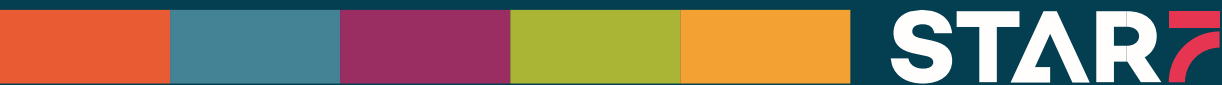


CONSOLIDATED HALF-YEAR REPORT

30/06/2023





HALF-YEAR REPORT

30/06/2023

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Management report consolidated financial statements as at 30/06/2023

Consolidated financial statement, cash flow statements and explanatory notes

STAR7 S.P.A.

Via Alessandria 37/B –
15122 Valle San Bartolomeo (AL), Italy
Share capital €599,340 fully paid up
Business Register 01255170050 - Rea number 208355
Tax ID code and VAT number 01255170050

Report on Operations Consolidated Half-Year Report as at 30/06/2023

DEAR SHAREHOLDERS,

The Consolidated Half-Year Report as at 30/06/2023 **show a profit of €989,276** (€1,493,401 as at 30/06/2022).

OPERATING CONDITIONS AND BUSINESS DEVELOPMENT

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

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

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:

Name	Registered office	Currency	Share capital in currency	Shareholding	Share held in %	Interest in %	Assets
Star7 Printing S.r.l.	Asti - Italy	Euro	10,000	Direct	60%	60%	printing & logistics
Vertere S.r.l.	Piacenza - Italy	Euro	20,000	Direct	100%	100%	translation
Star Comunicação E Serviços Ltda	Belo Horizonte - Brazil	Real	1,448,205	Direct	75%	75%	printing, logistics, technical authoring
Cal Comunicação Ltda	Belo Horizonte - Brazil	Real	500,000	Direct	75%	75%	logistics
Star USA Llc	Dover - Delaware - USA	USD	5,000	Direct	100%	100%	translation, technical authoring
Star7 USA Llc	Troy - Michigan - USA	USD	890	Indirect	100%	100%	translation
Star7 Albania Shpk	Tirana - Albania	Lek	500,000	Direct	100%	100%	translation, technical authoring
Star7 Gmbh	Linz - Austria	Euro	35,000	Direct	100%	100%	translation, technical authoring
Localeyes Ltd	Cork - Ireland	Euro	-	Direct	100%	100%	translation
Localeyes Tirana	Tirana - Albania	Lek	-	Indirect	100%	100%	translation
Localeyes Madrid	Madrid - Spain	Euro	-	Indirect	100%	100%	translation
Localeyes Amsterdam	Amsterdam - Netherlands	Euro	-	Indirect	100%	100%	translation
Localeyes Helsinki	Helsinki - Finland	Euro	-	Indirect	100%	100%	translation
Localeyes USA	San Francisco - California - USA	USD	-	Indirect	100%	100%	translation

Due to the business division lease agreement, the consolidated income statement as at 30/06/2023 also includes the figures of the following wholly-owned subsidiaries of C.A.A.R. S.p.A.:

- "C.A.A.R. do Brazil Consultoria Tecnica Ltda" based in Belo Horizonte (Brazil);
- "Abacaar Doo Kragujevac" based in Kragujevac - Miloja Pavlovica 9 (Serbia).

OPERATING PERFORMANCE

The first half of 2023 was characterised **by the increase in reference interest rates by the European Central Bank (ECB)**, which intervened no less than four times, raising the rate for main refinancing operations from 2% at the end of 2022 to 4% at the end of June (in September further increased to 4.50%) in order to combat inflation, the level of which is much higher than the 2% trend considered appropriate by the monetary authorities.

The Group has continued its programme **to enhance its structure and reinforce the core values of the parent company**, in line with the project initiated prior to listing. This includes strengthening and expanding the services provided, introducing **innovative solutions**, and promoting and encouraging its

skilled workforce to adapt to a changing market, which is now leaning towards **solutions that incorporate artificial intelligence.**

As of 1 January 2023, two lease contracts are operational for business divisions of the companies **C.A.A.R. S.p.A.** (registered office in Turin, via Treviso 36) and **S.T.I. s.r.l.** (registered office in Bolzano, via Buoizzi 14/16).

These companies are active in the same market as STAR7 but specialise in important complementary segments, specifically in the engineering sector. The leases are preparatory to the possible future acquisition of the two business divisions.

The above companies are strategic and complementary to the development of the engineering and defence business, with offices located both in Italy (Turin and Bolzano) and abroad (Brazil and Serbia). Given that the two companies were in a critical financial situation, **a business leasing contract** was envisaged at an early stage in order to minimise legal, financial and operational risks. As a modification to the business division lease agreements, in accordance with Law no. 103 introduced on 10 August 2023, C.A.A.R. S.p.A. and STI S.r.l. will be required to provide a blank agreement, giving our company the first option to purchase both business units.

Continuous market research for other companies that could potentially complement and benefit STAR7's business are always in progress. The prevailing atmosphere of market volatility and uncertainty may offer further acquisition opportunities.

To be prepared to capitalise on any opportunities, the Group **maintains a focus on its available liquidity.** This ensures it can swiftly embark on any significant transactions that may emerge.

The financial trend indicates **a reduction in total debt**, in spite of the efforts in the period to integrate the two companies C.A.A.R S.p.A and STI S.r.l.

Despite inflation, integration costs generated by the absorption of the CAAR Group business division and consequent inefficiencies, the STAR7 Group's EBITDA in the first half of 2023 amounted to €6.9 million. Meanwhile, Adjusted EBITDA (adjusted for the integration costs) reached €7.5 million. The EBITDA Margin therefore reached 13.6% and the Adjusted EBITDA Margin was 14.7%.

The Group is in a **stable position**, with bank debt structured over the medium to long term. It maintains sufficient liquidity to continue its growth trajectory and consistently meets the covenants stipulated by the bonds issued to facilitate the acquisition of LocalEyes.

On 21/7/2023, the Board of Directors gave their approval for the **proposed merger** of the subsidiary company, **Vertere S.r.l., into STAR7 S.p.A. This transaction is expected to yield significant economic and organisational benefits.** These include the reduction of unnecessary administrative expenses such as corporate vehicle management costs, tax expenses, legal obligations, and so on. Additionally, it will eliminate the duplication of roles that arise from managing the complexities associated with the technical and administrative handling of inter-company services.

The recent performance of the share on the EuroNext Growth Milan market suggests a stable trend, with its value hovering around the initial placement price.

Research and development remains centred on Virtual, Immersive, and Augmented Reality. This is achieved by developing products and solutions that cater to the growing need for virtualisation in our customers' businesses.

Today, the STAR7 Group is able to deliver increasingly **cutting-edge solutions in the areas of Virtual Training, Virtual Showrooms and Product Experience**, by making the most of its technical information management skills acquired over time through engineering and technical authoring.

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 2023, as well as in the previous years, as in part already formally explained in the Report on Operations 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 29 May 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 language and translation services sector, both nationally and internationally, we have initiated **Experimental Development Projects** that involve the conceptual definition and implementation of new products, processes or services.

The Group has developed **high value-added authoring technologies** in the various Business Areas (Authoring, 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 internal 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 both the parent company and the investee companies are concerned, the past half year must be considered positive.

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

Summary of Consolidated half-Year Report (figures in euros)

	30/06/23	30/06/22	Change	% Change
Net sales revenues	50,860,071	39,649,244	11,210,827	28,3%
Gross operating margin (M.O.L. or EBITDA)	6,932,005	7,230,514	-298,509	-4,2%
Operating income (EBIT)	3,106,965	3,549,515	-442,550	-12,5%
Consolidated net income	989,276	1,493,401	-504,125	-33,8%
Consolidated net income attributable to the Group	782,965	1,327,975	-545,010	-41,0%

	30/06/23	31/12/22	Change	% Change
Fixed assets	47,614,855	46,906,516	708,339	1,5%
Total net equity	30,046,146	29,493,367	552,779	1,9%
Net equity attributable to owners of the Parent	28,745,383	28,302,091	443,292	1,6%
Net financial position	33,580,868	35,095,010	-1,514,142	-4,3%

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):

	30/06/23	30/06/22	Change	% Change
Net revenues	50,860,071	39,649,244	11,210,827	28,3%
Other income	713,669	701,342	12,327	1,8%
Changes in inventories and increases in fixed assets	51,929	109,883	-57,954	-52,7%
External costs	-23,172,895	-18,928,207	-4,244,688	22,4%
Value added	28,452,774	21,532,263	6,920,512	32,1%
Personnel costs	-21,520,769	-14,292,558	-7,228,211	50,6%
EBITDA	6,932,005	7,239,704	-307,699	-4,3%
Amortisation, depreciation, write-downs and other provisions	-3,825,040	-3,690,190	-134,851	3,7%
Operating profit (loss)	3,106,965	3,549,515	-442,550	-12,5%
Financial income and charges	-1,193,797	-1,018,585	-175,212	17,2%
Profit (loss) before non-recurring items	1,913,167	2,530,930	-617,762	-24,4%
Revaluations and write-downs	-	-	0	n/a
Profit before tax	1,913,167	2,530,930	-617,762	-24,4%
Income Taxes	-923,891	-1,037,528	113,637	-11,0%
Net profit (loss)	989,276	1,493,401	-504,125	-33,8%

The M&A transactions carried out to date have generated goodwill in the amount of **€31.7 million**, resulting in **amortisation of €2 million**, as better detailed in the Notes to the Financial Statements (section B).

To provide a picture in line with other European companies, profit for the first half of 2023 net of this amortisation would have been **€2.9 million**.

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.

