	73,020
STAR PARIS	46,020
STAR TECHNOLOGY SOLUTIONS	20,868
STAR Software, Translation, Artwork, Recording GmbH	8,960
STAR SA	6,211
STAR GROUP SCANDINAVIA AB	5,829
STAR CZECH S.R.O.	4,685
STAR GROUP AMERICA LLC	2,758
STAR JAPAN TOKYO	2,301
STAR SERVICIOS LINGUISTICOS	761
STAR UK LIMITED	638
STAR SOFTWARE SHANGHAI CO. LTD	131
Star Information Services Ltd. Sti.	112
	333,420

Breakdown of receivables posted to current assets by geographical area

The breakdown of receivables as of June 30, 2021 by geographical area is shown in the following table (amounts shown gross of the allowance for doubtful accounts); art. 2427, first paragraph, no. 6, Civil Code).

	Italy	EU	Non EU	TOTAL
Receivables due from customers included in current assets	19,202,917	938,183	370,300	20,511,400
Receivables due from subsidiary undertakings included in current assets	405,712	1,319	6,179,450	6,586,481
Receivables due from associated undertakings posted to current assets	-	156,747	176,673	333,420
Tax credits posted to current assets	1,201,779			1,201,779
Deferred tax assets posted to current assets	202,657			202,657
Receivables due from others included in current assets	817,286			817,286
Total receivables posted to current assets	21,830,351	1,096,249	6,726,423	29,653,023

Movements in the allowance for doubtful accounts were as follows:

Balance as at 31-12-2020	542,134
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Use during the year	-48,765
Provision for the year	54,556
Balance as at 30-06-2021	547,925

An analysis of the risks of uncollectible receivables showed that the allowance for doubtful accounts is adequate, also in light of the worsening of the general economic situation due to the Covid-19 epidemic.

Cash on hand

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
6,672,996	4,103,805	2,569,191

The details are as follows:

	Value at start of year	Change during the year	Value at end of year
Bank and postal deposits	4,103,394	2,559,162	6,662,556
Cash and other valuables on hand	411	10,029	10,440
Total cash and cash equivalents	4,103,805	2,569,191	6,672,996

The balance represents cash and cash equivalents and the existence of cash and valuables at the end of the fiscal year. Reference should be made to the Statement of Cash Flows for a quantitative analysis of the cash flows that generated the change in the period.

Accrued income and prepaid expenses

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
1,325,572	839,778	485,794

This item refers to prepaid expenses (1,257,609 Euros) and accrued income (67,963 Euros).

As of June 30, 2021, there are prepaid expenses of 445,642 euros with a duration of more than five years relating to the existing building lease and the maxi rent for the new building under construction.

This item includes the deferral of the maxi-fee on the property lease of 135,437 Euros and other deferred income of 491,683 Euros.

NOTES, LIABILITIES AND SHAREHOLDERS' EQUITY

Net equity

(Ref. art. 2427, first paragraph, no. 4, 7 and 7-bis, C.C.)

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
7,162,289	8,899,075	- 1,736,786

Changes in equity items:

Description	31/12/2020	Allocation of the result		Other changes		Profit (loss) for the year	30/06/2021
		Dividends	Other uses	Increases	Decrease		
Share capital	500,000						500,000
Legal reserve	100,000						100,000
Other reserves:							
Special reserve	7,291,413		632,124				7,923,537
Capital contributions	2,846						2,846
Misc. other reserves	19,321		390,003				409,324
Total other reserves:	7,313,580	-	1,022,127	-	-	-	8,335,707

allocation of dividends									0
other uses			1,346,901					-1,346,901	0
Other changes									
increases									0
decreases							-36,632		-36,632
Previous year's result							1,022,127		1,022,127
At the end of the previous year	500,000	100,000	7,291,413	19,321	2,846		-36,632	1,022,127	0
Allocation of the result for the year:									
allocation of dividends									0
other uses			632,124	390,003				-1,022,127	0
Other changes									
increases							11,085		11,085
decreases									-3,000,000
Result for the current year							1,252,129		1,252,129
At the end of the current financial year	500,000	100,000	7,923,537	409,324	2,846		-25,547	1,252,129	-3,000,000

In equity, the following items are present:

Reserves or other funds which, in the event of distribution, do not form part of the shareholders' taxable income regardless of the period of formation:

Description	Amount
Capital contributions	2,846
Total	2,846

Provisions for risks and charges

(Ref. art. 2427, first paragraph, no. 4, C.C.)

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
282,817	264,266	18,551

	Provision for pensions and similar obligations	Provision for taxes, including deferred taxes	Financial derivative liabilities	Other provisions	Total provisions for contingencies and charges
Value at start of year	90,930	75,135	48,201	50,000	264,266
Changes during the year					
Provision for the year	33,136				33,136
Use during the year					0
Other changes			-14,585		-14,585
Total changes	33,136	0	-14,585	0	18,551
Value at end of year	124,066	75,135	33,616	50,000	282,817

Provisions for risks and charges are made up as follows:

- provisions for Directors' Severance Indemnity equal to 124,066 euros;
- provision for deferred taxes, which corresponds to the tax savings from lower current taxes in 2020, deriving mainly from the unrecognized amortization of intangible assets (€ 261,991), deducted, however, for tax purposes. Deferred taxes are calculated applying the overall rate of 27.9% (IRES and IRAP);
- mark-to-market of €33,616 of hedging interest rate swaps, relating to a loan disbursed in 2019 by Intesa Sanpaolo for €3,000,000 and a loan disbursed in 2020 by Credit Agricole for €2,250,000, as a balancing entry to the reserve for hedging transactions of expected cash flows (item A.VII of shareholders' equity). The related deferred tax assets have been calculated (see note on Current receivables);
- a risk provision of €50,000 set aside in previous years for commercial risks and prudently maintained.

Employee severance indemnity

(Ref. art. 2427, first paragraph, no. 4, C.C.)

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
2,905,911	2,583,457	322,454

Changes during the year are shown in the following table:

	Employee severance indemnity
Value at start of year	2,583,457
Changes during the year	
Provision for the year	316,040
Use during the year	-66,403
Other changes	72,817
Total changes	322,454
Value at end of year	2,905,911

The provision set aside represents the actual debt accrued to employees in accordance with the law and current labor contracts, taking into account all forms of remuneration of an ongoing nature.

The provision corresponds to the total of individual indemnities accrued up to June 30, 2021 in favor of employees at the end of the reporting period, net of advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment on that date.

The fund does not include allowances accrued as of January 1, 2007, allocated to supplementary pension schemes pursuant to Legislative Decree no. 252 of December 5, 2005.

The other changes concern the employee severance indemnity provision for employees acquired following the merger of the branch of business taken over from Grafitec s.r.l.

Payables

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
33,985,086	26,375,047	7,610,039

Changes and maturity of payables

The maturity of payables is broken down as follows (article 2427, first paragraph, no. 6, Civil Code).

	Value at start of year	Change during the year	Value at end of year	Portion due within the year	Portion due after the end of the year	Of which with residual duration of more than 5 years
Borrowings from banks	16,884,629	6,229,956	23,114,585	10,098,905	13,015,680	976,884
Borrowings from other lenders	61,054	- 15,884	45,170	45,170		
Trade payables	3,429,345	147,665	3,577,010	3,577,010		
Due to subsidiaries	2,703,849	602,529	3,306,378	3,306,378		
Payables to associated companies	1,043,715	- 274,526	769,189	769,189		
Tax payables	322,225	624,343	946,568	946,568		
Payables to social security institutions	634,482	132,675	767,157	767,157		
Other payables	1,295,748	163,281	1,459,029	1,459,029		
TOTAL PAYABLES	26,375,047	7,610,039	33,985,086	20,969,406	13,015,680	976,884

Amounts due to banks include both current mortgages with various credit institutions, for which the portion maturing after one year and the portion maturing after five years are shown, and ordinary current account transactions, advances, so-called "hot money" loans and advances on receivables sold to the Factor.

Amounts due to other financial institutions relate to the purchase of capital goods.

With regard to trade payables, the company has made use of the option not to use the amortized cost method and/or not to discount payables as they are not due beyond one year; these payables are therefore recorded at their nominal value, which reasonably approximates their extinguishing value.

As far as bank loans are concerned, the Company has benefited from the moratorium introduced by the

legislation against the Covid-19 epidemic emergency, from Decree Law 23/2020 (Liquidity Decree) onwards. The amount of the capital shares subject to the benefit amounted to a total of 705,471 euros in 2020.

As the moratorium did not entail any change in contractual conditions or in the interest rates applied, which are in line with market rates, the amortized cost method was not applied to these loans, partly because the effects would not be significant.

The Company has obtained the SACE / Mediocredito guarantee provided for by the Covid-19 epidemiological emergency regulations on the following loans:

Lending institution	Amount of loan	Maximum amount guaranteed by the fund	State aid quantification	Legal Reference	Guarantor:
UNICREDIT	2,000,000	1,800,000	-	art. 1 D.L. 23/2020	SACE
CREDIT AGRICOLE	2,250,000	2,030,000	89,117	F.Gar.L.662/96	MEDIOCREDITO
SADDLE BANK	1,000,000	1,000,000	-	Innovfin Guarantee	FEI FUND
INTESA SANPAOLO	1,650,000	1,320,000	52,245	F.Gar.L.662/96	MEDIOCREDITO
BPM	500,000	450,000	17,811	F.Gar.L.662/96	MEDIOCREDITO
BPM	1,500,000	1,200,000	47,495	F.Gar.L.662/96	MEDIOCREDITO
INTESA SANPAOLO	3,000,000	2,700,000	-	art. 1 D.L. 23/2020	SACE
TOTAL	11,900,000	10,500,000	206,669		

Guarantees obtained in 2021 relate to the loan taken out in 2021, shown in the last row of the table above.

Debts backed by collateral on company assets

There are no payables secured by collateral on corporate assets (article 2427, paragraph one, no. 6, of the Italian Civil Code).

Refer to the table above for guarantees obtained on bank loans.

The tables below show amounts due to subsidiary and associated undertakings:

SUBSIDIARY COMPANY	FINANCIAL LIABILITIES	TRADE PAYABLES	TOTAL
STAR7 PRINTING SRL		2,118,837	2,118,837
STAR7 ENGINEERING SRL		532,800	532,800
AD STUDIO SRL		304,211	304,211
STAR7 AUSTRIA GMBH		34,980	34,980
STAR COMUNICAÇÃO E SERVIÇOS LTDA		196	196
STAR USA LLC			-
STAR ALBANIA SHPK		308,642	308,642
TECHWORLD LANGUAGE SERVICES INC.		6,712	6,712
CAL COMUNICAÇÃO LTDA			-
TOTAL	-	3,306,378	3,306,378

ASSOCIATED COMPANY	TRADE PAYABLES
STAR AG	253,343
DANTE SRL	193,050
STAR SERV.LINGUISTICOS LDA	39,073
STAR SOFTWARE SHANGHAI CO. LTD	37,490
STAR JAPAN TOKYO	34,485
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	27,289
STAR CZECH S.R.O.	22,686
STAR POLONIA	40,080
STAR INFORMATION ENGINEERING S.L.	15,884

STAR UK LIMITED	13,354
STAR GROUP SCANDINAVIA AB	12,484
STAR EGITTO MIDDLE EAST LTD CAIRO	9,435
STAR HUNGARY KFT	9,218
STAR Information Services & Tools S.R.L.	8,911
STAR AG TAIWAN BRANCH	8,363
STAR SERVICIOS LINGUISTICOS	8,007
STAR GROUP AMERICA LLC	7,596
STAR TURCHIA INF.SERVICES LTD STI	6,784
STAR KOREA AG	5,577
STAR SPB - RUSSIA	5,400
STAR SOFTWARE INDONESIA	3,903
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	3,751
STAR GMBH	893
GRAFICA E EDITORA STARCOM LTDA	629
STAR J&M FINNLAND OY	614
STAR TECHNOLOGY SOLUTIONS	519
STAR SA	155
STAR CO., LTD	102
STAR TECH SRL	60
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	54
	769,189

Breakdown of payables by geographical area

The breakdown of payables as of June 30, 2021 according to geographical area is shown in the following table (article 2427, paragraph 1, no. 6 of the Italian Civil Code).

	Italy	EU	Non EU	TOTAL
Borrowings from banks	23,114,585			23,114,585
Borrowings from other lenders	45,170			45,170
Trade payables	3,111,241	217,715	248,054	3,577,010
Due to subsidiaries	2,955,847	34,980	315,551	3,306,378
Payables to associated companies	193,110	185,658	390,421	769,189
Tax payables	946,568			946,568
Payables to social security institutions	767,157			767,157
Other payables	1,459,029			1,459,029
TOTAL PAYABLES	32,592,707	438,353	954,026	33,985,086

Accrued expenses and deferred income

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
148,565	351,845	- 203,280

	Value at start of year	Change during the year	Value at end of year
Accrued expenses	20,220	9,372	29,592
Deferred income	331,625	- 212,652	118,973
Total accrued expenses and deferred income	351,845	- 203,280	148,565

Accrued expenses include expenses paid by credit card in June but charged to the checking account the following month, employee expense reports, and bank fees.

Deferred income relates to invoices issued in advance for activities to be carried out after 30/06/2021. This includes €75,490 in dividends from STAR Comunicacao e Servicos Ltda pertaining to the 2nd half of 2021.

As of June 30, 2021 there are no accrued expenses or deferred income with a duration of more than five years.

EXPLANATORY NOTES, INCOME STATEMENT

Value of production

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
21,197,953	15,431,075	5,766,878

Description	30/06/2021	30/06/2020	Change
Revenues from sales and services	21,057,955	15,248,699	5,809,256
Change in inventories of work in progress, semi-finished and finished products	21,746	-7,757	29,503
Other revenues and income			
grants related to income	80,000	768	79,232
others	38,252	189,365	-151,113
Total other revenues and income	118,252	190,133	-71,881
Total Value of Production	21,197,953	15,431,075	5,766,878

The change is closely related to what is set out in the Management Report and is symptomatic of the negative effects caused by the Covid-19 epidemic emergency in 2020 and the gradual but sustained recovery of operations in the first half of 2021, which is continuing in the following months.

Other revenues and income" include 80,000 euros in grants relating to tax credits for research and development, which are substantially similar to operating grants, given that all the underlying subsidized expenses are recorded in the Income Statement. Operating grants are recorded under item A5 "Other income and revenues" in the Income Statement, on an accruals basis and in the year in which the right to receive them arises with certainty.

