

Thursday, 13<sup>th</sup> July 2023

modefinance Corporate Credit Rating (Solicited) for

## STAR7 S.P.A.: B1 (Affirm)

modefinance published the Solicited Corporate Credit Rating of STAR7 S.P.A. on the website (<http://cra.modefinance.com/en>) and the rating assigned to the entity is B1 (Affirm). The analysis revealed it is a company with adequate economic and financial situation, capable of facing adverse economic conditions in the medium and long term.

STAR7 S.P.A. operates in the sector of translation and interpreting, automation of translation processes and language technologies, technical editing and content engineering, dedicated IT development and print-on-demand. It was established in 2000 as an Italian branch of Star Group, but over the years the Company has built its independence within its reference sector, thanks to its wide range of related services, that make it one of Europe's leading players today. Since 2021, the Company has listed its shares on the Italian Stock Exchange.

## Key Rating Assumption

The Company presents a satisfactory economic and financial situation, characterized by growing profitability indicators and by a correct balance between current assets and current liabilities. On the solvency side, the Company managed to reduce liabilities having a financial nature, despite which the financial leverage still records a weak value. The reduction in cash and cash equivalents can be attributed to new investments, operated alongside the reduction of dependence on the financial system. However, the operational management is able to generate new liquidity. The management of the credit lines appears optimal.

The Governance and control system is aligned with best practices, while the corporate structure is articulated yet consistent with the Group's presence in various international markets.

Looking at the Company's positioning in the reference peer group, the company still retains the top position in terms of turnover, where as solvency appears meager, just above the 20<sup>th</sup> percentile. In terms of profitability, the Company ranks right above the 50<sup>th</sup> percentile of the analysis sample distribution. Overall, the peer group shows an adequate state of health in all considered areas, although a declining ROE against a stronger capital base.

## Sensitivity Analysis

In the following table, the addressing factors, actions or events that could lead to an upgrade or a downgrade are summarized:

Action	Description of the addressing factors, actions or events
<b>Upgrade</b>	<ul style="list-style-type: none"> <li>The financial leverage continues its reduction</li> <li>Sector ROE halts its contraction;</li> <li>Less geopolitical tensions and a more moderate inflation contribute positively to the economic growth.</li> </ul> <p>In the case these conditions are met, the rating could upgrade to A3-.</p>
<b>Downgrade</b>	<ul style="list-style-type: none"> <li>A deterioration in the PFN/EBITDA ratio, currently in balance, could be a critical issue to manage;</li> <li>Imbalance between cash flows is detected;</li> <li>Consumption and investment slow down due to the macroeconomic situation.</li> </ul> <p>If these conditions were to occur, we can expect a downgrade to B2+.</p>

### IMPORTANT

The present Corporate Credit rating is issued by modefinance under EU Regulation 1060/2009 and following amendments.

The present rating is solicited and is based on both private and public information. The rated entity and/or related third parties have provided all private information used. modefinance had access to some accounts and other relevant internal documents of the rated entity and/or related third

parties. Solicited and unsolicited ratings issued by modefinance are of comparable quality, as the solicitation status has no effect on methodologies used. More comprehensive information on modefinance Corporate Credit Ratings are available at: <http://cra.modefinance.com/en>

The present Corporate Credit Rating is issued on MORE Methodology 2.0 and Rating Methodology 1.0. A comprehensive description of both methodologies, as well as information on modefinance Rating Scale and Mappings, is available at <http://cra.modefinance.com/en/methodologies>.

For information on historical default rates of modefinance Corporate Credit Ratings please refer to ESMA Central Repository: <https://cerep.esma.europa.eu/cerep-web/> and ESMA European Rating Platform [https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_radar](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_radar).

modefinance refers to default as a company under bankruptcy, or under liquidation status, or under administration or for which missed payments on a financial obligation are officially recorded.

The quality of the information available on the rated entity and used to determine the present rating was judged by modefinance as satisfactory. Please note that modefinance does not perform any audit activity and is not in a position to guarantee the accuracy of any information used and/or reported in the present document. As such, modefinance can accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.

The present credit rating was notified to the rated entity in order to identify potential factual errors, as prescribed by the CRA Regulation. No amendments were applied after the notification process.

The rated entity is not a buyer of ancillary services provided by modefinance.

The rating action issued by modefinance was performed independently. The analysts, members of the rating team involved in the process, modefinance Srl and its members and shareholders do not have any conflicts of interest in relation to the Rated Entity and/or Related Third Parties. If in the future a potential conflict of interest is identified in relation to the persons reported above, modefinance Ratings will provide the appropriate information and if necessary the rating will be withdrawn.

The present Credit Rating is an opinion of the general creditworthiness that modefinance issues on the rated entity, and should be relied upon to a limited degree. The issued rating is subject to an ongoing monitoring until withdrawal.

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