	30/06/23 (6 months)	30/06/22 (6 months)	31/12/22 (12 months)
ROE	3,3%	5,8%	11,6%
ROI	4,9%	5,4%	11,9%
ROS	6,1%	9,0%	9,2%

Key consolidated balance sheet data

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

	30/06/2023	31/12/2022	Change	% Change
Net intangible fixed assets	37,824,787	39,248,910	-1,424,122	-3,6%
Net property, plant and equipment	8,990,985	6,906,497	2,084,488	30,2%
Equity investments and other financial fixed assets	799,083	751,110	47,973	6,4%
Capital assets	47,614,855	46,906,516	708,339	1,5%
Inventories	2,664,499	2,468,151	196,348	8,0%
Trade receivables	30,026,379	29,485,759	540,621	1,8%
Receivables due from associated and unconsolidated subsidiaries	671,801	683,938	-12,137	-1,8%
Other receivables	5,608,206	5,845,649	-237,443	-4,1%
Accrued income and prepaid expenses	2,485,705	2,003,291	482,414	24,1%
Short-term operating assets	41,456,590	40,486,787	969,802	2,4%
Trade payables	- 9,767,208	- 8,574,855	-1,192,353	13,9%
Payables to associated companies and unconsolidated subsidiaries	- 315,948	- 669,672	353,724	-52,8%
Payments on account	-	-	0	n/a
Tax and social security payables	- 3,650,532	- 2,278,916	-1,371,616	60,2%
Other payables	- 3,957,464	- 2,995,946	-961,518	32,1%
Accrued expenses and deferred income	- 1,647,735	- 2,437,357	789,622	-32,4%
Short-term operating liabilities	- 19,338,888	- 16,956,747	-2,382,140	14,0%
Net working capital	22,117,702	23,530,040	-1,412,338	-6,0%
Employee severance indemnity	- 4,965,526	- 4,716,159	-249,367	5,3%
Taxes and social security payables (after one year)	-	-	0	n/a
Other medium- and long-term liabilities	- 1,140,018	- 1,132,021	-7,997	0,7%
Medium/long-term liabilities	- 6,105,544	- 5,848,180	-257,364	4,4%
Invested Capital	63,627,013	64,588,377	-961,363	-1,5%
Net equity	- 30,046,146	- 29,493,367	-552,779	1,9%
Short-term net financial position	- 795,206	- 366,809	-428,397	116,8%
Medium/long-term net financial position	- 32,785,662	- 34,728,201	1,942,539	-5,6%
Equity and net financial debt	- 63,627,013	- 64,588,377	961,363	-1,5%

	30/06/23	31/12/22
Primary structural margin (net equity - fixed assets)	-17,568,709	-17,413,150
Primary structure quotient (net equity / fixed assets)	0,63	0,63
Secondary structure margin (shareholders' equity + long-term liabilities - fixed assets)	21,322,497	23,163,231
Secondary structure quotient (shareholders' equity + long-term liabilities / fixed assets)	1,45	1,49

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.

Financial Highlights

The net financial position at 30/06/2023 is as follows (in Euros):

	30/06/2023	31/12/2022	Change
Bank deposits	16,477,831	18,475,779	- 1,997,948
Cash and other valuables on hand	8,803	10,533	- 1,730
Cash on hand	16,486,634	18,486,312	- 1,999,678
Current financial assets	-	-	-
Due to banks (within one year)	- 11,118,744	- 12,765,435	1,646,691
Payables due to other financial institutions (within one year)	- 1,996,429	- 1,921,019	- 75,410
Bonds (within one year)	- 4,166,667	- 4,166,667	-
Financial receivables	-	-	-
Short-term financial payables	- 17,281,840	- 18,853,121	1,571,281
Short-term net financial position	- 795,206	- 366,809	- 428,397
Due to banks (beyond the next financial year)	- 10,098,904	- 10,666,122	567,218
Due to other financial institutions (after one year)	- 3,936,675	- 3,228,747	- 707,928
Bonds (after one year)	- 18,750,083	- 20,833,333	2,083,250
Financial receivables	-	-	-
Medium and long-term net financial position	- 32,785,662	- 34,728,202	1,942,540
Net financial position	- 33,580,868	- 35,095,011	1,514,143

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.

	30/06/23	31/12/22
Primary liquidity	1,51	1,58
Secondary liquidity	1,58	1,65
Gross financial debt (Financial debt / Equity)	1,67	1,82
Net financial debt (Financial debt less cash and cash equivalents / Equity)	1,12	1,19
Primary coverage rate of fixed assets	0,63	0,63
Secondary coverage rate of fixed assets	1,45	1,49

The primary liquidity ratio (not counting inventories) **is 1.51**. The Group's current financial situation can be regarded as good.

The secondary liquidity ratio is 1.58. The value assumed by the net working capital is certainly satisfactory in relation to the amount of current payables.

The gross debt ratio was 1.67 and, net of cash on hand, this fell to 1.12. The amount of debt is considered **appropriate** in relation to existing own funds.

The **coverage ratio of fixed assets of 1.45** 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.

Environmental and personnel information

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

Environment

The Group companies do not carry out 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	1,160,276
Plant and machinery	728,312
Industrial and commercial equipment	1,570
Other assets	680,806
Assets under development/construction and payments on account	115,700
TOTAL	2,686,664

The most significant investment pertains to the lease acquisition of the new office building located in Valle San Bartolomeo, Alessandria.

RELATIONS WITH ASSOCIATED, PARENT AND SISTER COMPANIES

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

RELATED COMPANIES	Trade receivables 30/06/2023	Other receivables 30/06/2023	Trade payables 30/06/2023	Trade revenues 30/06/2023	Trade costs 30/06/2023
STAR AG	60,515		31,750	101,078	27,600
STAR DEUTSCHLAND GMBH	36,555			70,366	
STAR TECHNOLOGY SOLUTIONS	7,939		393	7,268	363
STAR Software, Translation, Artwork, Recording GmbH	49,668			32,638	
STAR PARIS	33,285		1,100	33,523	
STAR GROUP AMERICA LLC	13,345			55,413	
STAR SA	2,211		35	27,552	
STAR GROUP SCANDINAVIA AB	2,193		129	6,524	174
STAR CZECH S.R.O.	1,560		25,870	6,063	67,712
STAR JAPAN CO.LTD	3,851		16,682	10,707	63,677
DANTE SRL	404			79	262,968
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	-411		37,098		76,677
STAR SERVICIOS LINGUISTICOS SLU	674		417	1,099	2,631
STAR UK LIMITED	-154		8,716	639	21,629
C.A.A.R. do Brasil		237,373			
Toth Comunicação e Logística Ltda		222,793			
SCP STAR E FELIPE CAPUTO					
ABACAAR DOO KRAGUJEVAC			59,924		
IAMDEV			29,464		
STAR AG TAIWAN BRANCH			2,174		7,466
STAR CO.LTD			138		138
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA			1,084		2,682
STAR EGYPT MIDDLE EAST LTD CAIRO			227		2,436
STAR HUNGARY KFT			11,479		34,027
STAR INFORMATION ENGINEERING S.L.			13,770		31,686
STAR Information Services & Tools S.R.L.			7,493		24,254
STAR J&M FINNLAND OY			1,740		4,289
STAR KOREA AG			1,523		13,287
STAR POLAND			25,243		96,343
STAR SERV.LINGUISTICOS LDA			14,866		34,301
STAR SOFTWARE INDONESIA			6,545		8,087
STAR SOFTWARE SHANGHAI CO, LTD			13,615		20,253
STAR TRANSLATION & SOFTWARE THAILAND CO.LTD			146		306
STAR TURKEY INF.SERVICES LTD STI			4,327		4,327
	211,635	460,166	315,948	352,949	807,313

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 risk

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

Liquidity risk

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**

Considering the level of risks involved, the companies within the Group do not engage in hedging activities, with the exception of certain interest rate swap contracts. These contracts are comprehensively detailed in the Notes to the Financial Statements, which should be referred to for further information.

Key risks are constantly monitored by the Boards of Directors.

Information on own shares

At the reporting date, the Parent Company did not hold any treasury shares and/or shares and/or quotas of parent companies, either directly or through trust companies or third parties.

OUTLOOK

The trend in the months since 30/06/2023 indicates **a strong performance in the second half of 2023**, despite a complex international backdrop due to recent geopolitical events. These include the conflict in Ukraine, tensions between the US and China within the wider crisis of US unilateralism, as well as inflationary pressures and rising interest rates. The outlook for the entire year 2023 points to the achievement of a net profit.

REQUIREMENTS PURSUANT TO ARTICLES 375 AND 377 OF LEGISLATIVE DECREE 14/2019 (Business Crisis Code)

On 16 March 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 organisational 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 organisation chart, also in view of the listing on the **Euronext Growth Milan** 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), 26 September 2023
Chairman of the Board of Directors
Lorenzo Mondo

STAR7 S.P.A.

Consolidated Financial Statements as at 30-06-2023

ID data	
Headquarters in	ALESSANDRIA
Tax ID No	01255170050
REA Index number	AL 208355
VAT No.	01255170050
Share capital in Euro	599,340
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	no
Name of the parent company	STAR7 S.P.A.
Country of the parent company	ITALY

Consolidated Balance Sheet

	30-06-2023	31-12-2022
Balance sheet		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
1) Start-up and expansion costs	540,009	380,134
4) Industrial patents and intellectual property rights	1,676,192	1,712,079
5) Goodwill	31,684,926	33,636,467
6) Assets under development/construction and payments on account	281,270	54,372
7) Others	3,642,390	3,465,858
Total intangible assets	37,824,787	39,248,910
II - Property, plant and equipment		
1) Land and buildings	3,611,642	2,489,824
2) Plant and machinery	3,362,859	2,950,871
3) Industrial and commercial equipment	14,292	16,195
4) Other assets	1,886,492	1,449,607
5) Assets under development/construction and payments on account	115,700	-
Total property, plant and equipment	8,990,985	6,906,497
III - Financial fixed assets		
1) Equity investments in		
a) subsidiaries	0	0
b) associated companies	133,884	174,322
Total equity investments	133,884	174,322
2) Receivables		
b) from associates		
due after the next financial year	121,226	-
Total receivables from associated companies	121,226	-
d bis) from others		
due after the next financial year	118,191	103,805
Total receivables from others	118,191	103,805
Total receivables	239,417	103,805
3) other instruments	57,115	57,115
4) financial derivative instrument assets	368,667	415,868
Total financial fixed assets	799,083	751,110
Total fixed assets (B)	47,614,855	46,906,517
C) Current assets		
I - Inventory		
1) Raw and ancillary materials and consumables	1,822,670	1,018,954
2) Work in progress and semi-finished products	417,977	370,723
3) Orders-in-progress	28,487	23,841
4) Finished products and goods	168,094	986,649
5) Payments on account	227,271	67,984
Total inventories	2,664,499	2,468,151
II - Receivables		
1) from customers		
due within the next financial year	30,026,379	29,485,759