In the first half of 2021, no grants were received in response to the Covid-19 epidemiological emergency.

Breakdown of revenues from sales and services by category of activity

(Ref. art. 2427, first paragraph, no. 10, C.C.)

Business sector	30/06/2021
Revenues from translation and interpreting	6,646,279
Revenues from authoring	10,514,287
Revenues from printing	3,613,542
Misc. services	283,847
Total	21,057,955

Breakdown of revenues from sales and services by geographical area

(Ref. art. 2427, first paragraph, no. 10, C.C.)

Geographical area	30/06/2021
Italy	18,515,804
EU	1,572,456
NON EU	969,694
Total	21,057,955

Cost of production

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
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19,463,859	15,150,202	4,313,657
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Description	30/06/2021	30/06/2020	Change
Raw and ancillary materials and goods	525,171	129,392	395,779
Services	10,915,852	9,078,598	1,837,254
Leased assets	420,661	255,753	164,908
Wages and salaries	4,814,515	3,649,351	1,165,164
Social security contributions	1,457,062	1,146,074	310,988
Employees' leaving entitlement	316,040	290,336	25,704
Pensions and similar obligations	-	-	-
Other personnel costs	41,828	-	41,828
Total personnel costs	6,629,445	5,085,761	1,543,684
Amortisation	500,885	163,561	337,324
Depreciation	73,562	48,313	25,249
Other write-downs of fixed assets	-	-	-
Write-downs of receivables in current assets	54,556	32,771	21,785
Total amortisation, depreciation and write-downs	629,003	244,645	384,358
Change in inventories Raw materials	-	-	-
Provisions for risks	33,136	17,500	15,636
Other provisions	-	-	-
Sundry operating expenses	310,591	338,553	- 27,962
Total	19,463,859	15,150,202	4,313,657

Raw and ancillary materials, consumables and goods Services costs

They are closely related to the information provided in the Management Report on Operations and the performance of item A (Value of production) in the Income Statement.

Personnel costs

This item includes all expenses for employees, including merit payments, changes in category, contingency payments, the cost of unused vacation time and provisions pursuant to legislation and collective labor agreements. It should be noted that in 2020 the Company made use of the social shock absorbers provided for by the regulations issued (art.19-21 Decree Law 18/2020 and subsequent measures) to counter the negative effects brought about by the Covid-19 epidemic emergency.

The use of the wage supplementation allowance was audited in the early months of 2021 by the GDF with no findings, the Company having correctly complied with the provisions of the Law.

Amortization of intangible and tangible fixed assets

Depreciation/amortisation has been calculated on the basis of the useful life of the assets and their participation in the production phase. Reference should be made to the notes on intangible and tangible fixed assets for further details.

Financial income and charges

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
-61,965	93,704	-155,669

Description	30/06/2021	30/06/2020	Change
Dividends from investee companies	75,490	170,000	- 94,510
Income other than the above	243	79	164
Interest expense and other financial charges	- 137,591	- 76,364	- 61,227
Exchange gains (losses)	- 107	- 11	96
Total	- 61,965	93,704	- 155,669

Dividends from investee companies were resolved by the Brazilian subsidiary STAR Comunicacao e Servicos Ltda, for which collection is in progress by instalments together with the dividends resolved in 2020 (the receivable is posted under Receivables from subsidiaries in current assets).

Breakdown of interest and other financial expense by type of debt

Description	30/06/2021	30/06/2020	Change
Borrowings from banks	136,611	76,364	60,247
Others	980	-	980
Total	137,591	76,364	61,227

Description	30/06/2021	30/06/2020	Change
Interest payable on current accounts and on advances	49,199	41,495	7,704
Interest payable on loans	87,412	34,869	52,543
Sundry interest expense	980	-	980
Total	137,591	76,364	61,227

Other financial income

No details are provided given the insignificance of the amounts.

Value adjustments to financial assets and liabilities

No adjustments were made to the value of financial assets and liabilities.

Information on the fair value of derivative financial instruments

Reference should be made to the provisions for risks and charges.

Current, deferred and prepaid income taxes for the year

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
420,000	-	420,000

Description	30/06/2021	30/06/2020	Change
Current taxes:	420,000	0	420,000
IRES	373,800	0	373,800
IRAP	46,200	0	46,200
Prior year taxes	0	0	0
Deferred tax liabilities (assets):	0	0	0
Deferred IRES/IRAP arising during the year	0	0	0
Prepaid IRES/IRAP arising during the year	0	0	0
Total	420,000	-	420,000

Current taxes attributable to the first half of 2021 have been estimated.

It should be noted that the Company benefited from the rebate in 2020:

- the 2019 IRAP balance (art. 24 of Decree Law 34/2020 "Relaunch") in the amount of 105,451 euros, recorded under contingent assets 2020;
- the first advance payment of IRAP 2020 for 46,144 euros.

Deferred tax assets/liabilities

Deferred tax assets and liabilities have been recognized: for related details, reference should be made to the notes on Current receivables and Provisions for risks and charges, respectively.

EXPLANATORY NOTES, CASH FLOW STATEMENT

With regard to the Cash Flow Statement, the following should be noted:

- other adjustments for non-monetary items not recorded as a balancing entry in net working capital" include employee severance indemnities deriving from the acquisition of the business unit from Grafitec s.r.l. (72,817 euros) and the change in the allowance for risks and charges for derivative financial instruments (14,585 euros);
- investments in intangible fixed assets do not include the goodwill on the Grafitec s.r.l. branch of business. (60,000 euros) because this amount is more appropriately shown in the line "Acquisition of businesses net of cash and cash equivalents".

NOTES TO THE FINANCIAL STATEMENTS, OTHER INFORMATION

Employment figures

The average number of staff, broken down by category, underwent the following changes with respect to the previous year:

Staff	30/06/2021	31/12/2020	Change	Average number
Executives	3	2	1	3
Middle managers	8	8	-	8
Office workers	279	271	8	275
Manual workers	3	2	1	3
Others	-	-	-	-
	293	283	10	289

The national employment contract applied is that of the commerce, tertiary, distribution and services sector.

Fees, advances and credits granted to directors and statutory auditors and commitments undertaken on their behalf

	Administrators	Statutory auditors
Fees	411,870	13,758

Fees to the statutory auditor or auditing company

In accordance with the law, the fees for the year for services provided by the Independent Auditors and by entities belonging to their network are shown:

	Amount
Legal audit of annual accounts	15,500
Total fees payable to the statutory auditor or the auditing firm	15,500

Categories of shares issued by the company

The share capital is made up as follows (article 2427, first paragraph, no. 17 and 18, Civil Code).

Stocks/Quotas	Number	Nominal value in Euro
Ordinary Shares	500,000	1
Total	500,000	

The Company acquired 50,000 treasury shares from STAR AG on June 28, 2021 at a price of EUR 60 each.

Commitments, guarantees and contingent liabilities not shown in the balance sheet

These are the unexpired lease payments on the two current lease agreements.

	Amount
Commitments	1,144,039
Total	1,144,039

Letters of patronage were also issued in favour of the subsidiary Star7 Printing s.r.l..

Information on transactions with related parties

Our Company is 50% owned by the company Star AG, based in Switzerland, which holds investments in subsidiaries in Italy and abroad; during the first half of 2021 the Company carried out exclusively commercial transactions with these companies on an arm's length basis. On June 28, 2021, the Company purchased 50,000 treasury shares from STAR AG at a price of EUR 60 each for the purpose of applying for listing on the AIM market operated by Borsa Italiana.

During the first half of the year, only commercial transactions at market conditions were conducted with the associated companies DANTE S.r.l. and STAR AG. The costs incurred for services rendered by DANTE S.r.l. amounted to EUR 239,600 and refer to consulting in the areas of finance, technical management, human resources, marketing, external relations and insurance consulting. Turnover from services provided to STAR AG in the first half of the year amounted to 35,097 euros, while the amount of services received from STAR AG amounted to 199,781 euros.

Details of costs and revenues with subsidiary and associated undertakings are provided in the Management Report on Operations.

Details of other financial instruments issued by the company

(Ref. art. 2427-bis, first paragraph, no. 1, C.C.)

Reference should be made to the note on "Allowances for risks and charges".

Information on assets and financing allocated to a specific business

Not applicable.

Information on agreements not shown in the balance sheet

(Ref. art. 2427, first paragraph, no. 22-ter, Italian Civil Code)

The company has no agreements in place that are not reflected in the Balance Sheet

Significant events after 30/06/2021 and business outlook for the year 2021

The first months of the second half of 2021 have been characterized by a scenario of growth that bodes well for future prospects, supported moreover by a massive vaccination campaign that represents the main precondition for not nipping in the bud the recovery that is taking place in this period but that absolutely must be consolidated.

Information pursuant to art.1, paragraph 125 of the law August 4, 2017 n. 124

It should be noted that income from tax credits for research and development activities pursuant to Legislative Decree no. 145/2013 has been recorded for a total of € 80,000 in the first half of 2021.

The Company did not receive any grants in compensation for damages caused by the Covid-19 epidemic emergency during the first half of the year.

With regard to the quantification of State aid related to the guarantees obtained by Sace/Mediocredito on the loans payable, under the Covid-19 regulation, reference should be made to the specific table shown in the Notes to the Payables.

The company received a contribution of € 3,192 as training aid (art.31) Reg.CE 651/2014.

Firms that prepare the financial statements of the larger/smaller set of firms to which you belong as a subsidiary

Pursuant to the law, we provide the information required by Article 2427, first paragraph, no. 22 quinquies and sexies) of the Italian Civil Code.

	Better together
Company Name	STAR AG
City (if in Italy) or foreign country	SWITZERLAND
Tax code (for Italian companies)	CHE- 02.892.540
Place of filing of the consolidated financial statements	SWITZERLAND

These notes have been prepared in accordance with the provisions of the Italian Civil Code and accounting standards.

This Six-monthly Report, consisting of the Balance Sheet, Income Statement, Notes to the Accounts and Cash Flow Statement, provides a true and fair view of the Company's financial position and results of operations for the first half of 2021, and is consistent with the underlying accounting records.

Valle San Bartolomeo (Alessandria), 15 September 2021

Chairman of the Board of Directors
Lorenzo Mondo

STAR7 SPA

Via Alessandria, 37/B -
15122 Valle San Bartolomeo (AL)
Share capital €500,000.00 fully paid up
Reg. Imp. 01255170050 - Rea 208355
Tax ID code and VAT number 01255170050

Report on Operations Consolidated half-yearly report as at 30/06/2021

Dear Shareholders,

the Consolidated Six-Monthly Report as of June 30, 2021 reports a profit of 1,956,899 euros (635,109 euros as of June 30, 2020 and 1,685,118 euros as of December 31, 2020).

Operating conditions and business development

The STAR7 Group operates in the fields of translation and interpreting, automation of translation processes and language technologies, technical editing and content *engineering*, dedicated IT development, and print *on demand*.

Pursuant to art. 2428, we inform that the Parent Company's activities are carried out at the head office in Alessandria, hamlet of Valle San Bartolomeo, and at the local units in Asti, Turin, Pistoia, Maranello and La Spezia.

In legal terms, the Parent Company STAR7 S.p.A. directly or indirectly controls the following companies, which carry out activities that are complementary to and/or functional for the Group's core business:

<u>Company</u>	<u>Registered office</u>	<u>Shareholding</u>	<u>Control</u>	<u>Activities</u>
STAR7 PRINTING S.R.L.	ASTI - ITALY	60%	60%	printing & logistics
STAR7 ENGINEERING S.R.L.	MARANELLO (MO) - ITALY	100%	100%	process engineering
AD STUDIO S.R.L.	LUGO (RA) - ITALY	100%	100%	technical authoring
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE - BRAZIL	75%	75%	technical authoring printing
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE - BRAZIL	75%	75%	logistics
STAR USA LLC	DOVER - DELAWARE - U.S.A.	100%	100%	translation, authoring (in start up)
TECHWORLD LANGUAGE SERVICES INC.	TROY - MICHIGAN - U.S.A.	100%	100%	translation, authoring
THE GEO GROUP CORPORATION	MADISON - WISCONSIN - U.S.A.	100%	100%	translation, authoring
STAR7 GMBH	LINZ - AUSTRIA	100%	100%	technical authoring (in start up)
STAR ALBANIA SHPK	TIRANA - ALBANIA	100%	100%	technical authoring

Operating performance

General economic trends

In the first half of the year, after the period of stagnation caused by the COVID-19 pandemic emergency, the international scenario was characterized by a decisive recovery in world trade and a progressive improvement in production, albeit with different timing and pace in the various countries.

In fact, the overall scenario is one of growth and the forecast increase in GDP over the two-year period will be driven by investment and, to a lesser extent, by increased household consumption.

The activities of STAR7 S.p.A. and those of the Group during the first half of the year were part of this context, with clear growth results compared with both the same half of 2020 and the volumes of 2020.

The structuring of the Group's internal functions that began prior to the pandemic has brought about significant changes in the corporate and Group structure, which is now projected towards an efficient multinational model that is interconnected in all operational and functional areas and capable of dealing with the application to have its shares listed on AIM.

Also in anticipation of the listing, in March 2021 the acquisition was completed of the production branch of Grafitec srl, operating in the printing sector and specializing in defense documentation, both classified and ordinary.

In April our subsidiary, STAR USA LLC, completed the acquisition of the American company, The Geo Group Corporation, which operates in the translation sector and is preparing to develop translation activities in America. In the meantime, the process of acquiring a company specializing in software localization and translation services with a significant turnover that would give a strong boost to the activities of our company and the Group is being finalized.

On June 28, 2021, with a deed drawn up by Notary Conforti, the Parent Company purchased 50,000 shares owned by STAR AG.

This transaction is part of the process of admission of the Parent Company's shares to the AIM Italia multimedia trading system managed by Borsa Italiana S.p.A., which was suspended in March 2020 due to the health emergency and resumed in February of this year.

The outlook for the future is therefore positive, considering that Italian entrepreneurs are in favor of the vaccination campaign to defeat the COVID-19 pandemic, the main precondition for not nipping in the bud a recovery that has been taking place in recent months but that must be absolutely consolidated.

Research and development activities

Pursuant to article 2428, paragraph 3, number 1 of the Italian Civil Code, the following disclosures are made:

During the first half of 2021, as well as in the previous five-year period, as in part already formally explained in the Management Report on the Parent Company's previous individual financial statements, the Group carried out research and development projects, eligible for subsidies pursuant to article 3 of Decree no. 174 of May 29, 2015 of the Ministry of Economy and Finance (pursuant to Law Decree 145/2013 converted into Law 190/2014). As a leading Group in the field of language and translation services, both on the national and international geographic market, we have in fact implemented Experimental Development Projects, where the development activity consisted in the conceptual definition and implementation of new products, processes or services.