Total trade receivables	30,026,379	29,485,759
2) from subsidiaries		
due within the next financial year	-	94,897
Total receivables from subsidiaries	-	94,897
3) from associates		
due within the next financial year	671,801	589,041
Total receivables from associated companies	671,801	589,041
5-bis) tax receivables		
due within the next financial year	2,658,097	2,578,905
Total tax receivables	2,658,097	2,578,905
5-ter) Deferred tax assets/liabilities	384,191	392,055
5-quater) from others		
due within the next financial year	2,565,918	2,874,689
Total receivables from others	2,565,918	2,874,689
Total receivables	36,306,386	36,015,346
IV - Cash on hand		
1) Bank and postal deposits	16,477,831	18,475,779
3) Cash and cash equivalents	8,803	10,533
Total cash and cash equivalents	16,486,634	18,486,312
Total current assets (C)	55,457,519	56,969,809
D) Prepayments and accrued income	2,485,705	2,003,290
Total Assets	105,558,079	105,879,616
Liabilities		
A) Equity attributable to owners of the group		
I - Capital	599,340	599,340
II - Share premium reserve	11,728,160	11,728,160
IV - Legal reserve	119,868	119,868
VI - Other reserves, indicated separately		
Special reserve	12,725,340	8,630,329
Capital contributions	2,846	2,846
Merger surplus reserve	1,105,814	1,105,814
Consolidation reserve	933,853	2,403,909
Reserve from translation differences	60,467	(104,314)
Misc. other reserves	409,324	409,324
Total other reserves	15,237,644	12,447,908
VII - Reserve for transactions to hedge expected cash flows	277,406	312,263
IX - Profit (loss) for the year	782,965	3,094,552
Total equity attributable to owners of the parent	28,745,383	28,302,091
Minority interests		
Capital and reserves attributable to minority interests	1,094,451	860,334
Profit (loss) attributable to minority interests	206,311	330,942
Total equity attributable to minority interests	1,300,762	1,191,276
Total consolidated net equity	30,046,146	29,493,367
B) Provisions for contingencies and charges		
1) For pensions and similar obligations	250,930	218,930
2) For taxes, including deferred taxes	346,483	370,486
4) others	542,605	542,605

Total provisions for risks and charges	1,140,018	1,132,021
C) Employee severance indemnity	4,965,526	4,716,159
D) Payables		
1) Bonds		
due within the next financial year	4,166,667	4,166,667
due after the next financial year	18,750,083	20,833,333
Total bonds	22,916,750	25,000,000
4) Borrowings from banks		
due within the next financial year	11,118,744	12,765,436
due after the next financial year	10,098,904	10,666,121
Total due to banks	21,217,648	23,431,557
5) Borrowings from other lenders		
due within the next financial year	1,996,429	1,921,019
due after the next financial year	3,936,675	3,228,747
Total borrowings from other lenders	5,933,104	5,149,766
7) Trade payables		
due within the next financial year	9,767,208	8,574,855
Total trade payables	9,767,208	8,574,855
10) Payables to associated companies		
due within the next financial year	315,948	669,672
Total payables to associated companies	315,948	669,672
12) Tax payables		
due within the next financial year	1,794,323	912,823
Total taxes payable	1,794,323	912,823
13) Due to social security institutions		
due within the next financial year	1,856,209	1,366,093
Total payables to social security institutions	1,856,209	1,366,093
14) Other payables		
due within the next financial year	3,957,464	2,995,946
Total other payables	3,957,464	2,995,946
Total payables	67,758,654	68,100,712
E) Accruals and deferrals	1,647,735	2,437,357
Total Liabilities	105,558,079	105,879,616

Consolidated income statement

	30-06-2023	31-12-2022
Income Statement		
A) Value of production		
1) revenues from sales and services	50,860,071	39,649,244
3) Changes in contract work in progress	51,929	109,883
5) Other revenues and income		
grants related to income	302,527	286,145
others	411,142	415,197
Total other revenues and income	713,669	701,342
Total Value of Production	51,625,669	40,460,469
B) Costs of production		
6) raw and ancillary materials, consumables and goods	2,745,441	2,423,535
7) for services	18,522,007	15,352,802
8) leases and rentals	1,177,941	758,025
9) personnel		
a) wages and salaries	16,266,841	10,578,508
b) social security contributions	4,070,669	2,912,561
c) employees' leaving entitlement	660,525	614,458
e) other costs	522,734	187,031
Total personnel costs	21,520,769	14,292,558
10) Amortisation, depreciation and write-downs		
a) amortisation	3,038,593	2,933,072
b) depreciation	750,386	715,928
d) write-downs of receivables included in current assets and of cash and cash equivalents	4,062	9,190
Total amortisation, depreciation and write-downs	3,793,040	3,658,190
11) changes in inventories of raw, ancillary and consumable materials and goods	58,685	(209,003)
12) Provisions for risks	32,000	32,000
14) Sundry operating expenses	668,820	602,847
Total Costs of Production	48,518,704	36,910,954
Difference between value and cost of production (A - B)	3,106,965	3,549,515
C) Financial income and expenses		
16) Other financial income		
d) income other than the above		
others	66,772	41,399
Total income other than the above	66,772	41,399
Total other financial income	66,772	41,399
17) Interest and other financial expenses		
others	1,306,476	1,071,042
Total interest and other financial expenses	1,306,476	1,071,042
17-bis) exchange gains and losses	45,907	11,057
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(1,193,797)	(1,018,585)
Profit (loss) before tax (A - B + - C + - D)	1,913,167	2,530,930
20) Current, deferred and prepaid income taxes for the period		
current taxes	925,970	1,094,073
Deferred tax assets and liabilities	(2,079)	(56,544)
Total current and deferred income tax assets and liabilities	923,891	1,037,529

21) Consolidated net income (loss) for the year	989,276	1,493,401
Result attributable to the group	782,965	1,327,975
Profit (loss) attributable to minority interests	206,311	165,426

Consolidated cash flow statement, indirect method

	30-06-2023	31-12-2022
Cash flow statement, indirect method		
A) Cash flow from operating activities (indirect method)		
Profit (loss) for the year	989,276	1,493,401
Income Taxes	923,891	1,037,529
Interest expense/(income)	1,239,705	1,029,642
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	3,152,872	3,560,571
Adjustments for non-cash items that did not have a balancing entry in net working capital		
Provisions	701,368	646,458
Depreciation/amortisation of fixed assets	3,788,978	3,649,000
Value adjustments to financial assets and liabilities of derivative financial instruments not involving monetary movements	47,201	(295,846)
Other adjustments up/(down) for non-cash items	(25,391)	281,800
Total adjustments for non-monetary items that did not have a balancing entry in net working capital		
2) Cash flow before changes in net working capital	7,665,029	7,841,983
Change in net working capital		
Decrease/(Increase) in inventories	(196,348)	(754,088)
Decrease/(Increase) in trade receivables	(540,620)	(3,063,878)
Increase/(Decrease) in trade payables	1,192,353	(939,393)
Decrease/(Increase) in accrued income and prepaid expenses	(482,415)	(724,476)
Increase/(Decrease) in accrued expenses and deferred income	(789,622)	(753,882)
Other decreases/(Other increases) in net working capital	1,809,034	(2,770,512)
Total change in net working capital	992,382	(9,006,229)
3) Cash flow after changes in net working capital	8,657,410	(1,164,246)
Other adjustments		
Interest received/(paid)	(1,239,705)	(1,029,642)
(Income taxes paid)	(923,891)	(1,064,219)
(Use of provisions)	(432,675)	(318,736)
Total other adjustments	(2,596,271)	(2,412,597)
Cash flow from operating activities (A)	6,061,139	(3,576,843)
B) Cash flow from investing activities		
Property, plant and equipment		
(Investments)	(2,686,664)	(330,869)
Intangible fixed assets		
(Investments)	(1,674,274)	(776,792)
Financial fixed assets		
(Investments)	(135,612)	(1,957)
(Acquisition of subsidiaries net of cash and cash equivalents)	(79,836)	(968,465)
Cash flow from investing activities (B)	(4,576,386)	(2,078,083)
C) Cash flow from financing activities		

Loan funds		
Increase/(Decrease) in short-term payables to banks	(1,435,362)	1,226,428
Financing	3,267,995	3,646,000
(Repayment of loans)	(5,346,454)	(1,879,839)
Cash and cash equivalents at beginning of year		
Bank and postal deposits	18,475,779	23,478,324
Cash and cash equivalents	10,533	7,214
Total cash and cash equivalents at beginning of year	18,486,312	23,485,538
Cash and cash equivalents at end of year		
Bank and postal deposits	16,477,831	20,992,807
Cash and cash equivalents	8,803	7,311
Total cash and cash equivalents at end of year	16,486,634	21,000,118
Acquisition or sale of subsidiaries		
Total fees paid or received	(79,836)	(968,465)

NOTE TO THE CONSOLIDATED HALF-YEAR REPORT AS AT 30/06/2023

INTRODUCTION

The STAR7 Group's Consolidated Half-Year Report as at 30 June 2023 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 Group carries out activities of production and translation of technical documentation, interpreting, automation of authoring processes, dedicated IT development, printing on demand and is distinguished by its competence and experience.

During the first half of 2023, commercial transactions were carried out with the associated companies STAR AG, Dante s.r.l., IAM.DEV. S.r.l. and other subsidiaries of STAR AG for the provision of services regulated according to market criteria.

These Notes to the Financial Statements illustrate the items in the financial statements, while the Report on Operations illustrates in detail the operations, including those of an extraordinary nature, that took place in the first half of 2023.