The Group has developed high value-added editorial technologies in the various Business Areas (Editorial, Language Services, After Sales), succeeding in developing innovative ideas and applications of already existing services, as well as co-developing - also with dedicated internal resources - and increasing the potential and integration of already available software and creating new integrated platforms.

It is the Group's intention to continue to boost, also in subsequent years, the development of new activities characterised by a degree of innovation with respect to its reference market, through a series of initiatives that will primarily involve human resources, external consultants and technical equipment

Operating review of the sectors in which the Parent Company and the investee companies operate

As far as the Parent Company and its subsidiaries are concerned, the past six months must be considered positive.

The Parent Company and its investee companies increased their market share in both the translation and print/editorial sectors and significantly increased revenues in the defense sector.

Summary of Consolidated Interim Report on Operations (figures in euros)

	30/06/2021	30/06/2020	Change	% Change
Net sales revenues	28,078,559	19,737,460	8,341,099	42.3%
Gross operating margin (M.O.L. or EBITDA)	4,291,051	1,599,395	2,691,656	168.3%
Operating income (EBIT)	2,858,606	905,392	1,953,214	215.7%
Consolidated net income	1,956,899	635,109	1,321,790	208.1%
Consolidated net income attributable to the Group	1,778,671	584,202	1,194,469	204.5%

	30/06/2021	31/12/2020	Change	% Change
Fixed assets	15,636,176	14,204,998	1,431,178	10.1%
Total equity	10,365,223	11,023,143	-657,920	-6.0%
Shareholders' equity attributable to the Group	9,530,434	10,309,702	-779,268	-7.6%
Net financial position	19,328,056	16,322,432	3,005,624	18.4%

The change in the net financial position is mainly due to the use of financial resources for the purchase of treasury shares (€ 3 million) aimed at listing on the AIM market of the Italian Stock Exchange.

Key consolidated income data

The reclassified consolidated income statement compared with the income statement for the same period of the previous year is shown below (in euros):

	30/06/2021	30/06/2020	Change	% Change
Net revenues	28,611,595	20,174,446	8,437,149	41.8%
Changes in inventories and increases in fixed assets	18,339	284,416	-266,077	-93.6%
External costs	- 13,586,836	- 10,361,178	-3,225,658	31.1%
Value added	15,043,098	10,097,684	4,945,414	49.0%
Personnel costs	- 10,685,718	- 8,457,504	-2,228,214	26.3%
EBITDA	4,357,380	1,640,180	2,717,200	165.7%
Amortisation, depreciation, write-downs and other provisions	- 1,498,774	- 734,788	-763,986	104.0%
Operating profit (loss)	2,858,606	905,392	1,953,214	215.7%
Financial income and charges	- 209,911	- 158,489	-51,422	32.4%
Profit (loss) before non-recurring items	2,648,695	746,903	1,901,792	254.6%
Revaluations and write-downs	- 15,176	-	-	-
Profit before tax	2,633,519	746,903	1,886,616	252.6%
Income taxes	- 676,620	- 111,794	-564,826	505.2%
Net profit (loss)	1,956,899	635,109	1,321,790	208.1%

In order to provide a clearer picture of the Group's earnings performance, the following table shows certain profitability indicators compared with the same indicators for previous years' financial statements.

	30/06/2021	30/06/2020	31/12/2020
ROE	18.3%	6.0%	15.7%
ROI	9.6%	3.9%	9.2%
ROS	10.0%	4.5%	5.8%

Key consolidated balance sheet data

The reclassified balance sheet compared with the previous year's figures is as follows (in euros):

	30/06/2021	31/12/2020	Change	% Change
Net intangible fixed assets	9,669,581	8,305,500	1,364,081	16.4%
Net property, plant and equipment	5,624,012	5,387,641	236,371	4.4%
Equity investments and other financial fixed assets	342,583	511,857	-169,274	-
Capital assets	15,636,176	14,204,998	1,431,178	10.1%
Inventories	1,241,249	734,851	506,398	68.9%
Trade receivables	23,332,329	23,577,315	-244,986	-1.0%
Receivables due from associated and unconsolidated subsidiaries	479,877	371,187	108,690	29.3%
Other receivables	3,778,189	2,664,266	1,113,923	41.8%
Accrued income and prepaid expenses	1,489,782	873,399	616,383	70.6%
Short-term operating assets	30,321,426	28,221,018	2,100,408	7.4%
Trade payables	- 5,666,196	- 5,582,035	-84,161	1.5%
Payables to associated companies and unconsolidated subsidiaries	- 876,337	- 1,110,143	233,806	-21.1%
Payments on account	-	-	0	0.0%
Tax and social security payables	- 2,515,554	- 1,423,984	-1,091,570	76.7%
Other payables	- 2,250,575	- 1,956,470	-294,105	15.0%
Accrued expenses and deferred income	- 827,357	- 1,192,633	365,276	-30.6%
Short-term operating liabilities	- 12,136,019	- 11,265,265	-870,754	7.7%
Net working capital	18,185,407	16,955,753	1,229,654	7.3%
Employee severance indemnity	- 3,689,241	- 3,280,750	-408,491	12.5%
Taxes and social security payables (beyond the subsequent year)	-	-	0	0.0%
Other medium- and long-term liabilities	- 439,063	- 534,426	95,363	-17.8%
Medium/long-term liabilities	- 4,128,304	- 3,815,176	-313,128	8.2%
Invested Capital	29,693,279	27,345,575	2,347,704	8.6%
Net equity	- 10,365,223	- 11,023,143	657,920	-6.0%
Medium/long-term net financial position	- 17,367,868	- 13,489,730	-3,878,138	28.7%
Short-term net financial position	- 1,960,188	- 2,832,702	872,514	-30.8%
Equity and net financial debt	- 29,693,279	- 27,345,575	- 2,347,704	8.6%

The reclassified balance sheet shows the Group's financial strength (i.e. its ability to maintain a financial balance in the medium/long term).

In order to provide a better description of the Group's financial solidity, the table below shows some balance sheet ratios concerning both (i) the methods of financing medium/long-term loans and (ii) the composition of the sources of funding, compared with the same ratios for the previous year.

	30/06/2021	31/12/2020	30/06/2020
Primary structural margin (shareholders' equity - fixed assets)	- 5,270,953 -	3,181,855 -	655,345
Primary structure quotient (shareholders' equity / fixed assets)	0.66	0.78	0.94
Secondary structure margin (shareholders' equity + long-term liabilities - fixed assets)	16,225,219	14,123,051	4,061,032
Secondary structure quotient (shareholders' equity + long-term liabilities / fixed assets)	2.04	1.99	1.35

Financial highlights

The net financial position as of June 30, 2021 is as follows (in Euros):

	30/06/2021	31/12/2020	Change
Bank deposits	8,681,529	5,991,502	2,690,027
Cash and other valuables on hand	18,728	5,017	13,711
Cash on hand	8,700,257	5,996,519	2,703,738
Current financial assets	-	-	-
Due to banks (within one year)	- 10,297,500 -	8,484,519 -	1,812,981
Payables due to other financial institutions (within one year)	- 362,945 -	344,702 -	18,243
Advances for foreign payments	-	-	-
Short-term portion of loans	-	-	-
Financial receivables	-	-	-
Short-term financial payables	- 10,660,445 -	8,829,221 -	1,831,224
Net short-term financial position	- 1,960,188 -	2,832,702	872,514
Due to banks (beyond the next financial year)	- 15,698,380 -	11,675,197 -	4,023,183
Due to other financial institutions (beyond the subsequent year)	- 1,669,488 -	1,814,533	145,045
Advances for foreign payments	-	-	-
Long-term portion of loans	-	-	-
Financial receivables	-	-	-
Medium and long-term net financial position	- 17,367,868 -	13,489,730 -	3,878,138
Net financial position	- 19,328,056 -	16,322,432 -	3,005,624

In order to provide a better description of the financial situation, the table below shows some balance sheet ratios, compared with the same ratios for the previous year.

	30/06/2021	31/12/2020
Primary liquidity	1.66	1.67
Secondary liquidity	1.71	1.70
Indebtedness (Financial debt / Equity)	2.70	2.02
Primary coverage rate of fixed assets	0.66	0.78
Secondary coverage rate of fixed assets	2.04	1.99
Net financial debt/equity	1.86	1.48

EBITDA/net financial expense	20.44	13.38
Net financial debt / EBITDA	4.50	3.84

The primary liquidity ratio (not counting inventories) is 1.66. The company's current financial position is to be considered good.

The secondary liquidity ratio is 1.71. The value assumed by the net working capital is certainly satisfactory in relation to the amount of current payables.

The debt ratio is 2.70 and, net of cash on hand, falls to 1.86. The amount of debt is considered appropriate in relation to existing equity.

The coverage ratio of fixed assets of 2.04 shows that the amount of consolidated equity and debt is appropriate in relation to the amount of fixed assets. Shareholders' equity together with consolidated payables are considered to be of an appropriate amount in relation to the amount of fixed assets.

The last index means that Ebitda would theoretically be able to reduce net debt to zero in about 4.5 years.

Environmental and personnel information

In view of the Company's social role, as highlighted in the Management Report document issued by the Italian Accounting Profession, it is deemed appropriate to provide the following information regarding the environment and personnel.

Environment

The Company does not engage in polluting industrial processes.

Staff

No on-the-job deaths occurred during the year among personnel listed in the register.

During the year, there were no serious occupational accidents that resulted in serious or very serious injuries to personnel on the payroll, not even as a result of Covid-19.

During the year there were no charges relating to occupational illnesses on employees or former employees and mobbing cases.

Investments

During the first half of the year, investments were made in the following areas:

Fixed assets	Acquisitions during the year
Land and buildings	25,064
Plant and machinery	650,223
Industrial and commercial equipment	6,083
Other assets	131,356
Assets under development and payments on account	0
TOTAL	812,726

The largest item of investment was absorbed by plant and machinery purchased by the Brazilian subsidiary STAR Comunicacao.

Relations with associated, parent and sister companies

"STAR Comunicacao e Servicos - SCP" is an equal partnership between "STAR Comunicacao e Servicos Ltda" and "STAR do Brasil" (subsidiary of STAR AG), valued using the equity method at €40,625 already in the individual financial statements of the subsidiary "STAR Comunicacao e Servicos Ltda" (€13,016 as of 12/31/2020).

At the end of 2020, a 33% stake was acquired in IAMDEV STP a r.l., a strategic company operating in software production.

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the last financial year in €	Shareholders' equity in €	Share held in %	Book value or corresponding receivable
STAR Comunicacao e Servicos - SCP	Brazil	-	-	not avail.	81,250	50%	40,625
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	120,000
							160,625

The Group had the following transactions with the following **associated** companies:

ASSOCIATED COMPANY	Receivables	Payables	Revenues	Costs
STAR AG	161,126	253,343	35,097	199,781
DANTE SRL		245,469		239,600
IAMDEV S.t.p. s.r.l.				46,826
TOTH COMUNICACAO E LOGISTIC LTDA	142,252			-
STAR DEUTSCHLAND GMBH	73,020		81,076	10,046
STAR PARIS	46,020		38,115	655
STAR COMUNICACAO E SERVICOS - SCP		54,728		-
STAR SERV.LINGUISTICOS LDA		39,073		61,614
STAR Software, Translation, Artwork, Recording GmbH	13,164		8,960	-
STAR SOFTWARE SHANGHAI CO. LTD	131	37,490		29,781
STAR JAPAN TOKYO	2,301	34,485	2,030	55,486
STAR PREVAJALSKE STORITVE D.O.O Ljubljana		27,289		64,206
STAR CZECH S.R.O.	4,685	22,686	5,157	75,056
STAR POLONIA		40,081		57,673
STAR INFORMATION ENGINEERING S.L.		15,884		23,212
STAR UK LIMITED	638	13,354	995	27,358
STAR GROUP SCANDINAVIA AB	5,829	12,484	12,315	8,407
STAR EGITTO MIDDLE EAST LTD CAIRO		9,435		10,988
STAR HUNGARY KFT		9,218		23,585
Star Information Services Ltd. Sti.	112			-
STAR Information Services & Tools S.R.L.		8,911		20,473
STAR AG TAIWAN BRANCH		8,363		7,319
STAR SERVICIOS LINGUISTICOS	761	8,007		10,264
STAR GROUP AMERICA LLC	2,758	7,596	2,529	2,466
STAR TURCHIA INF.SERVICES LTD STI		6,784		6,784
STAR KOREA AG		5,577		6,020
STAR SPB - RUSSIA		5,400		8,625
STAR SOFTWARE INDONESIA		3,903		6,068
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA		3,751		4,149
STAR GMBH		893		-
GRAFICA E EDITORA STARCOM LTDA		629		-
STAR J&M FINNLAND OY		614		1,132
STAR TECHNOLOGY SOLUTIONS	20,868	519	9,535	195
STAR SA	6,211	155	37,953	45
STAR CO., LTD		102		102
STAR TECH SRL		60		-
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD		54		2,336
	479,877	876,337	233,764	1,010,252

These transactions, which do not include any atypical and/or unusual operations, are conducted on an arm's length basis. There are no receivables or payables of a financial nature.

Information on risks and uncertainties pursuant to art. 2428, paragraph 3, point 6-bis of the Italian Civil Code

Credit

Receivables from customers are carefully monitored, and therefore credit risk is deemed to be adequately covered by the relevant allowance for doubtful accounts.

Liquidity

Note:

- There are adequate lines of credit to meet liquidity needs;
- group companies hold deposits with credit institutions to meet liquidity requirements;
- there are no significant concentrations of liquidity risk on either the side of financial assets or sources of funding.
- the terms of collection are adjusted to those of payment

Market risk

The effects of possible changes on the income statement in relation to relevant risk variables are limited and acceptable for each of the following components:

- interest rate risk
- price risk
- exchange rate risk

Given the extent of the risks, the Group companies do not have any hedging activities in place.

Key risks are constantly monitored by the Boards of Directors.

Information on own shares

As of the closing date of this Consolidated Half-year Report, the Parent Company owns 50,000 treasury shares for a total value of 3,000,000 euros. No shares and/or quotas of parent companies are held.