Research and development activities

During the first half of 2023, the STAR7 Group continued with Research and Development activities eligible for subsidies pursuant to Article 3 of Decree no. 174 of 29 May 2015 of the Ministry of Economy and Finance.

It has been decided to consider this activity worthy of recognition in the current Consolidated 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 a revenue among "Other revenues" of €225,000, charging this amount to item A5) Other revenues and income - b) Operating grants.

This has entailed recognition of a research and development receivable, all on the assumption that the eligible costs underlying the calculation are fully recognised in the income statement.

Significant events occurring during the year

The first half of 2023 was characterised by the increase in reference interest rates by the European Central Bank (ECB), which intervened no less than four times, raising the rate for *main refinancing operations* from 2% at the end of 2022 to 4% at the end of June (in September further increased to 4.50%)

in order to combat inflation, the level of which is much higher than the 2% trend considered appropriate by the monetary authorities.

This situation generated a downturn in consumption, which consequently penalised Italian companies in particular. In the first half of 2023, our Group continued its programme of improving its structure and consolidating the founding values of the parent company.

The Group has also enhanced its unique service offerings by proposing innovative solutions. The Group has encouraged and incentivised its skilled staff to devise and implement solutions that utilise AI in the global market to achieve specific objectives.

As at 1 January 2023, two business division leases are operative from:

- C.A.A.R. S.p.A. (registered office in Turin, via Treviso 36);
- S.T.I. s.r.l. (registered office in Bolzano, via Buoizzi 14/16);

These companies are active in the same market as STAR7 but specialise in important complementary segments, specifically in the engineering sector. The leases are preparatory to the possible future acquisition of the two business divisions.

The above companies are strategic and complementary to the development of the engineering and defence business, with offices located both in Italy (Turin and Bolzano) and abroad (Brazil and Serbia). Given that the two companies were in a critical financial situation, a business leasing contract was envisaged at an early stage in order to minimise legal, financial and operational risks. As a modification to the business division lease agreements, in accordance with Law no. 103 introduced on 10 August 2023, C.A.A.R. S.p.A. and STI S.r.l. will be required to provide a blank agreement, giving our company the first option to purchase both business units.

Continued development activity in translation services, both domestically and abroad, which may be realised through future acquisitions.

BASIS OF PRESENTATION

The Consolidated Half-Year Report of STAR7 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 profit and shareholders' equity of the parent company and the respective amounts reported in the Consolidated Half-Year Report.

The criteria used in the preparation of the Consolidated Half-Year Report as at 30/06/2023 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 Half-Year Report 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.

SCOPE AND METHODS OF CONSOLIDATION

The Consolidated Half-Year 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 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 %	Assets
Star7 Printing S.r.l.	Asti - Italy	Euro	10,000	Direct	60%	60%	printing & logistics
Vertere S.r.l.	Piacenza – Italy	Euro	20,000	Direct	100%	100%	translation
Star Comunicação E Serviços Ltda	Belo Horizonte - Brazil	Real	1,448,205	Direct	75%	75%	printing, logistics, technical authoring
Cal Comunicação Ltda	Belo Horizonte - Brazil	Real	500,000	Direct	75%	75%	logistics
Star USA Llc	Dover - Delaware - USA	USD	5,000	Direct	100%	100%	translation, technical authoring
Star7 USA Llc	Troy - Michigan - USA	USD	890	Indirect	100%	100%	translation
Star7 Albania Shpk	Tirana - Albania	Lek	500,000	Direct	100%	100%	translation, technical authoring
Star7 Gmbh	Linz - Austria	Euro	35,000	Direct	100%	100%	translation, technical authoring
Localeyes Ltd	Cork - Ireland	Euro	-	Direct	100%	100%	translation
Localeyes Tirana	Tirana - Albania	Lek	-	Indirect	100%	100%	translation
Localeyes Madrid	Madrid - Spain	Euro	-	Indirect	100%	100%	translation
Localeyes Amsterdam	Amsterdam - Netherlands	Euro	-	Indirect	100%	100%	translation
Localeyes Helsinki	Helsinki - Finland	Euro	-	Indirect	100%	100%	translation
Localeyes USA	San Francisco - California - USA	USD	-	Indirect	100%	100%	translation

STAR7 LLC is the company resulting from the merger of “Techworld Language Services Inc.” and “The Geo Group Corporation”, both of which are wholly owned subsidiaries.

Due to the business division lease agreement, the consolidated income statement as at 30/06/2023 includes the figures of the following wholly-owned subsidiaries of C.A.A.R. S.p.A.:

- “C.A.A.R. do Brasil Consultoria Tecnica Ltda” based in Belo Horizonte (Brazil);
- “Abacaar Doo Kragujevac” based in Kragujevac - Miloja Pavlovica 9 (Serbia).

In order to correctly compare and interpret the figures in the Income Statement and Statement of Cash Flows, it should be noted that the following changes occurred in 2022:

- acquisition of Vertere s.r.l. in July 2022;
- formal exit of STAR7 Engineering s.r.l. and AD Studio s.r.l., as they were merged by incorporation into the Parent Company in September with retroactive effect from 01/01/2022 (the merger by incorporation is neutral for the purposes of the consolidated figures).

Therefore, the Consolidated Income Statement includes the economic data of the new investees as of the aforementioned dates.

STAR USA LLC has prepared its own consolidated financial statements, which include the accounts of STAR7 LLC. LocalEyes Ltd has also prepared its own consolidated financial statements, containing the subsidiaries indicated in the previous table. For the purposes of the consolidation process, these sub-consolidated financial statements were 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 ("Italian GAAP" issued by the OIC").

As of 30/06/2023, 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 (Brazil);
- Star Comunicacao e Servicos Felipe Caputo - SCP2.

Reporting date

In compliance with art. 30 of Legislative Decree no. 127/1991, the reporting date of the Consolidated Half-Year Report coincides with the date of the Parent Company's financial statements as at 30/06/2023. 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 30/06/2023, like the consolidating parent company.

CONSOLIDATION PRINCIPLES AND CRITERIA

The 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 Civil Code and issued by the OIC.

In the preparation of the Consolidated Half-Year Report, 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 this provision when losses or liabilities are expected from the consolidated investee.

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

The amount of capital and reserves of subsidiaries attributable to minority shareholders is recognised in shareholders’ equity under an item entitled “Capital and reserves attributable to minority interests”; the portion of net income (loss) for the period pertaining to minority interests is shown under “Profit (loss) for the year 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 realised 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 IFRS 16 (financial method), which envisages recording the leased assets under assets, net of depreciation, and the amount of the residual principal under payables.

Translation of individual financial statements in currencies other than the Euro

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

- at the period-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:

	Spot rate		Average rate	
	30/06/2023	31/12/2022	1-1/30-6-2023	1-1/30-6-2022
US Dollar to 1 Euro	1,0866	1,0666	1,0811	1,094
Brazilian Real to 1 Euro	5,2788	5,6386	5,4833	5,5579
Albanian Lek to 1 Euro	106,49	114,46	112,8433	121,13
Serbian Dinar for 1 Euro	117,1796	n/a	117,3002	n/a

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 business continuation prospect referred to in Article 2423-bis of the Italian Civil Code, none of the Group's Italian companies made use in previous financial years of the waiver option provided for by paragraph 2 of Article 38-quater of Law No. 77/2020 converting Decree-Law No. 34/2020 ("Relaunch Decree"), an option introduced following the Covid-19 epidemic emergency.

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 recognised and profits that must not be recognised because they have not been realised.

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/amortisation – art.60 law 126/2020

It should be borne in mind that, pursuant to Article 60 of Law 126/2020, the Parent Company and STAR7 Printing, as an exception to Article 2426, first paragraph, number 2) of the Civil Code, deemed it appropriate not to carry out annual amortisation and depreciation of the cost of certain intangible assets and property, plant and equipment in the Financial Statements for the year ended 31/12/2020; this option was not exercised in the financial statements of the financial years subsequently closed. As provided for by the above-mentioned provision, the amortisation and depreciation charge not applied, was recognised in the Income Statement for the following year, thus extending the original amortisation/depreciation schedule by one year. The Parent Company and STAR7 Printing had to use this option in the year ended 31/12/2020, because the pandemic caused by the Covid-19 virus had significantly slowed down the growth process undertaken and interrupted some activities such as the rebranding of the Group and its listing.

The following table shows the impact of the derogation in terms of the balance sheet as at 30/06/2023 (there is no impact on the income statement in the first half of 2023, as the amortisation process has not yet been completed):

BALANCE SHEET	WITH DEROGATION	WITHOUT DEROGATION	DIFFERENCE
Intangible fixed assets	37,824,787	37,434,784	390,003
Property, plant and equipment	8,990,985	8,710,881	280,104
Financial fixed assets	799,083	799,083	-
NON-CURRENT ASSETS	47,614,855	46,944,748	670,107
CURRENT ASSETS	55,457,519	55,457,519	-
ACCRUED INCOME AND PREPAID EXPENSES	2,485,705	2,485,705	-
TOTAL ASSETS	105,558,079	104,887,972	670,107
Share capital	599,340	599,340	-
Reserves	27,363,078	26,924,997	438,081
Net profit (loss) attributable to owners of the Parent	782,965	782,965	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE GROUP	28,745,383	28,307,302	438,081
Capital and reserves attributable to minority interests	1,094,451	1,013,669	80,782
Net profit (loss) attributable to minority interests	206,311	206,311	-
MINORITY INTERESTS	1,300,762	1,219,980	80,782
PROVISIONS FOR RISKS AND CHARGES	1,140,018	988,774	151,244
PROVISIONS FOR SEVERANCE	4,965,526	4,965,526	-
PAYABLES	67,758,654	67,758,654	-
ACCRUED EXPENSES AND DEFERRED INCOME	1,647,735	1,647,735	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	105,558,079	104,887,972	670,107

Changes in accounting policies

There have been no changes in accounting policies.

Comparability and adjustment issues

There are no problems in comparing and matching the figures in the Consolidated Half-Year Report with those in the Consolidated Financial Statements for the previous year.

Measurement criteria applied

Ref. Article 2426, first paragraph, Civil Code and Accounting Standards OIC 12.

Fixed assets

Intangible fixed assets

These are recognised 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.

Amortisation 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, recognised with the consent of the Board of Statutory Auditors, are amortised over a period of 5 years;
- industrial patents, intellectual property rights, licenses and concessions are amortised at a rate of 33.33%;
- goodwill, recognised with the consent of the Board of Statutory Auditors, can be amortised over 10 years, in consideration of the actual profitability profile of the acquired or incorporated companies. For the amortisation of goodwill relating to the business unit acquired by Dante S.r.l., the exception already referred to, in Law 126/2020 relating to the suspension of depreciation, was applied in the 2020 financial year;
- leasehold improvements are amortised at rates that depend on the duration of the contract.

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

If, irrespective of the amortisation already recognised, 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 recognised at purchase or production cost, revalued if necessary in accordance with the law, net of depreciation and write-downs.

Depreciation/amortisation 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%
- 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 recognised, 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.

Property, plant and equipment 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 capitalised 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 recognised 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/long-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 recorded under 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 and/or production cost and estimated realisable value

Receivables

Receivables are recorded in the financial statements according to the amortised cost criterion, taking into account the time factor and their presumed realisable value. The amortised 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 realisable 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 translated at the spot rate at the end of the period.

Accruals and deferrals

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

Provisions for risk 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 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 recognised according to the amortised cost method, taking into account the time factor. The amortised 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

Monetary assets and liabilities denominated in currencies other than the Euro are recorded in the balance sheet at the official exchange rate at the end of the period (rates at 30 June); the gains and losses arising from the translation of individual receivables and payables at period-end exchange rates are respectively recognised in the income statement under financial income and expenses, in a single item (separately indicated), as a result of offsetting gains and losses. Any net gains are set aside, when allocating profit for the year, in the appropriate "Reserve for net exchange gains" that cannot be distributed until realised (in the case of minor profit for the year or a loss, the provision is reduced or not due). Any hedging transactions are taken into account.

Revenue cost recognition

Revenues from sales of finished goods are recognised 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 translated 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 recognised in the income statement.

Other non-income-related taxes, such as property taxes, are included in other operating expenses.

Deferred taxes are allocated using the global allocation method. They are calculated on all temporary differences arising between the tax base of an asset or liability for tax purposes and its carrying amount in the financial statements. Deferred tax assets on tax losses and temporary differences are recognised 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 realised 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 Civil Code and with the instructions given in OIC 10.

EMPLOYMENT FIGURES

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

COMPANY	NO. OF EMPLOYEES AS AT 30/06/2023				NO. OF EMPLOYEES AS AT 31/12/2022			
	executives	middle managers	office workers	manual workers	executives	middle managers	office workers	manual workers
STAR7 S.P.A.	9	18	542		7	8	412	3
STAR7 PRINTING			11	35			9	25
VERTERE			8				8	
STAR7 GMBH			6				6	
STAR ALBANIA			114				111	
STAR USA LLC			0				0	
STAR7 USA LLC			30				30	
LOCALEYES			113				97	
STAR COMUNICACAO			16	136			11	132
CAL COMUNICACAO							0	
C.A.A.R. do BRASIL			178				0	
ABACAAR			7				0	
TOTAL	9	18	1,025	171	7	8	684	160

ASSETS

B) FIXED ASSETS

I. Intangible fixed assets

Balance as at 30/06/2023	Balance as at 31/12/2022	Change
37.824.787	39.248.910	- 1.424.123

Changes in this item were as follows:

Description	31/12/2022	Increases	Amortisation/ depreciation	Reclassifications	Changes in scope Of consolidation	Exchange rate delta	30/06/2023
Start-up and expansion costs	380,134	241,850	-81,975	0	0	0	540,009
Industrial patents and intellectual property rights	1,712,079	349,094	-384,981	0	0	0	1,676,192
Goodwill	33,636,467	79,836	-1,971,572	0	0	-59,804	31,684,926
Assets under construction/development	54,372	226,898	0	0	0	0	281,270
Others	3,465,858	776,596	-600,064	0	0	0	3,642,390
Total intangible assets	39,248,910	1,674,274	-3,038,593	0	0	-59,804	37,824,787

Foreign exchange changes relate to goodwill recorded in Star USA LLC related to "Techworld Language Services Inc." and "The Geo Group Corporation".

The historical cost and accumulated depreciation/amortisation of the items as at 31.12.2022 were as follows:

	Historical cost	Accumulated amortisation/depreciation	Net value
Start-up and expansion costs	1,923,025	-1,542,891	380,134
Industrial patents and intellectual property rights	4,481,636	-2,769,557	1,712,079
Goodwill	40,184,723	-6,548,256	33,636,467
Assets under construction/development	54,372	0	54,372
Others	6,060,942	-2,595,084	3,465,858
	52,704,698	-13,455,788	39,248,910

Goodwill is broken down as follows (year of initial recognition in brackets):

	31/12/2022	Increases/ decreases	Amortisation/depreciation	Exchange rate delta	30/06/2023
Localeyes Ltd (2021)	31,445,717				31,445,717
Accumulated amortisation/depreciation	-3,540,874		-1,572,286		-5,113,160
	27,904,843	0	-1,572,286	0	26,332,557
Techworld Language Services Inc. (2019)	3,482,252			-64,094	3,418,158
Accumulated amortisation/depreciation	-1,205,390		-171,777	23,056	-1,354,111
	2,276,862	0	-171,777	-41,039	2,064,046
The Geo Group Corporation (2021)	1,236,675			-23,648	1,213,027
Accumulated amortisation/depreciation	-203,448		-49,768	4,882	-248,334
	1,033,227	0	-49,768	-18,766	964,693
business unit acquired by Dante s.r.l. (2020 - start of amortisation in 2021)	1,286,356				1,286,356
Accumulated amortisation/depreciation	-257,271		-64,318		-321,589
	1,029,085	0	-64,318	0	964,767
Vertere s.r.l. (2022)	814,685	79,836			894,521
Accumulated amortisation/depreciation	-33,946		-48,052		-81,998
	780,739	79,836	-48,052	0	812,523
RES s.r.l. (2018)	816,481				816,481
Accumulated amortisation/depreciation	-406,992		-39,759		-446,751
	409,489	0	-39,759	0	369,730
STAR7 Engineering s.r.l. (2013)	590,318				590,318
Accumulated amortisation/depreciation	-590,318				-590,318
	0	0	0	0	0
STAR USA (2018)	287,889				287,889
Accumulated amortisation/depreciation	-182,971		-14,394		-197,365
	104,918	0	-14,394	0	90,524
STAR7 GmbH (2016)	164,350				164,350
Accumulated amortisation/depreciation	-115,046		-8,218		-123,264
	49,304	0	-8,218	0	41,086
Grafitec (2021)	60,000				60,000
Accumulated amortisation/depreciation	-12,000		-3,000		-15,000
	48,000	0	-3,000	0	45,000
	33,636,467	79,836	-1,971,572	-59,804	31,684,926

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 amortised over 10 years and is subject to impairment testing in order to identify any impairment losses. Specifically:

- Localeyes Ltd: goodwill derives from the acquisition of the group on 15/11/2021 and amortisation was calculated pro-rata from that date; the gross amount changed in 2022 as a result of contractually agreed price adjustments and ancillary charges;
- Techworld Language Services Inc.: company acquired by STAR USA LLC on 15 July 2019; goodwill originates when the sub-consolidated financial statements of STAR USA LLC were prepared, it is amortised over 10 years and in 2019 the amortisation 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;
- The Geo Group Corporation: company acquired by STAR USA LLC on 24 April 2021; the goodwill originates when the sub-consolidated financial statements of STAR USA LLC were prepared, it is amortised over 10 years and in 2021 the amortisation charge was 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 exempted for tax purposes;
- Vertere s.r.l.: company acquired on 26 July 2022; revenues and expenses were included in the consolidated financial statements from the date of acquisition; goodwill changed by €79,836 in the first half of 2023 as a result of price adjustments already contractually agreed;

- RES: goodwill at the date of acquisition (2018) amounts to €816,481 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.;
- STAR7 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; in 2022 STAR7 Engineering was merged by incorporation into STAR7 S.p.A.;
- 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 the first half of 2023, increases in the other categories, other than goodwill, mainly related to:

- start-up and expansion costs: €241,850 relating to software services for an on-line technical documentation management project for a major "premium" brand in the automotive sector;
- licences, trademarks and similar rights: €349,094 related to purchased software and internally developed programmes as well as Internet applications;
- assets under construction/development: the increase mainly refers to charges related to the future acquisition of business units from C.A.A.R. S.p.A. and S.T.I. s.r.l.;
- other intangible fixed assets: increases concern the rebranding of Star USA (€171,163) and leasehold improvements.

There are no indicators of impairment of intangible fixed assets at 30/06/2023.

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 amortisation for the following categories of intangible assets:

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

As a result, amortisation 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 amortisation 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%). In subsequent years, Group companies no longer made use of this option.

Start-up and expansion costs

Pursuant to OIC 24, in 2018 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, fully amortised as at 31/12/2022.

In 2020, 2021, 2022 and the first half of 2023, €130,000, €178,796, €266,900 and €241,850 were capitalised respectively relating to costs and to software services for the on-line technical documentation management project for an important brand in the automotive sector.

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

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 30/06/2023	Balance as at 31/12/2022	Change
8.990.985	6.906.497	2.084.488

Changes in this item were as follows:

Description	31/12/2022	Increases	Decreases	Write-backs	Reclassifications	Amortisation/depreciation	Change in the scope of consolidation	Exchange rate delta	30/06/2023
Land and buildings	2,489,824	1,160,276				-38,458			3,611,642
Plant and machinery	2,950,871	728,312			1,758	-407,437		89,356	3,362,859
Industrial and commercial equipment	16,195	1,570				-3,473			14,292
Other assets	1,449,607	680,806	0		-1,758	-301,017	25,391	33,463	1,886,492
Assets under development/construction and payments on account	0	115,700							115,700
	6,906,497	2,686,664	0	0	0	-750,386	25,391	122,819	8,990,985

The change in the scope of consolidation relates to the neutralisation of the depreciation of "C.A.A.R. do Brasil Consultoria Tecnica Ltda", held under a business division lease.