Foreseeable evolution of operations

The performance of the first months after 30/06/2021 confirms the good performance of the first half of 2021, with an improvement in the national and international economic scenario, especially thanks to the ongoing vaccination campaign that is overcoming the Covid-19 epidemiological emergency.

Fulfillments pursuant to articles 375 and 377 of Legislative Decree 14/2019 (Business Crisis Code)

On March 16, 2019, the Corporate Crisis Code, which amended Article 2086 of the Civil Code, came into force, thereby placing the onus on the Administrative Body to verify the adequacy of organizational structures in order to prevent the onset of any corporate crisis. This must be done at least every 6 months.

The Companies of the Group have an adequate organization chart, also in view of the planned listing on the AIM market, and have adequate instruments for the constant monitoring of corporate activities, economic and financial trends and a management control system.

The indicators relating to negative or below-par shareholders' equity and the DSGR (Debt Service Coverage Ratio) do not reveal any critical aspects.

Valle San Bartolomeo (Alessandria), 15 September 2021

Chairman of the Board of Directors

Lorenzo Mondo

STAR7 S.P.A.

Consolidated Financial Statements as at 30-06-2021

ID data	
Headquarters in	ALESSANDRIA
Tax ID No	01255170050
REA Index number	AL 208355.
VAT No.	01255170050
Share capital in Euro	500,000 fully paid up
Legal form	COMPANY LIMITED BY SHARES (SPA)
Company in liquidation	no
Single member company	no
Company subject to management and coordination by another party	no
Group membership	yes

Consolidated Balance Sheet

	30-06-2021	31-12-2020
Balance sheet		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
1) start-up and expansion costs	553,810	638,294
4) industrial patents and intellectual property rights	1,427,546	1,330,619
5) goodwill	5,897,741	4,805,043
6) assets under development/construction and payments on account	1,002,522	668,223
7) others	787,962	863,321
Total intangible assets	9,669,581	8,305,500
II - Property, plant and equipment		
1) land and buildings	2,008,122	2,017,589
2) plant and machinery	2,628,962	2,278,378
3) industrial and commercial equipment	23,043	135,761
4) other assets	963,885	955,913
Total property, plant and equipment	5,624,012	5,387,641
III - Financial fixed assets		
1) equity investments		
a) subsidiaries	0	0
b) associates	160,625	133,016
Total equity investments	160,625	133,016
2) receivables		
a) from subsidiaries		
due after the next financial year	78,828	224,199
Total receivables from subsidiaries	78,828	224,199
b) from associates		
due after the next financial year	-	55,519
Total receivables from associated companies	-	55,519
d-bis) from others		
due after the next financial year	103,130	99,123
Total receivables from others	103,130	99,123
Total receivables	181,958	378,841
Total financial fixed assets	342,583	511,857
Total fixed assets (B)	15,636,176	14,204,998
C) Current assets		
I - Inventories		
1) raw and ancillary materials and consumables	360,689	457,877
4) finished products and goods	600,750	276,974
5) advances	279,810	-
Total inventories	1,241,249	734,851
II - Receivables		
1) from customers		
due within the next financial year	23,332,329	23,577,315
Total trade receivables	23,332,329	23,577,315
2) from subsidiaries		
due within the next financial year	-	15,875
Total receivables from subsidiaries	-	15,875
3) from associates		

due within the next financial year	479,877	355,312
Total receivables from associated companies	479,877	355,312
5-bis) tax receivables		
due within the next financial year	2,424,001	1,617,032
Total tax receivables	2,424,001	1,617,032
5-ter) prepaid taxes	427,569	420,594
5-quater) from others		
due within the next financial year	926,619	626,640
Total receivables from others	926,619	626,640
Total receivables	27,590,395	26,612,768
IV - Cash on hand		
1) bank and postal deposits	8,681,529	5,991,502
3) cash and cash equivalents	18,728	5,017
Total cash and cash equivalents	8,700,257	5,996,519
Total current assets (C)	37,531,901	33,344,138
D) Accruals and deferrals	1,489,782	873,399
Total Assets	54,657,859	48,422,535
Liabilities		
A) Net equity attributable to owners of the Parent		
I - Capital	500,000	500,000
IV - Legal reserve	100,000	100,000
VI - Other reserves, indicated separately		
Special reserve	7,923,537	7,291,413
Capital contributions	2,846	2,846
Consolidation reserve	2,434,714	1,765,173
Reserve from translation differences	(591,060)	(822,498)
Misc. other reserves	409,324	19,321
Total other reserves	10,179,361	8,256,255
VII - Reserve for transactions to hedge expected cash flows	(27,598)	(39,839)
IX - Profit (loss) for the year	1,778,671	1,493,286
X - Negative reserve for treasury shares in portfolio	(3,000,000)	-
Total equity attributable to owners of the parent	9,530,434	10,309,702
Minority interests		
Capital and reserves attributable to minority interests	656,561	521,609
Profit (loss) attributable to minority interests	178,228	191,832
Total equity attributable to minority interests	834,789	713,441
Total consolidated net equity	10,365,223	11,023,143
B) Provisions for risks and charges		
1) pensions and similar obligations	124,066	90,930
2) for taxes, including deferred taxes	227,964	225,525
3) financial derivative liabilities	37,033	53,546
4) others	50,000	164,425
Total provisions for risks and charges	439,063	534,426
C) Employee severance indemnity	3,689,241	3,280,750
D) Payables		
4) borrowings from banks		
due within the next financial year	10,297,500	8,484,519
due after the next financial year	15,698,380	11,675,197
Total due to banks	25,995,880	20,159,716
5) borrowings from other lenders		
due within the next financial year	362,945	344,702

due after the next financial year	1,669,488	1,814,533
Total borrowings from other lenders	2,032,433	2,159,235
7) trade payables		
due within the next financial year	5,666,196	5,582,035
Total trade payables	5,666,196	5,582,035
9) payables to subsidiaries		
due within the next financial year	-	7,857
Total payables to subsidiaries	-	7,857
10) payables to associated companies		
due within the next financial year	876,337	1,102,286
Total payables to associated companies	876,337	1,102,286
12) tax payables		
due within the next financial year	1,427,966	583,132
Total taxes payable	1,427,966	583,132
13) due to social security institutions		
due within the next financial year	1,087,588	840,852
Total payables to social security institutions	1,087,588	840,852
14) other payables		
due within the next financial year	2,250,575	1,956,470
Total other payables	2,250,575	1,956,470
Total Payables	39,336,975	32,391,583
E) Accruals and deferrals	827,357	1,192,633
Total Liabilities	54,657,859	48,422,535

Consolidated income statement

	30-06-2021	30-06-2020
Income Statement		
A) Value of production		
1) revenues from sales and services	28,078,559	19,737,460
2) change in inventories of work in progress, semi-finished and finished products	18,339	84,416
4) internal work capitalized	-	200,000
5) other revenues and income		
grants related to income	203,162	181,893
others	329,874	255,093
Total other revenues and income	533,036	436,986
Total Value of Production	28,629,934	20,458,862
B) Cost of production		
6) raw and ancillary materials, consumables and goods	2,104,467	809,517
7) services	10,343,570	8,522,762
8) use of third party assets	728,508	601,556
9) personnel		
a) wages and salaries	7,883,958	6,349,873
b) social security contributions	2,249,829	1,689,503
c) employees' leaving entitlement	483,637	411,024
e) other costs	68,294	7,104
Total personnel costs	10,685,718	8,457,504
10) amortisation, depreciation and writedowns		
a) amortisation of intangible fixed assets	833,752	355,023
b) depreciation of tangible fixed assets	565,557	321,480
d) write-downs of receivables included in current assets and cash and cash equivalents	66,329	40,785
Total amortisation, depreciation and write-downs	1,465,638	717,288
12) provisions for risks	33,136	17,500
14) sundry operating expenses	410,291	427,343
Total Costs of Production	25,771,328	19,553,470
Difference between value and cost of production (A - B)	2,858,606	905,392
C) Financial income and charges		
16) other financial income		
d) income other than the above		
others	6,775	10,214
Total income other than the above	6,775	10,214
Total other financial income	6,775	10,214
17) interest and other financial expense		
others	216,045	164,366
Total interest and other financial expense	216,045	164,366
17-bis) foreign exchange gains and losses	(641)	(4,337)
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(209,911)	(158,489)
D) Value adjustments to financial assets and liabilities		
19) write-downs		
a) equity investments	15,176	-
Total write-downs	15,176	-
Total value adjustments of financial assets and liabilities (18 - 19)	(15,176)	-
Profit (loss) before tax (A - B + - C + - D)	2,633,519	746,903
20) Current, deferred and prepaid income taxes for the period		
current taxes	679,523	106,328

Deferred tax assets and liabilities	(2,903)	5,466
Total current, deferred and prepaid income taxes for the period	676,620	111,794
21) Consolidated net income (loss) for the year	1,956,899	635,109
Result attributable to the group	1,778,671	584,202
Profit (loss) attributable to minority interests	178,228	50,907

Consolidated cash flow statement, indirect method

	30-06-2021	30-06-2020
Cash flow statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the year	1,956,899	635,109
Income taxes	676,620	111,794
Interest expense/(income)	209,271	158,489
(Gains)/Losses from disposal of assets	(2,000)	-
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	2,840,790	905,392
Adjustments for non-cash items that did not have a balancing entry in net working capital		
Provisions	516,773	428,524
Depreciation/amortisation of fixed assets	1,399,310	676,503
Value adjustments to financial assets and liabilities of derivative financial instruments not involving monetary movements	15,176	18,525
Other adjustments up/(down) for non-cash items	(224,199)	-
Total adjustments for non-monetary items that did not have a balancing entry in net working capital	1,707,060	1,123,552
2) Cash flow before changes in net working capital	4,547,850	2,028,944
Change in net working capital		
Decrease/(Increase) in inventories	(506,399)	(207,276)
Decrease/(Increase) in trade receivables	244,986	6,354,383
Increase/(Decrease) in trade payables	84,161	(1,378,778)
Decrease/(Increase) in accrued income and prepaid expenses	(616,383)	15,352
Increase/(Decrease) in accrued expenses and deferred income	(365,276)	(257,680)
Other decreases/(Other increases) in net working capital	(139,280)	288,636
Total change in net working capital	(1,298,191)	4,814,637
3) Cash flow after changes in net working capital	3,249,659	6,843,581
Other adjustments		
Interest received/(paid)	(209,271)	(158,489)
(Income taxes paid)	(256,620)	-
(Use of provisions)	(92,661)	-
Total other adjustments	(558,552)	(158,489)
Cash flow from operating activities (A)	2,691,107	6,685,092
B) Cash flow from investment activities		
Property, plant and equipment		
(Investments)	(647,444)	(67,014)
Divestments	43,978	-
Intangible fixed assets		
(Investments)	(771,626)	(628,234)
Financial fixed assets		
(Investments)	(27,317)	-
Divestments	-	91,710
(Acquisition of subsidiaries net of cash and cash equivalents)	(1,350,655)	(1,236,705)
Cash flow from investing activities (B)	(2,753,064)	(1,840,243)
C) Cash flow from financing activities		
Loan funds		
Increase/(Decrease) in short-term payables to banks	2,152,658	382,588
Financing	4,600,000	-
(Repayment of loans)	(1,043,296)	(1,971,032)
Own funds		

Sale/(purchase) of treasury shares	(3,000,000)	-
Cash flow from financing activities (C)	2,709,362	(1,588,444)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	2,647,405	3,256,405
Exchange rate effect on cash and cash equivalents	56,333	(234,470)
Cash and cash equivalents at beginning of year		
Bank and postal deposits	5,991,502	3,402,622
Cash and cash equivalents	5,017	9,981
Total cash and cash equivalents at beginning of year	5,996,519	3,412,603
Cash and cash equivalents at end of year		
Bank and postal deposits	8,681,529	6,419,228
Cash and cash equivalents	18,728	15,310
Total cash and cash equivalents at end of year	8,700,257	6,434,538
Acquisition or sale of subsidiaries		
Total fees paid or received	(1,350,655)	(1,150,000)

STAR 7 S.p.A. GROUP

Head office in Via Alessandria 37/B - fraz. Valle San Bartolomeo - 15122 ALESSANDRIA (AL)
Share capital €500,000,000.00 fully paid up

Notes to the Consolidated Interim Report as at 30/06/2021

Introduction

The STAR7 Group's Consolidated Interim Report as at 30 June 2021 includes the financial statements of the parent company, STAR7 S.P.A., and of the Group companies directly or indirectly controlled by it

Activities performed

The STAR7 S.p.A. Group carries out activities of production and translation of technical documentation, interpreting, automation of editorial processes, dedicated IT development, printing on demand and is distinguished by its competence and experience.

During the first half of 2021, commercial transactions were carried out with the associated companies Dante s.r.l., IAM.DEV. S.r.l. and STAR AG and other minor subsidiaries of STAR AG for the provision of services regulated according to market criteria.

In the first half of 2021, after the period of stagnation due to the Covid-19 health emergency, the international scenario showed a decisive recovery with a progressive improvement in production, albeit with different timing in the various countries.

The Parent Company and its subsidiaries, in this overall growth scenario, produced good results by consolidating their activities and increasing their volumes both compared to the first half of 2020 and to 31/12/2020, closing the first period of the year with a positive and growing result.

The Notes to the Financial Statements provide details of the positive effects, whilst the Management Report on Operations provides full details of the extraordinary operations that took place during the period.

Research and development activities

In the first half of 2021, STAR7 S.p.A. Group continued to develop Research and Development Projects (Law Decree 145/2013), eligible for subsidies pursuant to Article 3 of Decree no. 174 of May 29, 2015 of the Ministry of Economy and Finance, including with some of its subsidiaries.

It has been decided to consider this activity worthy of recognition in this Half-year Report both for tax purposes, with the consequent determination of a Research and Development Credit to be used as compensation, and for accounting purposes, with the recognition of income under "Other revenues" equal to € 150,000 (activities carried out by STAR7 S.p.A. and STAR7 Engineering s.r.l.). This resulted in the recognition of a research and development credit against the full recognition in the income statement of the eligible costs underlying the calculation.

Significant events occurring during the year

In March 2021 the acquisition was completed of the production branch of Grafitec s.r.l., which operates in the printing sector, specializing in defense industry documentation, both classified and ordinary.

In April the subsidiary undertaking, STAR USA LLC, completed the acquisition of the US company, The Geo Group, which operates in the translation sector and helps develop translation activities in America.

In the meantime, the process of acquiring a company specializing in software localization and translation services with a significant turnover that would give a strong boost to our company's business is being finalized.