Foreign exchange changes relate to the tangible assets of Star Comunicacao and Star USA LLC.

The item land/buildings includes a building plot currently used as a car park, not depreciated (€201,000). The increase in the period mainly concerns the lease of the new building in Valle San Bartolomeo (€1,100,000).

Plant and machinery includes new investments in automated operating machinery made by STAR7 Printing (€135,500) for which "Industry 4.0" tax benefits accrue.

Other increases for the year mostly concern electronic machines and hardware.

Assets under construction relate to investments in progress at Star Albania.

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

- land €597,028
- buildings €1,797,748.

Property, plant and equipment do not include any allocation of consolidation differences arising from the elimination of the investment account against the shareholders' equity of subsidiaries.

There are no indicators of the impairment of property, plant and equipment at 30/06/2023.

It should be noted that in 2020 STAR7 Printing, as a result of the Covid-19 health 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, depreciation for a total of €280,104 was suspended in 2020, but deducted for tax purposes, and the related deferred taxes of €78,149 were recorded (theoretical tax rate of 27.9%). In subsequent years, Group companies no longer made use of this option.

Total revaluations of tangible fixed assets at year end (Ref. art. 2427, first paragraph, n. 2, Italian Civil Code)

Pursuant to Article 10 of Law 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 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 30/06/2023	Balance as at 31/12/2022	Change
799.083	751.110	47.973

The category includes Equity Investments, Long-term Receivables, Other Securities and Derivative Assets, the movements of which are shown in the tables below.

Equity investments

Description	30/06/2023	31/12/2022	Change
Starcom Argentina S.A.S.	-	-	-
Subsidiaries	-	-	-
STAR Comunicacao e Servicos - SCP	3,383	41,288	- 37,905
STAR Comunicacao e Servicos – SCP II Felipe Caputo	-	2,535	- 2,535
IAMdev S.t.p. s.r.l.	130,501	130,500	1
Associated companies	133,884	174,322	- 40,438
	133,884	174,322	- 40,438

Equity investments in subsidiary undertakings refer exclusively to Starcom Argentina S.A.S., 100% owned, recorded in the 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.

Investments in associated companies refer to "STAR COMUNICACAO E SERVICOS - SCP", "STAR Comunicacao e Servicos - SCP II Felipe Caputo" 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 €3,383 already in the individual financial statements of the subsidiary "STAR Comunicacao e Servicos Ltda" (€41,288 as of 31/12/2022).

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

Name	City, if in Italy, or foreign State	Tax ID No (for Italian companies)	Share capital in €	Profit (loss) previous year	Net equity	Share held	Book value or corresponding
IAMdev S.t.p. s.r.l.	Montacchiello (PI)	02173930500	10,000	not available	not available	33%	130,501
							130,501

Long-term receivables

Long-term receivables are broken down as follows:

Description	30/06/2023	31/12/2022	Change		<12 months	After 12 months
StarCom Argentina (subsidiary)	117,173	-	117,173	of which	-	117,173
SCP - Star Comunicacao e Servicos Ltda	2,924		2,924	of which	-	2,924
SCP Star and Felipe Caputo	1,129		1,129	of which	-	1,129
From others	118,191	103,805	14,386	of which	-	118,191
	239,417	103,805	135,612		-	239,417

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

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

Description	30/06/2023	31/12/2022	Change
Italy	113,733	99,483	14,250
North America	1,806	1,839	- 33
South America	123,878	2,483	121,395
	239,417	103,805	135,612

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

Bonds

This item relates to Vertere s.r.l. (consolidated for the first time in 2022) for an insurance policy to partially cover the severance provision of the same company (€57,115, unchanged compared to 31/12/2022).

Financial derivate assets

This item decreased by €47,201 compared to 31/12/2022 and is broken down as follows (showing the tax effect and equity reserve):

Counterpart	Type	Purpose	Date of execution	Maturity date	Notional value	30/06/2023		
						Mark-to market	Deferred IRES	Equity Reserve
Intesa Sanpaolo	Interest rate swap	Hedging	06/06/2019	28/04/2023	3,000,000	-	-	-
Intesa Sanpaolo	Interest rate swap	Hedging	29/01/2021	31/12/2026	3,000,000	145,798	34,992	110,806
Unicredit	Interest rate swap	Hedging	18/11/2020	30/09/2026	1,900,000	80,698	19,368	61,330
Credit Agricole	Interest rate swap	Hedging	05/10/2020	05/10/2026	2,250,000	133,023	31,926	101,097
Intesa Sanpaolo	Interest rate swap	Hedging	03/02/2020	31/01/2025	850,000	9,148	2,196	6,952
						368,667	88,480	280,187

C) Current assets

I. Inventory

Balance as at 30/06/2023	Balance as at 31/12/2022	Change
2.664.499	2.468.151	196.348

This item consists of the following:

Description	30/06/2023	31/12/2022 1,018,954	Change 803,716
Raw and consumable materials	1,822,670	1,018,954	803,716
Work in progress and semi-finished products	417,977	370,723	47,254
Orders in progress	28,487	23,841	4,646
Finished products and goods	168,094	986,649	-818,555
Payments on account	227,271	67,984	159,287
	2,664,499	2,468,151	196,348

II. Receivables

Balance as at 30/06/2023	Balance as at 31/12/2022	Change
36.306.386	36.015.346	291.040

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

Description	Balance 30-06-2023			Balance as at		
	<12 months	After 12 months	Over 5 years	Total	31/12/2022	Change
From customers	30,026,379			30,026,379	29,485,759	540,620
To/from subsidiaries not consolidated on a line-by-line basis	-			-	94,897	- 94,897
From associates	671,801			671,801	589,041	82,760
For tax receivables	2,658,097			2,658,097	2,578,905	79,192
Deferred tax assets/liabilities	384,191			384,191	392,055	- 7,864
From others	2,565,918			2,565,918	2,874,689	- 308,771
	36,306,386	-	-	36,306,386	36,015,346	291,040

Group Companies have exercised the option not to apply the amortised cost method to receivables in cases where the effects are immaterial, such as receivables due within 12 months; the receivables are then measured at the estimated realisable value and recognised net of the allowance for doubtful accounts (€436,064 against €432,002 as at 31/12/2022).

Trade receivables include €785,922 relating to invoices sold to the factoring company and “subject to collection”.

Receivables from subsidiaries not fully consolidated as at 31/12/2022 are entirely attributable to Starcom Argentina S.A.S.

Receivables due from associated undertakings break down as follows:

	Balance 30-06-2023			Balance as at	
	Trade	Other	TOTAL	31/12/2022	Change
STAR AG	60,515		60,515	54,342	6,173
STAR DEUTSCHLAND GMBH	36,555		36,555	31,790	4,765
STAR TECHNOLOGY SOLUTIONS	7,939		7,939	8,224	-285
STAR Software, Translation, Artwork, Recording GmbH	49,668		49,668	23,618	26,050
STAR PARIS	33,285		33,285	21,887	11,398
STAR GROUP AMERICA, LLC	13,345		13,345	-	13,345
STAR SA	2,211		2,211	8,080	-5,869
STAR GROUP SCANDINAVIA AB	2,193		2,193	3,125	-932
STAR CZECH S.R.O.	1,560		1,560	964	596
STAR JAPAN CO. LTD	3,851		3,851	891	2,960
DANTE SRL	404		404	317	87
STAR PREVAJALSKE STORITVE D.O.O. Ljubljana	-411		-411	411	-822
STAR SERVICIOS LINGUISTICOS SLU	674		674	-	674
STAR UK LIMITED	-154		-154	-	-154
C.A.A.R. do Brasil		237,373	237,373	-	237,373
SCP STAR E FELIPE CAPUTO			-	433	-433
Toth Comunicação e Logística Ltda		222,793	222,793	434,959	-212,166
	211,635	460,166	671,801	589,041	82,760

Tax receivables include tax credits for Research and Development / Industry 4.0 in the total amount of €1,250,835 (€522,881 as at 31/12/2022). The amount refers to the benefit resulting from the relevant costs incurred in the year and in previous years.

It should also be noted that tax receivables for IRES, IRAP and other direct taxes are shown net of taxes paid for the year, offsetting advances paid, withholding taxes incurred and tax credits, showing the net tax credit in the financial statements.

Tax receivables are broken down as follows:

	30/06/2023	31/12/2022	Change
VAT account	901,689	393,499	508,190
Research and Development tax credits and various bonuses	1,256,714	1,130,444	126,270
Income tax paid on account	283,305	983,636	-700,331
Other minor	216,389	71,326	145,063
	2,658,097	2,578,905	79,192

The following table shows the details of deferred tax assets:

	Taxable				Deferred tax assets				30/06/2023	
	31/12/2022	Increases	Returns	Exchange rate delta	30/06/2023	31/12/2022	Increases	Returns		Exchange rate delta
Allowance for doubtful accounts - portion exceeding the tax limit (24%)	325,178	-	500	-	324,678	78,043	-	120	-	77,923
Provisions for risks and charges - other (24%)	50,000	-	-	-	50,000	12,000	-	-	-	12,000
Undeducted costs to be recovered (24%)	99,795	-	-	-	99,795	23,951	-	-	-	23,951
Tax losses carried forward (24%)	890,717	-	-176,862	-	713,855	213,772	-	-42,447	-	171,325
Star7 Printing and Car Leasing (27,9%)	230,427	50,026	-66,619	-	213,834	64,289	13,957	-18,587	-	59,660
Tax losses Star USA	-	187,298	-	-	187,298	-	39,333	-	-	39,333
	1,596,117	237,324	-243,981	-	1,589,460	392,055	53,290	-61,154	-	384,191

Receivables from others mainly include:

- €431,061 related mainly to the portion accrued for severance pay by the employees of SDS (the same amount has been charged to liabilities under the item severance pay), to which advance payments on account (€70,000) must be added. STAR7's lease of this business unit for a period of three years, originally expiring in November 2020, was extended for another year; the company was declared bankrupt on 3 March 2022 by the Civil Court of La Spezia. 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;
- €103,548 related to receivables from employees for holiday/flexitime paid with the January 2023 accrual.