At the beginning of the year, the company resumed the preparatory activities for the listing of its shares on the AIM Italia market and, with this in mind, on 28/06/2021 by deed of Notary Conforti the company purchased 50,000 shares owned by STAR AG.

Preparation criteria

The Consolidated Interim Report of STAR7 S.p.A. Group has been prepared in accordance with art. 25 et seq. of Legislative Decree 127/1991 and consists of the Balance Sheet, Income Statement, Cash Flow Statement and the Explanatory Notes, which are an integral part of the report.

In addition to the attachments required by law, reconciliations are provided between the net result and shareholders' equity of the consolidating company and the respective amounts reported in the Consolidated Interim Report on Operations.

The criteria used in the preparation of the Consolidated Half-Year Report as at 30/06/2021 and in the valuations take into account the changes introduced into the national legislation by Legislative Decree 139/2015, through which Directive 2013/34/EU was implemented.

The figures in the Consolidated Interim Report on Operations are shown in euros by rounding off the related amounts. Any rounding differences were posted to the item "Euro rounding reserve" under shareholders' equity.

These Notes provide the data and information required by Art. 38 of Legislative Decree 127/1991. The Notes to the Financial Statements present information on items in the Balance Sheet and Income Statement in the order in which the relevant items are shown in the respective financial statements.

Consolidation area and methods

The Consolidated Six-Monthly Report includes the individual financial statements of the Parent Company, STAR7 S.p.A., and of those companies in which STAR7 S.p.A. directly or indirectly holds the majority of voting rights at Ordinary General Meetings.

The separate/individual financial statements of the following subsidiaries have been consolidated on a line-by-line basis:

Name	Registered office	Currency	Share capital in currency	Shareholding	Share held in %	Interest in %
STAR7 PRINTING S.R.L.	ASTI - ITALY	Euro	10,000	Direct	60%	60%
STAR7 ENGINEERING S.R.L.	MARANELLO (MO) - ITALY	Euro	40,000	Direct	100%	100%
AD STUDIO S.R.L.	LUGO (RA) - ITALY	Euro	10,000	Direct	100%	100%
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE - BRAZIL	Real	1,448,205	Direct	75%	75%
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE - BRAZIL	Real	500,000	Direct	75%	75%
STAR USA LLC	DOVER - DELAWARE - U.S.A.	USD	5,000	Direct	100%	100%
TECHWORLD LANGUAGE SERVICES INC.	TROY - MICHIGAN - U.S.A.	USD	890	Indirect	100%	100%
THE GEO GROUP CORPORATION	MADISON - WISCONSIN - U.S.A.	USD	2,000	Indirect	100%	100%
STAR7 GMBH	LINZ - AUSTRIA	Euro	35,000	Direct	100%	100%
STAR ALBANIA SHPK	TIRANA - ALBANIA	Lek	500,000	Direct	100%	100%

Note that the scope of consolidation has changed from 12/31/2020 due to the acquisition of The Geo Group Corporation by Star USA LLC effective April 24, 2021: therefore, the consolidated income statement includes the income statement figures of the new subsidiary undertaking as of the above date.

Star USA LLC has prepared its own consolidated financial statements, which include the financial statements of Techworld Language Services Inc. and The Geo Group Corporation: for consolidation purposes, these sub-consolidated financial statements have been used.

The financial statements of each subsidiary were used for consolidation purposes, adjusted if necessary to bring them into line with the Parent Company's accounting policies.

As of June 30, 2021, the subsidiary "STAR Comunicacao e Servicos Ltda" held two minor unconsolidated companies due to the immateriality of their financial statement data:

- Starcom Argentina S.A.S., share capital Pesos 20,000, 100% owned, based in Cordoba (Argentina);
- Star Comunicacao e Servicos - SCP, equal partnership between STAR Comunicacao e Servicos Ltda and STAR do Brasil (controlled by STAR AG), share capital Reais 1,000, 50% owned, based in Betim.

"Grafica e Editora Starcom Ltda", which as of 12/31/2020 was among the companies 100% owned but not fully consolidated due to insignificance, was incorporated in the first half of 2021 by "STAR Comunicacao e Servicos Ltda".

Reference Date

In compliance with art. 30 of Legislative Decree no. 127/1991, the reference date of the Consolidated Interim Report on Operations coincides with the date of the Parent Company's annual financial statements as of June 30, 2021. All the companies included in the scope of consolidation have fiscal years that coincide with the calendar year, and their interim financial statements are all closed at 30/06/2021, like the consolidating parent company.

Consolidation principles and criteria

The interim financial statements used for consolidation purposes are the individual financial statements of the individual companies, prepared by their Administrative Bodies, unless they have been approved directly by the Shareholders' Meeting. These financial statements are reclassified and adjusted, where necessary, in order to bring them into line with the accounting standards and valuation criteria of the Parent Company, which are in line with those laid down in the Italian Civil Code and issued by the OIC.

In the preparation of the Consolidated Interim Report on Operations, the assets and liabilities in the Balance Sheet and the positive and negative Income Statement items of the interim financial statements of the companies consolidated on a line-by-line basis are included in full. Receivables and payables as well as income and charges and profits and losses originating from transactions between consolidated companies are eliminated. In this regard, it should be noted that transactions between Group companies during the year were carried out under normal market conditions.

The difference, at the date of acquisition of control, between the book value of the investee company and the corresponding portion of shareholders' equity, which are eliminated, if positive, is posted to the higher value of the consolidated assets of the investee company, including goodwill, if this is justified by the substance of the transaction, otherwise it is deducted from the consolidation reserves under liabilities. If the difference is negative, it is posted to the shareholders' equity item "Consolidation reserve" or to a specific "Consolidation reserve for future risks and charges", in compliance with the criterion set out in Art. 33, paragraph 3 of Legislative Decree 127/91. The difference is charged to the Fund when losses or liabilities are expected from the consolidated investee.

Goodwill" and the "Allowance for risks and charges" thus determined are posted to the Income Statement in relation to the economic performance of the investee companies or amortized by applying the criterion indicated in the section "Accounting policies" below.

The amount of capital and reserves of subsidiaries attributable to minority shareholders is recorded in shareholders' equity under an item entitled "Capital and reserves of minority shareholders"; the portion of net income (loss) for the period pertaining to minority interests is shown under "Net income (loss) for the period pertaining to minority interests".

The income statement shows separately the minority interest in net income.

Balance sheet and income statement relationships between the Companies included in the scope of consolidation have been totally eliminated. Gains and losses arising from transactions between Consolidated Companies, which are not realized from transactions with third parties, are eliminated. During pre-consolidation any items of exclusive tax relevance are eliminated and the related deferred taxes are provided for.

It should be noted that leased assets have been accounted for in accordance with the provisions of international accounting standard IFR 16 (financial method), which envisages recording the leased assets under assets, net of depreciation, and the amount of the residual principal under payables

Conversion of individual interim financial statements expressed in currencies other than the euro

Financial statements denominated in currencies other than the Euro are converted:

- at the year-end exchange rate for assets and liabilities on the balance sheet;
- at the average exchange rate for the period for positive and negative income components in the income statement;
- at the historical exchange rate at the time of their formation for the equity reserves.

The difference between the result for the period translated at the average exchange rate for the income statement and the result for the period translated at the spot exchange rate for the shareholders' equity items, as well as the effects on assets and liabilities deriving from fluctuations in exchange rates at the beginning and end of the

period, are allocated to the shareholders' equity item "Reserve for foreign exchange differences".

The exchange rates used are listed in the table below:

Currency	Spot rate		Average rate	
	30/06/2021	31/12/2020	2021	2020
U.S. Dollar to 1 Euro	1.1884	1.2271	1.2057	1.1422
Brazilian Real to 1 Euro	5.905	6.3735	6.4917	5.8943
Albanian Lek to 1 Euro	123.70	123.70	122.67	123.79

Measurement criteria

The valuation of the items in the financial statements was carried out in accordance with the general criteria of prudence and competence, with a view to the continuation of the business.

It should be noted that for the purposes of the going concern assumption pursuant to art. 2423-bis of the Italian Civil Code, none of the Italian companies has made use of the exemption option provided for by paragraph 2 of art. 38-quater of Law 77/2020 converting Legislative Decree 34/2020 ("Relaunch Decree"), an option introduced following the Covid-19 epidemic. Also for the preparation of this Consolidated Half-year Report, the Management Body of the Parent Company has not made use of the exemption option provided for by paragraph 2 of art. 38-quater of Law 77/2020 converting Legislative Decree 34/2020.

The application of the principle of prudence has entailed the individual valuation of the elements making up the individual items or items of assets or liabilities, in order to avoid offsetting losses that must be recognized and profits that must not be recognized because they have not been realized.

In compliance with the accruals principle, the effect of transactions and other events has been recorded in the accounts and attributed to the period to which such transactions and events refer and not to the period in which the related cash movements (receipts and payments) take place.

In application of the principle of relevance, the obligations relating to recognition, measurement, presentation and disclosure have not been complied with when their observance would have an irrelevant effect for the purposes of giving a true and fair view.

Continuity in the application of the valuation criteria over time is a necessary element for the purposes of comparability of the financial statements in the various periods.

The recognition and presentation of items in the financial statements has been made taking into account the substance of the transaction or contract (principle of substance over form).

Exceptional cases pursuant to art. 2423, fifth paragraph, of the Italian Civil Code

There were no exceptional circumstances that made it necessary to resort to derogations pursuant to art. 2423, paragraph 5 of the Italian Civil Code.

Suspension of depreciation - art. 60 Law 126/2020

It should be borne in mind that, pursuant to art. 60 of Law no. 126/2020, the Parent Company and STAR7 Printing, as an exception to art. 2426, first paragraph, number 2) of the Italian Civil Code, have deemed it appropriate not to carry out annual amortization of the cost of certain intangible and tangible fixed assets in the financial statements for the year ended December 31, 2020. As provided for by the above-mentioned legal provision, the portion of amortization not carried out is charged to the Income Statement for the following year, thus extending the original amortization schedule by one year. The Companies were induced to avail themselves of the aforementioned waiver as the pandemic caused by the Covid-19 virus significantly slowed the growth process undertaken and interrupted the execution of certain activities such as the rebranding of the Group and the listing. Provision has been made for the related deferred taxes.

However, it should be noted that the consolidated income statement for the six months ended June 30, 2020, included for comparative purposes in this Consolidated Half-Year Report, does not include the aforementioned suspension of amortization and depreciation, which was made in the annual financial statements for the year ended December 31, 2020 by the above companies. Please refer to the Consolidated Financial Statements for the year ended 12/31/2020 for the effects of the suspension.

Changes in accounting principles

There have been no changes in accounting policies.

Comparability and fit issues

There are no problems in comparing and matching the figures in the Consolidated Interim Report on Operations with those in the Consolidated Financial Statements for the previous year. It should be noted that the comparative figures for the previous period in the Balance Sheet refer to 31/12/2020, while those for the Income Statement and Cash Flow Statement ("flow" figures) refer to 30/06/2020.

Measurement criteria applied

Ref. art. 2426, first paragraph, Civil Code and Accounting Principles OIC 12.

Fixed assets

Intangible fixed assets

These are recorded at purchase or production cost, revalued if necessary in accordance with the law, net of depreciation and write-downs.

Research and advertising costs are normally charged to the income statement.

Amortization using the direct method is carried out in accordance with the following Group criteria:

- start-up and expansion costs, and development costs with long-term utility are amortized over a period of 5 years;
- industrial patents, intellectual property rights, licenses and concessions are amortized at a rate of 33.33%;
- goodwill is amortizable over 10 years. For the amortization of the company branch acquired from Dante S.r.l., recourse was made to the exemption provided for by Law 126/2020 for the year 2020;
- leasehold improvements are amortized at rates that depend on the duration of the contract.

No development costs and/or assets in progress relating to Research and Development projects capitalized pursuant to OIC 24 have been recorded.

If, irrespective of the depreciation already recorded, an impairment loss occurs, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

Property, plant and equipment

These are recorded at purchase or production cost, revalued if necessary in accordance with the law, net of depreciation and write-downs.

Depreciation charged to the Income Statement has been calculated on the basis of the criterion of the residual useful life of the assets, taking into account their use, destination and economic-technical duration. This criterion is deemed to be well represented by the following rates, which have remained unchanged with respect to the previous year and are reduced by half in the year the asset enters service:

- Land and buildings: 3%
- Lightweight constructions: 10%
- Plant and machinery: 15.5%
- Alarm, fire prevention and air conditioning systems: 30%
- Industrial and commercial equipment: 25%
- Office furniture: 12%
- Office machines: 20%
- Cars: 25%
- Trucks: 20%
- Forklifts: 10%
- Lifting equipment: 15%

If, irrespective of depreciation already recorded, there is a permanent impairment of value, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

Tangible fixed assets are only revalued if permitted by law (special, general or sector). No discretionary or voluntary revaluations were carried out, and the valuations carried out are limited to the objectively determined value in use of the asset itself.

Maintenance costs are expensed during the year if they are of an ordinary nature, or capitalized if they increase the value of the asset, and depreciated at the depreciation rate applicable to the asset in question.

Assets held under leasing contracts are recorded under technical fixed assets in the relevant classes and are depreciated, like owned assets, on a straight-line basis over their residual useful lives. As a balancing entry to the asset, short and medium-term payables to the lessor financial institution are recorded; rentals are reversed from lease and rental costs and the interest accruing during the period is posted to financial charges. In this way, we obtain a representation of the leasing transaction according to the so-called "financial method" provided for by the international accounting standard IFRS 16, which better represents the economic substance of the leasing contracts in place.

Financial fixed assets

Investments in subsidiaries not consolidated on a line-by-line basis and in associated companies are valued by the equity method.

Equity investments in other companies are posted at purchase or subscription cost, adjusted if necessary for impairment losses.

Financial receivables are recorded at nominal value, adjusted if necessary for impairment losses.

Inventories

Raw and ancillary materials and finished products are recorded at the lower of purchase or production cost and estimated realizable value; the valuation criterion is unchanged from the previous year.

Receivables

Receivables are recorded in the financial statements according to the amortized cost criterion, taking into account the time factor and their presumed realizable value. The amortized cost criterion is not applied when the effects are insignificant, i.e. when the transaction costs, commissions paid between the parties and any other difference between the initial value and the value at maturity are insignificant or if the receivables are short-term (i.e. with a maturity of less than 12 months).

The value of receivables is adjusted to their estimated realizable value by means of a specific allowance for doubtful accounts, taking into account the existence of indicators of impairment. The amount of the write-down is recognised in the income statement.