The breakdown of receivables by geographical area is as follows:

	Italy	EU	Non EU	TOTAL
Trade receivables	23,315,743	2,015,744	4,694,892	30,026,379
Receivables from subsidiaries				-
Receivables from associated companies	404	131,463	539,934	671,801
Tax receivables	2,317,118	123,030	217,949	2,658,097
Deferred tax assets	344,858		39,333	384,191
Receivables due from others	2,516,515	24,646	24,757	2,565,918
Total receivables	28,494,638	2,294,883	5,516,865	36,306,386

III. Cash on hand

Balance as at 30/06/2023	Balance as at 31/12/2022	Change
16.486.634	18.486.312	- 1.999.678

The item is broken down as follows:

Description	30/06/2023	31/12/2022	Change
Bank and postal deposits	16,477,831	18,475,779	- 1,997,948
Cash and cash equivalents	8,803	10,533	- 1,730
	16,486,634	18,486,312	- 1,999,678

This item represents cash and cash equivalents and the existence of cash and valuables at the end of the half 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 30/06/2023	Balance as at 31/12/2022	Change
2.485.705	2.003.290	482.415

These represent the liaison items for the financial year calculated on an accruals basis and consist mainly of prepaid expenses. As at 30/06/2023 they are broken down as follows:

Description	30/06/2023	31/12/2022	Change
Accrued income			
Others	-	83,662	- 83,662
	-	83,662	- 83,662
Prepaid expenses			
Multi-year prepaid expenses	732,194	794,706	- 62,512
Other deferrals	1,753,511	1,124,922	628,589
	2,485,705	1,919,628	566,077
Total accrued income and prepaid expenses	2,485,705	2,003,290	482,415

As at 30/06/2023, prepaid expenses with a multi-year term mainly relate to:

- €270,000 relating to the lease down payment of the new building under construction;
- €362,626 related to bond issue costs (minibond originally for €25 million).

LIABILITIES

A) Net equity

Balance as at 30/06/2023	Balance as at 31/12/2022	Change
30.046.146	29.493.367	552.779

The following table shows changes during the first half of 2023:

Description	31/12/2022	Allocation of previous year's result		Other changes		Profit (loss) for the year	30/06/2023
		Allocation of dividends	Allocation to reserve	Increases	Decreases		
Share capital	599,340						599,340
Share premium reserve	11,728,160						11,728,160
Legal reserve	119,868						119,868
Special reserve	8,630,329		4,095,011				12,725,340
Capital contributions	2,846						2,846
Merger surplus	1,105,814						1,105,814
Consolidation reserve	2,403,909		-1,000,459		-469,597		933,853
Reserve for foreign exchange translation differences	-104,314			164,781			60,467
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	312,263				-34,857		277,406
Profit (loss) for the year	3,094,552		-3,094,552			782,965	782,965
Total equity attributable to owners of the parent	28,302,091	0	0	164,781	-504,454	782,965	28,745,383
Capital and reserves attributable to minority interests	860,334	-96,825		330,942			1,094,451
Profit (loss) attributable to minority interests	330,942				-330,942	206,311	206,311
Total equity attributable to minority interests	1,191,276	-96,825	0	330,942	-330,942	206,311	1,300,762
Total Owners' Equity	29,493,367	-96,825	0	495,723	-835,396	989,276	30,046,145

The consolidation reserve includes:

- the reserves for accumulated profits made by subsidiaries, net of amortisation of goodwill for previous years; the "Merger Surplus" reserve was replenished from this reserve as a result of the merger of STAR7 Engineering and AD Studio in 2022;
- the revaluation reserve of €145,500 (Group's share) pursuant to Legislative Decree no. 104/2020 ("Relaunch" Decree), originated 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 Article 60 of Law 126/2020) of €280,104 for the portion of depreciation pertaining to 2020 suspended on certain advanced printing machinery of STAR7 Printing.

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

The "Reserve for transactions to hedge expected cash flows" (item A.VII of shareholders' equity) was recorded as a balancing entry to "Derivative financial assets" (see note on Financial Fixed Assets), net of deferred tax liabilities and the portion pertaining to minority shareholders of STAR7 Printing.

On 25/10/2021, a share capital increase of €27,650 for the entry of the Kairos investment fund was approved, with a concurrent premium of €2,972,350. The share capital was then further increased by €71,690 for the purpose of subsequent listing on Borsa Italiana, Euronext Growth Milan segment, with the issue of a premium of €8,755,810. These increases were fully subscribed and paid.

In 2022, the pledge on 4% of the shares of STAR7 S.p.A. as security for the balance of the purchase price of the 100% stake in Localey Ltd was closed (€3 million to be paid: €1.5 million by 31/12/2023 and €1.5 million by 31/12/2024). The pledge was replaced by a bank guarantee issued by Unicredit Corporate S.p.A. with a SACE guarantee.

Details of the various other reserves

Description	Amount
Reserve as per Law 289/2002	19,321
Reserve from suspended depreciation (art. 60 Law 126/2020)	390,003
Total	409,324

B) PROVISIONS FOR RISKS AND CHARGES

Balance as at 30/06/2023	Balance as at 31/12/2022	Change
1.140.018	1.132.021	7.997

The breakdown of this item is as follows

Description	31/12/2022	Accruals	Uses	Other changes	30/06/2023
Pensions and similar obligations	218,930	32,000			250,930
Provision for taxes, including deferred taxes	370,486	8,843	-21,517	-11,329	346,483
Financial derivative liabilities	0				0
Others	542,605				542,605
	1,132,021	40,843	-21,517	-11,329	1,140,018

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

The provision for deferred taxes mainly relates to the tax effect of:

- the recognition of property leases in accordance with IFRS 16 (financial method);
- the suspension of part of the amortisation charge for 2020 pursuant to Law 126/2000 referred to in the notes on intangible fixed assets.

Changes are illustrated in the following table:

	Taxable				Deferred tax liabilities					
	31/12/2022	Increases	Other changes	Returns	30/06/2023	31/12/2022	Increases	Other changes	Returns	30/06/2023
Suspended amortisation Article 60 Decree Law 104/2020 (conv. Law 126/2020) (27,9%)	261,991				261,991	73,095	-	-	-	73,095
Suspended depreciation Article 60 Decree Law 104/2020 (conv. Law 126/2020) (27,9%)	280,104				280,104	78,149	-	-	-	78,149
Property leases (27,9%)	419,999	31,697		- 77,121	374,575	117,180	8,843		- 21,517	104,506
Financial derivative assets	415,868	-		47,201	368,667	99,808	-	-	11,329	88,480
5% dividends to be received from Star Comunicacao Ltda (24%)	9,386				9,386	2,253	-	-	-	2,253
	1,387,348	31,697	-	47,201 - 77,121	1,294,723	370,485	8,843	-	11,329 - 21,517	346,483

The provision for risks was increased in 2022 by €492,605 against the probable imminent accession to the amnesty envisaged for Research and Development tax credits (Italian Decree Law 146/2021), following the Report on R&D activities carried out by STAR7, STAR7 Engineering, AD Studio and STAR7 Printing prepared by the Federico II University of Naples - D.I.E.T.I. Department.

The provision also includes €50,000 for commercial risks, allocated in previous years and prudentially retained.

The provision for financial derivative liabilities was zero both at 30/06/2023 and 31/12/2022. Please refer to the notes on "Financial Fixed Assets" and "Information on the fair value of financial derivatives".

C) EMPLOYEE SEVERANCE INDEMNITY

Balance as at 30/06/2023	Balance as at 31/12/2022	Change
4.965.526	4.716.159	249.367

The provision set aside represents the actual payables at 30/06/2023 to employees at that date, net of advances paid. The change was as follows:

Balance as at 31-12-2022	4,716,159
Accruals	660,525
Uses	- 411,158
Other changes	-
Balance as at 30-06-2023	4,965,526

D) PAYABLES

Balance as at 30/06/2023	Balance as at 31/12/2022	Change
67.758.654	68.100.712	- 342.058

Payable due dates are broken down as follows:

	Balance as at 30-06-2023			Total	Balance as at	
	<12 months	Within 5 years	Over 5 years		31/12/2022	Change
Bonds	4,166,667	16,666,750	2,083,333	22,916,750	25,000,000	- 2,083,250
Borrowings from banks	11,118,744	9,894,359	204,545	21,217,648	23,431,557	- 2,213,909
Borrowings from other lenders	1,996,429	3,495,231	441,444	5,933,104	5,149,766	783,338
Trade payables	9,767,208			9,767,208	8,574,855	1,192,353
Payables to associated companies	315,948			315,948	669,672	- 353,724
Tax payables	1,794,323			1,794,323	912,823	881,500
Payables to social security institutions	1,856,209			1,856,209	1,366,093	490,116
Other payables	3,957,464			3,957,464	2,995,946	961,518
	34,972,992	30,056,340	2,729,322	67,758,654	68,100,712	- 342,058

The most significant payables as at 30/06/2023 are represented by:

- bonds: this item refers to two “mini-bonds” issued for a total of €25 million in order to partially finance the acquisition of 100% of the Localeyes Ltd Group; the duration is 7 years with one-year grace period (full repayment by 25/10/2028), and a fixed interest rate of 4.75%; a pledge was issued as a guarantee, on 100% of the shares/units of LocalEyes Ltd;

- borrowings from banks this item includes several medium/long-term loans provided by various banks; it also includes short term loans granted by various banks relating to invoice advance accounts and to “hot money” loans, all short-term loan transactions used by the Company to cover very short-term needs;

- borrowings from other lenders: these include:

- the outstanding debt related to the acquisition of 100% of the Localeyes Ltd Group (€3 million to be paid: €1.5 million by 31/12/2023 and €1.5 million by 31/12/2024); as security for the debt, a pledge was established on 4% of the shares of STAR7 S.p.A. held by the shareholders STAR AG and Dante s.r.l., which was extinguished and replaced in 2022 by a bank guarantee;
- the residual debt for the acquisition of Vertere (€345,692), arising in 2022/2023;
- payables to leasing companies (€2,544,183, of which €441,444 due after 5 years);
- financing from suppliers for the purchase of capital goods (€43,229).