Cash on hand

Cash and cash equivalents at the end of the fiscal year are valued at face value, which reasonably approximates fair value. Cash denominated in foreign currency is valued at the year-end exchange rate.

Accruals and deferrals

They have been determined in accordance with the criterion of actual accrual for the year.

Provisions for risks and charges

These are set aside to cover losses or debts whose existence is certain or likely, but whose exact amount and/or

date of occurrence could not be determined at the end of the financial year.

In the valuation of these provisions, the general criteria of prudence and competence were respected, and no generic risk provisions without economic justification were set up.

Contingent liabilities have been recorded in the financial statements and posted to the provisions since they are considered probable and the amount of the related charge can be reasonably estimated.

Provisions for risks and charges are recorded with priority in the cost items of the income statement of the relevant classes (B, C or D). Whenever this correlation between the nature of the provision and one of the items in the above classes is not feasible, the provisions for risks and charges are posted to items B12 and B13 in the Income Statement.

Provision for severance pay

Represents the actual debt accrued to employees in accordance with applicable law and labor agreements. This liability is subject to revaluation by means of indices. This item includes the amount due to employees for severance indemnities accrued up to the month prior to the date on which each employee expressly or tacitly chose the fund to which to allocate the accruing severance indemnity pursuant to Legislative Decree no. 252 of 5 December 2005 and subsequent amendments and additions. In fact, it should be noted that, following the entry into force of the above-mentioned decree, the following were taken into account:

- (i) the employees' decision to allocate the severance indemnity fund to a pension fund (private or professional);
- (ii) of employees' decision to keep their severance pay with their employer.

Payables

Payables are recorded according to the amortized cost method, taking into account the time factor. The amortized cost criterion is not applied to payables if its effects are insignificant. Generally, the effects are considered insignificant for short-term payables (i.e. with maturities of less than 12 months).

Any discounting of trade payables is only carried out if the nominal value of the payables significantly exceeds the market price of the goods purchased with a short-term payment and if the extension granted significantly exceeds the following year.

Amounts due for vacations accrued by employees and deferred remuneration, including amounts due to social security institutions, are provided for on the basis of the amount that would be payable in the event of termination of employment at the balance sheet date.

Criteria for converting values expressed in foreign currency

Receivables and payables originally expressed in foreign currency are aligned at closing exchange rates. Any hedging transactions are taken into account.

Revenue and cost recognition

Revenues from sales of finished goods are recognized at the time of transfer of ownership with the associated risks and rewards, which is normally identified with delivery or shipment.

Revenues for services rendered and those of a financial nature are posted on an accruals basis (when the service is rendered and completed or, in the case of ongoing services, when the fee is due).

The same criteria apply to cost entry.

Revenues and income, costs and charges relating to transactions in foreign currency are determined at the exchange rate in force on the date on which the transaction is carried out.

Income and expenses relating to sale and purchase transactions with the obligation to retrocession forward, including the difference between the forward price and the spot price, are recorded for the portion pertaining to the year.

Income Taxes

Income taxes include all taxes calculated on the taxable income of individual Group companies.

Income taxes are recognized in the income statement,

Other non-income related taxes, such as property taxes, are included in other operating expenses. Deferred taxes are provided using the global liability allocation method. They are calculated on all temporary differences arising between the tax base of an asset or liability and its carrying amount in the consolidated financial statements. Deferred tax assets on tax losses and temporary differences are recognized to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred tax assets and liabilities are determined using the tax rates that are expected to apply, under the respective laws of the countries in which the Group operates, in the periods in which the temporary differences will be realized or settled.

Cash flow statement

The Statement of Cash Flows has been prepared in accordance with the format indicated in article 2425 bis of the Italian Civil Code and with the instructions given in OIC 10.

Employment figures

The average number of employees of the companies consolidated on a line-by-line basis is shown separately by category.

COMPANY	NO. OF EMPLOYEES AS AT 30/06/2021	executives	middle managers	office workers	manual workers	NO. OF EMPLOYEES AS AT 31/12/2020	executives	middle managers	office workers	manual workers
STAR7 S.P.A.	293	3	8	279	3	283	2	8	271	2
STAR7 PRINTING	41			12	29	40			10	30
STAR7 ENGINEERING	69			68	1	69			68	1
AD STUDIO	25			25		23			23	
STAR7 GMBH	4			4		4			4	
STAR ALBANIA	30			30		32			32	
STAR USA LLC	1			1		1			1	
TECHWORLD	16			16		16			16	
STAR COMUNICACAO	117			41	76	54			40	14
GRAFICA STARCOM	0					24				24
CAL COMUNICACAO	0					0				
THE GEO GROUP	10			10		0				
TOTAL	606	3	8	486	109	546	2	8	465	71

Activity

B) Fixed assets

I. Intangible fixed assets

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
9,669,581	8,305,500	1,364,081

Changes in this item were as follows:

Description	31/12/2020	Increases	Amortisation	Reclassifications	Delta %	30/06/2021
Start-up and expansion costs	638,294	70,000	-133,280	-21,204		553,810
Industrial patents and intellectual property rights	1,330,619	333,134	-236,208			1,427,546
Goodwill	4,805,043	1,344,585	-336,048		84,161	5,897,741
Assets under construction/development	668,223	288,794		45,505		1,002,522
Others	863,321	79,697	-130,754	-24,301		787,963
Total intangible assets	8,305,500	2,116,210	-836,289	0	84,161	9,669,581

The delta exchange rate relates to goodwill recorded in Star USA, relating to Techworld Language Services Inc. and The Geo Group Corporation.

The difference between the total of the "Amortization and depreciation" column and the corresponding item in the Income Statement (2,537 euros) is due to the exchange rate difference between the US dollar and the euro.

The composition of the items as of 12/31/2020 was as follows:

	Historical cost	Accumulated amortisation/depreciation	Net value
Start-up and expansion costs	1,474,386	-836,092	638,294
Industrial patents and intellectual property rights	2,461,309	-1,130,690	1,330,619
Goodwill	6,196,974	-1,391,931	4,805,043
Assets under construction/development	668,223	0	668,223
Others	1,420,529	-557,208	863,321
	12,221,421	-3,915,921	8,305,500

Goodwill is made up as follows:

	Historical cost	Accumulated amortisation/depreciation	Net value
Techworld Language Services Inc.	3,125,353	-613,045	2,512,308
The Geo Group Corporation	1,284,584	-20,550	1,264,034
company branch acquired from Dante s.r.l.	1,286,356	-64,318	1,222,038
RES s.r.l.	816,481	-284,726	531,755
STAR7 Engineering S.r.l.	590,318	-501,770	88,548
STAR U.S.A.	287,889	-139,788	148,101
STAR7 Gmbh	164,350	-90,393	73,957
Grafitec	60,000	-3,000	57,000
	7,615,332	-1,717,590	5,897,741

The item goodwill relating to consolidated companies originates from the allocation of the positive difference resulting from the elimination of the investment account against the shareholders' equity of the fully consolidated companies at the date of acquisition, where justified by the nature and substance of the transaction. Goodwill is amortized over 10 years and is subject to *impairment testing* in order to identify any permanent loss of value. Specifically:

- Techworld Language Services Inc.: company acquired by STAR USA LLC on July 15, 2019; goodwill originates when the sub-consolidated financial statements of STAR USA LLC were prepared, it is amortized over 10 years and in 2019 the amortization rate was measured at 6 months because in the Consolidated Financial Statements the revenues and expenses of the investee were assumed from the date control was acquired. During 2020, goodwill increased by \$245,000 due to the elimination of contingent liabilities with a corresponding change in purchase price;
- The Geo Group Corporation company acquired by STAR USA LLC on April 24, 2021; the goodwill originates when the sub-consolidated financial statements of STAR USA LLC were prepared, it is amortized over 10 years and in 2021 the amortization charge is calculated from the date of acquisition of control as the revenues and costs of the investee were assumed from that date;
- company branch acquired in 2020 from Dante s.r.l.: entered in the Parent Company's individual financial statements with the consent of the Board of Statutory Auditors, it is supported by an expert's report drawn up by independent third party professionals; has not been franked for tax purposes;
- RES: goodwill at the date of acquisition (2018) amounts to 816,481 euros and is supported by a sworn expert's report that has certified the fairness of the purchase price; in 2020 RES was merged by incorporation into STAR7 S.p.A.;
- STAR Engineering: the goodwill derives from the acquisition in 2013 of Wayred s.r.l., subsequently merged into STAR Engineering s.r.l.; goodwill at the date of acquisition amounted to € 590,318 and is justified by the fact that Wayred held supply contracts with an important client in the high-end automotive sector; the contract was therefore acquired by the STAR7 Group and is still active;
- Grafitec s.r.l.: company acquired in the first half of 2021.

No tax effect has been calculated on the goodwill recorded in the Consolidated Financial Statements, as such goodwill is only valid for statutory purposes and has no tax implications.

During 2021, the increases mainly concerned:

- start-up and expansion costs: relate to software services for an on-line technical documentation management project for the automotive sector;
- licences, trademarks and similar rights: purchased software and programs developed in-house, STAR7 brand (€); the purchase of licenses for the year relates to the implementation of the ERP that is nearing completion, which has not been amortized in accordance with proper accounting principles;
- goodwill: acquisition of Grafitec s.r.l. and The Geo Group Corporation (see above);
- assets under development/construction and payments on account: charges for listing on the AIM market (€), rebranding / corporate organization (€), professional services for due diligence in progress (€), other minor;
- other intangible fixed assets leasehold improvements.

There are no indicators of impairment of intangible fixed assets at 30/06/2021.

It should be noted that in 2020, the Parent Company, as a result of the Covid-19 epidemic, which prevented the completion of planned activities and slowed down the growth process undertaken, exercised its right to suspend amortization for the following categories of intangible assets:

- licences, trademarks and similar rights: €261,991;
- goodwill on the company branch acquired from Dante s.r.l.: €128,012.

As a result, amortization and depreciation of 390,003 euros were suspended in 2020 (of which 261,991 euros were deducted for tax purposes as goodwill has not been redeemed for tax purposes). It should also be noted that amortization charges not recorded in the Income Statement but deducted for tax purposes gave rise to deferred taxation of 73,095 euros (theoretical tax rate of 27.9%).

Start-up and expansion costs

Pursuant to OIC 24, in 2019 start-up costs relating to new activities connected with new contracts with leading customers in the *automotive* sector in the amount of € 1,384,755 were recorded under item B11. In 2020, € 130,000 was capitalized in relation to software services for an online technical documentation management project for the automotive sector. Additional start-up costs related to new automotive-related activities were capitalized in the first half of 2021.

No development costs and/or assets in progress were recorded relating to Research and Development projects capitalized pursuant to OIC 24.

Pursuant to article 10 of Law no. 72/1983, it should be noted that no monetary revaluation has ever been carried out on intangible fixed assets.

II. Property, plant and equipment

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
5,624,012	5,387,641	236,371

Changes in this item were as follows:

Description	31/12/2020	Increases	Decrease	Write-backs	Reclassifications	Depreciation	Delta %	30/06/2021
Land and buildings	2,017,589	25,064			-8,601	-26,905	975	2,008,122
Plant and machinery	2,278,378	650,223	-13,502		64,246	-374,286	23,903	2,628,962
Industrial and commercial equipment	135,761	6,083			-113,572	-5,229		23,043
Other assets	955,913	131,356	-28,476		57,927	-164,592	11,757	963,885
Assets under development and payments on account	0							0
	5,387,641	812,726	-41,978	0	0	-571,012	36,635	5,624,012

Foreign exchange deltas relate to property, plant and equipment of Star Comunicacao, Cal Comunicacao, Star USA LLC, Techworld Language Services Inc. and The Geo Group Corporation.

The difference between the total of the "Amortization and depreciation" column and the corresponding income statement item (5,455 euros) is due to the translation difference between the US dollar and the Brazilian real.

Increases for the year mostly relate to high-tech printing equipment, electronic machines and hardware. This includes the net book value of assets deriving from the incorporation of "Grafica e Editora Starcom Ltda" into "STAR Comunicacao e Servicos Ltda" (82,642 euros).

Land and buildings also includes land and buildings held by the Parent Company under lease agreements for the following net book values:

- land Euro 377,028
- buildings €1,010,435

Tangible fixed assets do not include any allocation of consolidation differences arising from the elimination of the investment account against the shareholders' equity of subsidiaries.

It should be noted that in 2020 Star7 Printing, as a result of the Covid-19 epidemiological emergency, which prevented the completion of planned activities and slowed down the growth process undertaken, exercised its right to suspend depreciation for the following categories of property, plant and equipment:

- electronic printing systems: €223,614;
- automatic operating machinery: €56,490.

Therefore, amortization and depreciation for a total of 280,104 euros was suspended in 2020, but deducted for tax purposes, and the related deferred taxes of 78,149 euros were recorded (theoretical tax rate of 27.9%).

**Total revaluations of tangible fixed assets at year end
(Ref. art. 2427, first paragraph, no. 2, Italian Civil Code)**

Pursuant to article 10 of Law no. 72/1983, in 2020 Star7 Printing carried out a revaluation of €250,000 on certain electronic printing systems and automatic operating machinery owned pursuant to Legislative Decree no. 104/2020 ("Relaunch" Decree). The revaluation was also carried out for tax purposes, with a balancing entry in the revaluation reserve in shareholders' equity net of substitute tax.

III. Financial fixed assets

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
342,583	511,857	- 169,274

The category includes investments and receivables.

Equity investments

Description	30/06/2021	31/12/2020	Change
Grafica e Editora Starcom Ltda	-	-	-
Starcom Argentina S.A.S.	-	-	-
Subsidiaries	-	-	-
STAR Comunicacao e Servicos - SCP	40,625	13,016	27,609
IAMdev S.t.p. s.r.l.	120,000	120,000	-
Associated companies	160,625	133,016	27,609

Equity investments in subsidiary undertakings refer exclusively to Starcom Argentina S.A.S., 100% owned, recorded in the interim financial statements of "STAR Comunicacao e Servicos Ltda" at zero, and not consolidated on a line-by-line basis due to the immateriality of the amounts. In the first half of 2021, "STAR Comunicacao e Servicos Ltda" incorporated "Grafica e Editora Starcom Ltda", which was valued using the equity method at zero as of 12/31/2020.

Investments in associated companies refer to "STAR COMUNICACAO E SERVICOS - SCP" and "IAMdev S.t.p. s.r.l.".

SCP is an equal partnership between "STAR Comunicacao e Servicos Ltda" and "STAR do Brasil" (controlled by STAR AG), valued using the equity method at EUR 40,625 already in the individual financial statements of the subsidiary "STAR Comunicacao e Servicos Ltda" (EUR 13,016 as of 12/31/2020).

At the end of 2020, the Parent Company acquired 33% of the following Company deemed strategic:

Name	City, if in Italy, or Foreign country	Tax code (for Italian companies)	Share capital in EURO	Profit (loss) last year in euro	Shareholders' equity in euros	Share held in %	Book value or corresponding receivable
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	N/A	N/A	33%	120,000
							120,000

Receivables

Long-term receivables are broken down as follows:

Description	30/06/2021	31/12/2020	Change		Within 12 months	After 12 months
Grafica e Editora Starcom Ltda (controllata)	-	224,199	- 224,199	of which	-	224,199
StarCom Argentina (subsidiary)	78,828	55,519	23,309	of which	-	55,519
From others	103,130	99,123	4,007	of which	-	99,123
	181,958	378,841	- 196,883		-	378,841

Non-current receivables due from others refer to guarantee deposits.

Long-term receivables are broken down by geographical area as follows:

Description	30/06/2021	31/12/2020	Change
Italy	100,760	99,123	1,637
North America	-	4,156	- 4,156
South America	81,198	275,562	- 194,364
	181,958	378,841	- 196,883

The carrying value of long-term receivables reasonably approximates their fair value.

C) Current assets

I. Inventories

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
1,241,249	734,851	506,398

This item consists of the following:

Description	30/06/2021	31/12/2020	Change
Raw and consumable materials	360,689	457,877	-97,188
Finished products and goods	600,750	276,974	323,776

Payments on account	279,810	279,810
	1,241,249	734,851
		506,398

II. Receivables

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
27,590,395	26,612,768	977,627

Consolidated receivables, after elimination of intercompany values, are broken down by maturity as follows.

Description	Balance 30-06-2021			Total	Balance as at 31/12/2020	Change
	Within 12 months	After 12 months	Over 5 years			
From customers	23,332,329			23,332,329	23,577,315	- 244,986
To/from subsidiaries not consolidated on a line-by-line basis	-			-	15,875	- 15,875
From associates	479,877			479,877	355,312	124,565
For tax receivables	2,424,001			2,424,001	1,617,032	806,969
Deferred tax assets/liabilities	427,569			427,569	420,594	6,975
From others	926,619			926,619	626,640	299,979
	27,590,395	-	-	27,590,395	26,612,768	977,627

Trade receivables are recorded net of allowances for doubtful accounts (627,793 euros).

Receivables are broken down by geographical area as follows (gross of the allowance for doubtful accounts)

Description	Italy	EU	Non EU	Total
From customers	20,457,559	1,225,347	2,277,216	23,960,122
From associates	-	160,951	318,926	479,877
For tax receivables	2,259,451	6,382	158,168	2,424,001
Deferred tax assets/liabilities	386,505	-	41,064	427,569
From others	896,842	6,804	22,973	926,619
	24,000,357	1,399,484	2,818,347	28,218,188

Receivables due from associated undertakings break down as follows:

Receivables due from associated companies	as at 30-06-2021
STAR AG	161,126
TOTH COMUNICACAO E LOGISTIC LTDA	142,252
STAR DEUTSCHLAND GMBH	73,020
STAR PARIS	46,020
STAR TECHNOLOGY SOLUTIONS	20,868
STAR Software, Translation, Artwork, Recording GmbH	13,164
STAR SA	6,211
STAR GROUP SCANDINAVIA AB	5,829
STAR CZECH S.R.O.	4,685
STAR GROUP AMERICA, LLC	2,758
STAR JAPAN CO., LTD	2,301
STAR SERVICIOS LINGUISTICOS SLU	761
STAR UK LIMITED	638
STAR SOFTWARE SHANGHAI CO. LTD	131
Star Information Services Ltd. Sti.	112
	479,877

With regard to deferred tax assets, reference should be made to the note on deferred taxation.

Tax credits include € 948,791 in tax credits (Research and Development, Industry 4.0, etc.).

Receivables from others mainly include:

- 236,145 relating to the amount accrued for employee severance indemnities of the company SDS, the same amount was posted under liabilities in the item Severance indemnities. This line of business leased by Star7 for a period of three years and expiring in November 2020, has been extended for another year. At the end of the lease of the company branch and in case of return of the same to the company SDS srl, the amounts will be offset;
- 386,228 for costs incurred relating to the start of work on the construction of new offices in front of the company's headquarters; said works were financed by means of a property lease and the above amount was therefore transferred from tangible fixed assets under construction

III. Cash on hand

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
8,700,257	5,996,519	2,703,738

The item is broken down as follows:

Description	30/06/2021	31/12/2020	Change
Bank and postal deposits	8,681,529	5,991,502	2,690,027
Cash and cash equivalents	18,728	5,017	13,711
	8,700,257	5,996,519	2,703,738

This item represents cash and cash equivalents and the existence of cash and valuables at the end of the financial year. Reference should be made to the Statement of Cash Flows for a quantitative analysis of the cash flows that generated the change in the period.

Accrued income and prepaid expenses

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
1,489,782	873,399	616,383

These represent the liaison items for the financial year calculated on an accruals basis and mainly consist of prepaid expenses. As of June 30, 2021, they are detailed as follows:

Description	30/06/2021
ACCRUED INCOME	
Others	82,963
	82,963
PREPAID EXPENSES	
Multi-year prepaid expenses	596,610
Other deferrals	810,209
	1,406,819

Deferred charges include prepaid lease payments, deferred charges on loans, etc. The increase in other deferrals is due to the fact that costs were incurred at the beginning of the year and relate to the entire year.

Liabilities

A) Net equity

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
10,365,223	11,023,143	- 657,920

The following table shows changes during the year:

Description	31/12/2020	Allocation of previous year's result		Other changes		Profit (loss) for the year	30/06/2021
		Allocation of dividends	Allocation to reserve	Increases	Decrease		
Share capital	500,000						500,000
Legal reserve	100,000						100,000
Special reserve	7,291,413		632,124				7,923,537
Capital contributions	2,846						2,846
Consolidation reserve	1,765,173		471,159	198,382			2,434,714
Reserve for foreign exchange translation differences	- 822,498			231,438			- 591,060
Amnesty reserve	19,321						19,321
Reserve from suspended depreciation (art. 60 Law 126/2020)			390,003				390,003
Reserve for transactions to hedge expected cash flows	- 39,839			12,241			- 27,598
Profit (loss) for the year	1,493,286		- 1,493,286			1,778,671	1,778,671
Negative reserve for treasury shares in portfolio					- 3,000,000		- 3,000,000
Total equity attributable to owners of the parent	10,309,702	-	-	442,061	- 3,000,000	1,778,671	9,530,434
Capital and reserves attributable to minority interests	521,609		134,952				656,561
Profit (loss) attributable to minority interests	191,832	- 56,880	- 134,952			178,228	178,228
Total equity attributable to minority interests	713,441	- 56,880	-	-	-	178,228	834,789
Total Owners' Equity	11,023,143	- 56,880	-	442,061	- 3,000,000	1,956,899	10,365,223

The consolidation reserve includes:

- the reserves for accumulated profits made by subsidiaries, net of amortisation of goodwill for previous years;
- the revaluation reserve of 145,500 euros (Group's share) pursuant to Legislative Decree no. 104/2020 ("Relaunch" Decree), deriving from the revaluation carried out in 2020 on certain electronic printing systems and automatic operating machinery owned by Star7 Printing;
- the Reserve from suspended depreciation (pursuant to art. 60 of Law 126/2020) of 280,104 euros for the portion of depreciation pertaining to 2020 suspended on certain advanced printing machinery of Star7 Printing.

The Parent Company suspended part of the amortization and depreciation pertaining to 2020 (pursuant to article 60 of Law 126/2020), setting aside the amount of 390,003 euros in a specific reserve under shareholders' equity.

The "Reserve for hedging transactions" (item A.VII under shareholders' equity) has been posted as a balancing entry to the allowance for financial instruments payable (see note on provisions for risks and charges), net of deferred tax assets.

The Parent Company purchased 10% of its own shares (50,000 shares at a price of 60 euros each) in view of the planned listing on the AIM segment of the Italian Stock Exchange, recording a specific negative reserve in shareholders' equity amounting to 3,000,000 euros.

Reconciliation between the Parent Company's statutory financial statements and the consolidated financial statements

The following table shows a reconciliation between shareholders' equity of the Parent Company, STAR7 S.p.A., and consolidated shareholders' equity:

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AT JUNE 30, 2021

	NET EQUITY 2020	Dividends	Changes in the scope of consolidation	Other changes	Profit (loss) for the year	NET EQUITY 30-6- 2021
STAR7 S.P.A.	8,899,075	-	-	-2,988,915	1,252,129	7,162,289
Operating results of pro-rata subsidiaries	613,741			-613,741	675,756	675,756
Intercompany dividends	-170,000			368,381	-75,490	122,891
Pro-quota reserves of subsidiary companies' profits	2,282,261			443,741		2,726,002

Amortisation of goodwill	-875,562			-68,349		-943,911
Reversal of intercompany profits net of tax effect	-35,683			5,740		-29,943
Leasing accounting with the financial method	151,245			-11,115		140,130
Alignment of intercompany costs / revenues	-49,833					-49,833
Proceeds from PPP Loan (Star USA LLC)	174,663					174,663
Writeback under Italian Decree-Law 104/2020	145,500					145,500
Reserve for transactions to hedge expected cash flows	-3,207			1,157		-2,050
Exchange rate differences on conversion of foreign currency items	-822,498			231,438		-591,060
CONSOLIDATED FINANCIAL STATEMENTS - GROUP SHARE	10,309,702	-	-	-2,557,939	1,778,671	9,530,434

B) Provisions for risks and charges

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
439,063	534,426	- 95,363

The breakdown of this item is as follows.

Description	31/12/2020	Provisions	Uses	Other changes	30/06/2021
Pensions and similar obligations	90,930	33,136			124,066
Provision for taxes, including deferred taxes	225,525	6,280	-3,841		227,964
Financial derivative liabilities	53,546			-16,513	37,033
Others	164,425		-114,425		50,000
	534,426	39,416	-118,266	-16,513	439,063

The "Retirement reserve" refers to the reserve for severance indemnities of the Parent Company's Directors.

The allowance for deferred taxation primarily relates to the tax effect of recording the lease of the building in accordance with IFRS 16 (financial methodology) and the suspension of part of the accrued depreciation for 2020 pursuant to Law 126/2000, as described in the notes to intangible and tangible fixed assets. Reference should be made to the note on deferred taxation.

The fund derivative liabilities include:

- €33,615: mark-to-market of hedging interest rate swaps, relating to a loan disbursed in 2019 by Intesa San Paolo for € 3,000,000 and a loan disbursed in 2020 by Credit Agricole for € 2,250,000, taken out by the Parent Company;
- €3,418: mark-to-market of hedging derivative turned on by Star7 Printing.

This provision has been recorded as an offsetting entry to the reserve for expected cash flow hedges (item A.VII of shareholders' equity), net of deferred tax assets.

The risk provision of €50,000 set aside in previous years for commercial risks has been prudently maintained. The utilization of 114,425 Euros concerns:

- 96,910 euros for the provision set aside in 2020 by "STAR Comunicacao e Servicos Ltda" to cover the losses of the subsidiary "Grafica e Editora Starcom Ltda", an amount used following the merger by incorporation of the latter entity;
- 17,515 euros in other minor provisions allocated in 2020 by Star7 GmbH.

C) Employee severance indemnity

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
3,689,241	3,280,750	408,491

The provision set aside represents the actual debt at June 30, 2021 due to employees in service at that date, net of advances paid. The change was as follows:

Balance as at 31-12-2020	3,280,750
Provisions	483,637
Other changes:	
acquisition of company branch from Grafitec s.r.l.	72,817
Uses	- 147,963
Balance as at 30-06-2021	3,689,241

The other changes concern the employee severance indemnity provision for employees acquired as a result of the merger of the business unit taken over from Grafitec s.r.l.

D) Payables

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
39,336,975	32,391,583	6,945,392

Consolidated payables, after elimination of intercompany amounts, are broken down by maturity as follows:

	Balance 30-06-2021				Balance as at 31/12/2020	Change
	Within 12 months	Within 5 years	Over 5 years	Total		
Borrowings from banks	10,297,500	14,606,415	1,091,965	25,995,880	20,159,716	5,836,164
Borrowings from other lenders	362,945	1,100,218	569,270	2,032,433	2,159,235	- 126,802
Trade payables	5,666,196			5,666,196	5,582,035	84,161
Payables to non-consolidated subsidiaries in full.	-			-	7,857	- 7,857
Payables to associated companies	876,337			876,337	1,102,286	- 225,949
Tax payables	1,427,966			1,427,966	583,132	844,834
Due to social security institutions	1,087,588			1,087,588	840,852	246,736
Other payables	2,250,575			2,250,575	1,956,470	294,105
	21,969,107	15,706,633	1,661,235	39,336,975	32,391,583	6,945,392

The item "Payables due to other financial institutions" mainly includes payables due to leasing companies in relation to fixed assets (land and buildings, advanced printing machinery, motor vehicles) acquired under finance leases.

As of June 30, 2021, "Due to suppliers" includes payables arising from the purchase of services and goods destined directly for the production of finished products and services.

Payables to subsidiaries not consolidated on a line-by-line basis were all due to "Grafica e Editora Starcom Ltda" as of December 31, 2020, which was merged in the first half of 2021 by "STAR Comunicacao e Servicos Ltda".

The item "Due within 12 months" primarily regards amounts due for withholding tax, VAT and income tax.

The balance of other payables includes deferred compensation of employees.

There are no debts secured by collateral on corporate assets.

As far as bank loans are concerned, the Group's Italian companies have benefited from the moratorium introduced by the Covid-19 legislation, from Decree Law 23/2020 (Liquidity Decree) onwards. The amount of the capital shares subject to the benefit totalled € 1,436,388 in 2020.

As the moratorium did not entail any change in contractual conditions or in the interest rates applied, which are in line with market rates, the amortized cost method was not applied to these loans, partly because the effects would not be significant.

The Parent Company and Star Printing obtained the SACE / Mediocredito guarantee provided for by the Covid-19 epidemiological emergency regulations on the following loans:

Lending institution	Amount of loan	Maximum amount guaranteed by the fund	State aid quantification	Legal Reference	Guarantor:
UNICREDIT	2,000,000	1,800,000	-	art. 1 D.L. 23/2020	SACE
CREDIT AGRICOLE	2,250,000	2,030,000	89,117	F.Gar.L.662/96	MEDIOCREDITO
SADDLE BANK	1,000,000	1,000,000	-	Innovfin Guarantee	FEI FUND
INTESA SANPAOLO	1,650,000	1,320,000	52,245	F.Gar.L.662/96	MEDIOCREDITO
BPM	500,000	450,000	17,811	F.Gar.L.662/96	MEDIOCREDITO
BPM	1,500,000	1,200,000	47,495	F.Gar.L.662/96	MEDIOCREDITO
SADDLE BANK	250,000	225,000	4,465	F.Gar.L.662/96	MEDIOCREDITO
CASSA DI RISPARMIO DI ASTI	600,000	600,000	19,075	F.Gar.L.662/96	MEDIOCREDITO
INTESA SANPAOLO	3,000,000	2,700,000	-	art. 1 D.L. 23/2020	SACE
TOTAL	12,750,000	11,325,000	230,209		

The guarantees obtained in 2021 relate to two loans taken out in 2021 by Star7 Printing s.r.l. and STAR7 S.p.A., respectively, shown in the last two rows of the table above.

Payables are broken down by geographical area as follows:

	Italy	EU	Non EU	Total
Borrowings from banks	25,995,880			25,995,880
Borrowings from other lenders	2,032,433			2,032,433
Trade payables	4,951,651	219,565	494,980	5,666,196
Payables to subsidiaries not consolidated on a line-by-line basis				-
Payables to associated companies	245,529	185,658	445,150	876,337
Tax payables	1,309,976	192	117,798	1,427,966
Due to social security institutions	1,053,861	-	33,727	1,087,588
Other payables	2,048,725	15,991	185,859	2,250,575
	37,638,055	421,406	1,277,514	39,336,975

Payables due to associated undertakings may be broken down as follows:

Payables to associated companies	as at 30-06-2021
STAR AG	253,343
DANTE SRL	245,469
STAR COMUNICACAO E SERVICOS - SCP	54,728
STAR SERV.LINGUISTICOS LDA	39,073
STAR SOFTWARE SHANGHAI CO. LTD	37,490
STAR JAPAN TOKYO	34,485
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	27,289
STAR CZECH S.R.O.	22,686
STAR POLONIA	40,081
STAR INFORMATION ENGINEERING S.L.	15,884
STAR UK LIMITED	13,354
STAR GROUP SCANDINAVIA AB	12,484
STAR EGITTO MIDDLE EAST LTD CAIRO	9,435
STAR HUNGARY KFT	9,218
STAR Information Services & Tools S.R.L.	8,911
STAR AG TAIWAN BRANCH	8,363
STAR SERVICIOS LINGUISTICOS	8,007
STAR GROUP AMERICA LLC	7,596
STAR TURCHIA INF.SERVICES LTD STI	6,784
STAR KOREA AG	5,577
STAR SPB - RUSSIA	5,400
STAR SOFTWARE INDONESIA	3,903

STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	3,751
STAR GMBH	893
GRAFICA E EDITORA STARCOM LTDA	629
STAR J&M FINNLAND OY	614
STAR TECHNOLOGY SOLUTIONS	519
STAR SA	155
STAR CO., LTD	102
STAR TECH SRL	60
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	54
	876,337

E) Accrued expenses and deferred income

Balance as at 30/06/2021	Balance as at 31/12/2020	Change
827,357	1,192,633	- 365,276

These represent the liaison items for the period calculated on an accruals basis, and consist primarily of deferred income for revenues paid in advance but pertaining to subsequent periods.

As of June 30, 2021 there are no accruals or deferrals with a duration of more than five years.

Income Statement

A) Value of production

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
28,629,934	20,458,862	8,171,072

The breakdown of revenues by business segment is as follows:

Business sector	30/06/2021	30/06/2020	Change
Revenues from translation and interpreting	9,786,794	6,790,870	2,995,924
Revenues from authoring	13,804,725	8,247,381	5,557,344
Revenues from printing	1.884.584	2,145,086	-260,502
Misc. services	2,602,457	2,554,143	48,314
Total	28,078,559	19,737,480	8,341,079

The breakdown of the value of revenues by geographical area is as follows:

Geographical area	30/06/2021
Italy	23,032,873
EU	1,748,885
NON EU	3,296,801
Total	28,078,559

Other revenues" include grants related to Research and Development tax credits (203,162 euros); in 2021, there are no government grants in connection with the Covid-19 epidemiological emergency. Grants are recognized under item A5 "Other revenues and income" in the income statement, on an accrual basis, in the period in which the right to receive them arises with certainty.

Revenues recognized from related parties are as follows:

Revenues from associated companies	as at 30-06-
------------------------------------	--------------

	2021
STAR DEUTSCHLAND GMBH	81,076
STAR PARIS	38,115
STAR SA	37,953
STAR AG	35,097
STAR GROUP SCANDINAVIA AB	12,315
STAR TECHNOLOGY SOLUTIONS	9,535
STAR Software, Translation, Artwork, Recording GmbH	8,960
STAR CZECH S.R.O.	5,157
STAR GROUP USA	2,529
STAR JAPAN CO., LTD	2,030
STAR UK LIMITED	995
	233,764

B) Cost of production

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
25,771,328	19,553,470	6,217,858

Costs of production are all inherent in the production of revenues and accrued during the period.

Cost of production	30/06/2021	30/06/2020	Change
Raw and ancillary materials, consumables and goods	2,104,467	809,517	1,294,950
Services	10,343,570	8,522,762	1,820,808
Leased assets	728,508	601,556	126,952
Personnel costs:			
a) wages and salaries	7,883,958	6,349,873	1,534,085
b) social security contributions	2,249,829	1,689,503	560,326
c) employees' leaving entitlement	483,637	411,024	72,613
d) pensions and similar obligations	0	0	0
e) other costs	68,294	7,104	61,190
Total personnel costs	10,685,718	8,457,504	2,228,214
Amortization, depreciation and write-downs:			
a) amortisation of intangible fixed assets	833,752	355,023	478,729
b) depreciation of tangible fixed assets	565,557	321,480	244,077
c) other write-downs of fixed assets	0	0	0
d) write-downs of receivables included in current assets and of cash and cash equivalents	66,329	40,785	25,544
Total amortisation, depreciation and write-downs	1,465,638	717,288	748,350
11) changes in inventories of raw, ancillary and consumable materials and goods	0	0	0
12) provisions for risks	33,136	17,500	15,636
13) other provisions	0	0	0
14) sundry operating expenses	410,291	427,343	-17,052
Total Costs of Production	25,771,328	19,553,470	6,217,858

Cost of raw materials, ancillary materials, consumables and goods for resale and Cost of services

They are closely related to the information provided in the section of the Management Report on Operations and the performance of item A (Production value) of the Income Statement.

Personnel costs

This item includes all expenses for employees, including merit payments, changes in category, contingency payments, the cost of unused vacation time and provisions pursuant to legislation and collective labor agreements.

It should be borne in mind that, in 2020, Group companies made use of the social security cushions provided for in the regulations issued to combat the Covid-19 epidemic.

The use of the wage supplementation allowance was the subject of an audit in the early months of 2021 by the Guardia di Finanza of Alessandria, which ended without any findings, having correctly complied with the provisions of the Law

Amortization of intangible and tangible fixed assets

Depreciation/amortisation has been calculated on the basis of the useful life of the assets and their participation in the production phase. Reference should be made to the notes on intangible and tangible fixed assets for any suspensions/reductions in amortization as a result of the Covid-19 epidemiological emergency.

Recorded costs received from related parties are as follows:

Costs from associated companies	as at 30-06-2021
DANTE SRL	239,600
STAR AG	199,781
STAR CZECH S.R.O.	75,056
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	64,206
STAR SERV.LINGUISTICOS LDA	61,614
STAR POLAND EURO	57,673
STAR JAPAN TOKYO	55,486
IAMDEV S.t.p. s.r.l.	46,826
STAR SOFTWARE SHANGHAI CO. LTD	29,781
STAR UK LIMITED	27,358
STAR HUNGARY KFT	23,585
STAR INFORMATION ENGINEERING S.L.	23,212
STAR Information Services & Tools S.R.L.	20,473
STAR EGITTO MIDDLE EAST LTD CAIRO	10,988
STAR SERVICIOS LINGUISTICOS	10,264
STAR DEUTSCHLAND GMBH	10,046
STAR SPB - RUSSIA	8,625
STAR GROUP SCANDINAVIA AB	8,407
STAR AG TAIWAN BRANCH	7,319
STAR TURCHIA INF.SERVICES LTD STI	6,784
STAR SOFTWARE INDONESIA	6,068
STAR KOREA AG	6,020
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	4,149
STAR GROUP USA	2,466
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	2,336
STAR J&M FINNLAND OY	1,132
STAR PARIS	655
STAR TECHNOLOGY SOLUTIONS	195
STAR CO., LTD	102
STAR SA	45
	1,010,252

C) Financial income and charges

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
-209,911	-158,489	-51,422

Breakdown of interest and other financial expense by type of debt

Business sector	30/06/2021
Interest payable on current accounts, advances, factoring	65,474
Interest payable on loans	107,159
Interest payable on leases	41,626
Interest due to suppliers and other charges	1,786
Total	216,045

No details are provided for financial income due to the insignificance of the amounts.

D) Value adjustments to financial assets and liabilities

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
-15,176	0	-15,176

The write-down reflects the alignment of the value of the investment in the Brazilian associate "Grafica e Editora Starcom Ltda", which was merged into "STAR Comunicacao e Servicos Ltda" in the first half of 2021. See also the note on provisions for risks and charges.

Current, deferred and prepaid income taxes for the year

Balance as at 30/06/2021	Balance as at 30/06/2020	Change
676,620	111,794	564,826

Description	30/06/2021	30/06/2020	Change
Current taxes:	679,523	106,328	573,195
IREs - IRAP - other taxes	679,523	106,328	573,195
Prior year taxes	-	-	-
(Deferred) tax assets	- 2,903	5,466	- 8,369
Total	676,620	111,794	564,826

Deferred tax assets/liabilities

Details are provided below.

DEFERRED TAX ASSETS	Taxable amounts				Deferred tax assets			
	31/12/2020	Change	Change delta	30/06/2021	31/12/2020	Change	Change delta	30/06/2021
Provision for doubtful debts in excess of deductible amount	414,096			414,096	99,383			99,383
Undeducted costs to be recovered	514,468			514,468	123,472			123,472
Tax losses carried forward	533,281			533,281	127,987			127,987
Star7 Printing and Car Leasing	45,914	37,936		83,850	12,810	10,584		23,394
Techworld goodwill amortization	158,800			158,800	39,770		1,295	41,065
Mark-to-market financial derivatives liabilities	48,201	- 14,586		33,615	11,569	- 3,503		8,066
Intra-group profits eliminated in the consolidated financial statements	20,081	- 5,021		15,060	5,603	- 1,401		4,202
	1,734,841	18,329	-	1,753,170	420,594	5,680	1,295	427,569

DEFERRED TAX LIABILITIES	Taxable amounts				Deferred tax liabilities			
	31/12/2020	Change	Reclassifications	30/06/2021	31/12/2020	Change	Reclassifications	30/06/2021
Suspended intangible amortization L. 126/2020	261,992			261,992	73,095			73,095

Depreciation of suspended materials L. 126/2020	280,104			280,104	79,149			79,149
Real estate leasing	245,154	22,517		267,671	68,398	6,280		74,678
Other minor	13,728	- 9,993		3,735	4,883	- 3,841		1,042
	800,978	12,524	-	813,502	225,525	2,439	-	227,964

Information on financial instruments issued by Group companies

The Group companies have not issued any financial instruments.

Information on the fair value of derivative financial instruments

Reference should be made to the notes to the liability item "Allowances for risks and charges".

Information on financial fixed assets recorded at a value higher than fair value

No financial assets are recorded in the consolidated financial statements at a value greater than their fair value.

Information on transactions carried out with related parties (ref. art. 38, first paragraph, letter o-quinquies), Legislative Decree no. 127/1991)

Transactions with related parties were mainly with STAR AG, Dante s.r.l. and companies in which they hold investments. These transactions were carried out at conditions in line with market conditions. Details are provided in the notes to the various balance sheet and income statement items.

Information on agreements not shown in the balance sheet (ref. art. 38, first paragraph, letter o-sexies), Legislative Decree no. 127/1991

There are no agreements not reflected on the Balance Sheet that need to be reported.

Information pursuant to Article 1, paragraph 125 of Law No. 124 of August 4, 2017

It should be noted that income from tax credits for research and development activities pursuant to Legislative Decree 145/2013, recorded for € 150,000 (activities carried out by STAR7 S.p.A., STAR7 Engineering s.r.l.), € 53,062 industry 4.0 tax credit (STAR7 Printing s.r.l.), € 5,600 training aid.

With regard to the quantification of State aid relating to the guarantees obtained by Sace/Mediocredito on the loans payable, under the Covid-19 regulation, reference should be made to the specific table shown in the Notes to the Payables.

Significant events after 30/06/2021 and business outlook for the year 2021

The first months of 2021 have been characterized by a scenario of growth that bodes well for future prospects, supported moreover by a massive vaccination campaign that represents the main precondition for not nipping in the bud the recovery that is taking place in this period but that absolutely must be consolidated.

Firms that prepare the financial statements of the larger/smaller set of firms to which you belong as a subsidiary

Pursuant to the law, we provide the information required by Article 2427, first paragraph, no. 22 *quinquies* and

sexies) of the Italian Civil Code.

	Better together
Company Name	STAR AG
City (if in Italy) or foreign country	SWITZERLAND
Tax ID No	CHE- 02.892.540
Place of filing of the consolidated financial statements	SWITZERLAND

Other information

In accordance with the law, it should be noted that in the six-month period ended 30/06/2021 the Board of Directors of the Parent Company was paid 411,870 euros, while the fees due to the members of the Board of Statutory Auditors amounted to 13,758 euros. There are no advances or other benefits provided to the above parties.

This Consolidated Interim Report, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Accounts, provides a true and fair view of the Company's financial position and results of operations, and corresponds to the accounting records of the Parent Company and the information provided by the companies included in the scope of consolidation.

Valle San Bartolomeo (Alessandria), 15 September 2021

Chairman of the Board of Directors
Lorenzo Mondo