The item “Trade payables” includes payables arising from the purchase of services and goods destined directly for the production of finished products and services.

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

	30/06/2023	31/12/2022	Change
Income Taxes	653,908	192,076	461,832
VAT account	138,020	5,914	132,106
Withholding substitute taxes	739,486	540,636	198,850
Other minor	262,909	174,197	88,712
	1,794,323	912,823	881,500

The balance of other payables mainly includes current and deferred salaries and wages of employees.

There are no debts secured by collateral on corporate assets (art. 2427, first paragraph, no. 6, Italian Civil Code), with the exception of what was mentioned above with regard to bonds (issued 100% pledge on shares/units of Localeyes). The debt to other lenders (€3 million for the residual price to be paid for the acquisition of the Localeyes Ltd Group) is no longer secured by a pledge on 4% of the shares owned by STAR AG and Dante s.r.l.) because it was extinguished and replaced in 2022 by a bank guarantee.

As far as bank loans are concerned, the Group's Italian companies benefited in 2020 from the moratorium introduced by legislation to offset the Covid-19 epidemiological emergency, starting with Decree Law 23/2020 (Liquidity Decree). The amount of the capital shares subject to the benefit totaled €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 amortised 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:

Issuer bank	Loan amount	Max, amount guaranteed by fund	Quantification of state aid	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
BANCA SELLA	1,000,000	1,000,000	-	Garanzia Innovfin	FONDO FEI
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
BANCA SELLA	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		

Payables to associated companies may be broken down as follows:

	Trade	Trade
STAR AG	31,750	206,487
STAR CZECH S.R.O.	25,870	40,265
STAR POLAND	25,243	32,589
STAR COMUNICACAO SCP	-	-
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	37,098	47,607
STAR JAPAN TOKYO	16,682	8,606
IAMDEV	29,464	26,238
STAR SERV.LINGUISTICOS LDA	14,866	19,793
STAR INFORMATION ENGINEERING S.L.	13,770	14,935
STAR SERVICIOS LINGUISTICOS BARCELONA	417	1,182
STAR SOFTWARE SHANGHAI CO.LTD	13,615	6,665
STAR HUNGARY KFT	11,479	13,866
STAR EGYPT MIDDLE EAST LTD CAIRO	227	2,978
STAR UK LIMITED	8,716	4,576
STAR Information Services & Tools S.R.L.	7,493	7,625
STAR KOREA AG	1,523	30,885
STAR SPB - RUSSIA	-	-
STAR TRANSLATION & SOFTWARE THAILAND CO. LTD	146	149
STAR DEUTSCHLAND GMBH	-	10,468
STAR AG TAIWAN BRANCH	2,174	4,186
STAR PARIS	1,100	-
STAR GROUP AMERICA LLC	-	8,563
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	1,084	1,593
DANTE SRL	-	-
STAR SOFTWARE INDONESIA	6,545	197
STAR GROUP SCANDINAVIA AB	129	6
STAR TURKEY INF.SERVICES LTD STI	4,327	2,049
STAR TECHNOLOGY SOLUTIONS	393	698
ABACAAR DOO KRAGUJEVAC	59,924	-
STAR J&M FINNLAND OY	1,740	1,237
STAR CO. LTD	138	-
STAR SL	-	175,300
STAR GMBH	-	893
STAR SA	35	35
	315,948	669,672

Payables are broken down by geographical area as follows:

	Italy	EU	Non EU	Total
Bonds	22,916,750			22,916,750
Borrowings from banks	21,178,323	9,131	30,194	21,217,648
Borrowings from other lenders	2,933,104		3,000,000	5,933,104
Trade payables	6,761,016	1,867,329	1,138,863	9,767,208
Payables to associated companies	29,464	139,598	146,886	315,948
Tax payables	982,804	508,653	302,866	1,794,323
Payables to social security institutions	1,729,308	-	126,901	1,856,209
Other payables	3,415,338	76,468	465,658	3,957,464
	59,946,107	2,601,179	5,211,368	67,758,654

E) ACCRUED EXPENSES AND DEFERRED INCOME

Balance as at 30/06/2023	Balance as at 31/12/2022		Change
1.647.735	2.437.357	-	789.622

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

The item breaks down as follows:

Description	30/06/2023	31/12/2022		Change
Accrued expenses	545,944	787,970	-	242,026
Deferred income	1,101,791	1,649,387	-	547,596
Total accrued expenses and deferred income	1,647,735	2,437,357	-	789,622

The most significant amounts of accrued expenses include accrued interest on the bond loan in the amount of €149,116, payables to personnel for accrued production bonuses yet to be paid, and other minor amounts for credit card expenses incurred in June but debited to the current account in July, employee expense accounts, and bank fees.

Deferred income relates to invoices issued in advance in but related to activities to be performed after 30/06/2023, as well as an income from Mr Josef Zibung related to IPO costs accruing in future years (€570,208).

As of 30/06/2023 there are no accruals or deferrals with a duration of more than five years.

INCOME STATEMENT

A) VALUE OF PRODUCTION

Balance as at 30/06/2023	Balance as at 30/06/2022	Change
51.625.669	40.460.469	11.165.200

The details are as follows:

Business sector	30/06/2023	30/06/2022	Change
Revenues from sales and services	50,860,071	39,649,244	11,210,827
Change in contract work in progress	51,929	109,883	-57,954
Other revenues and income:			
Grants related to income	302,527	286,145	16,382
Others	411,142	415,197	-4,055
Total other revenues and income	713,669	701,342	12,327
Total	51,625,669	40,460,469	11,165,200

The change is closely related to the matters discussed in the Report on Operations.

The breakdown of revenues by business segment is as follows:

Business sector	30/06/2023	30/06/2022	Change
Revenues from translation and interpreting/Product Knowledge, Engineering and Experience	24,089,856	18,207,759	5,882,097
Global Content	18,155,824	14,827,670	3,328,154
Printing	8,473,248	6,519,259	1,953,989
Other services	141,143	94,556	46,587
Total	50,860,071	39,649,244	11,210,827

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

Geographical area	30/06/2023	30/06/2022	Change
Italy	29,019,978	23,351,844	5,668,134
EU	2,499,077	1,966,101	532,976
NON EU	19,341,016	14,331,299	5,009,717
Total	50,860,071	39,649,244	11,210,827

“Other revenues and income” include, among others, operating grants, detailed as follows:

Company	Research and Development	Tax credits for:			TOTAL
		Industry 4,0	Covid-19	Ecobonus	
STAR7 S.p.A.	224,868	13,731			238,599
STAR7 Printing S.r.l.		63,928			63,928
	224,868	77,659	-	-	302,527

The grants are posted to item A5 “Other revenues and income” in the Income Statement, on an accruals basis and in the period in which the right to receive them arises with certainty.

Revenues recognised from related parties are as follows:

Associated company	30/06/2023 Trade	30/06/2022 Trade
STAR AG	101,078	113,226
STAR DEUTSCHLAND GMBH	70,366	65,545
STAR GROUP AMERICA LLC	55,413	941
STAR PARIS	33,523	37,112
STAR Software, Translation, Artwork, Recording GmbH	32,638	6,466
STAR SA	27,552	28,113
STAR JAPAN CO. LTD	10,707	8,671
STAR TECHNOLOGY SOLUTIONS	7,268	13,689
STAR GROUP SCANDINAVIA AB	6,524	15,092
STAR CZECH S.R.O.	6,063	1,951
STAR SERVICIOS LINGUISTICOS SLU	1,099	220
STAR UK LIMITED	639	2,377
DANTE SRL	79	-
	352,949	293,403

B) COSTS OF PRODUCTION

Balance as at 30/06/2023	Balance as at 30/06/2022	Change
48.518.704	36.910.954	11.607.750

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

Description	30/06/2023	30/06/2022	Change
Raw and ancillary materials and goods	2,745,441	2,423,535	321,906
Services	18,522,007	15,352,802	3,169,205
Leased assets	1,177,941	758,025	419,916
Wages and salaries	16,266,841	10,578,508	5,688,333
Social security contributions	4,070,669	2,912,561	1,158,108
Employees' leaving entitlement	660,525	614,458	46,067
Pensions and similar obligations	-	-	-
Other personnel costs	522,734	187,031	335,703
Amortisation	3,038,593	2,933,072	105,521
Depreciation	750,386	715,928	34,458
Other write-downs of fixed assets	-	-	-
Write-downs of receivables in current assets	4,062	9,190	- 5,128
Change in inventories Raw materials	58,685	- 209,003	267,688
Provisions for risks	32,000	32,000	-
Other provisions	-	-	-
Sundry operating expenses	668,820	602,847	65,973
Total	48,518,704	36,910,954	11,607,750

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 Report on Operations and the performance of Item A (Value of Production) 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 labour agreements.

Amortisation and depreciation

Depreciation/amortisation has been calculated on the basis of the useful life of the assets and their participation in the production phase.

The costs received from related parties are as follows:

Associated company	30/06/2023 Trade	30/06/2022 Trade
STAR AG	27,600	24,321
DANTE SRL	262,968	315,000
STAR POLAND	96,343	85,153
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	76,677	114,140
STAR CZECH S.R.O.	67,712	111,639
STAR JAPAN CO. LTD	63,677	43,026
STAR SERV.LINGUISTICOS LDA	34,301	60,501
STAR HUNGARY KFT	34,027	32,596
STAR INFORMATION ENGINEERING S.L.	31,686	35,735
STAR Information Services & Tools S.R.L.	24,254	49,258
STAR UK LIMITED	21,629	32,874
STAR SOFTWARE SHANGHAI CO. LTD	20,253	20,592
STAR KOREA AG	13,287	9,734
STAR SOFTWARE INDONESIA	8,087	3,404
STAR AG TAIWAN BRANCH	7,466	9,484
STAR TURKEY INF.SERVICES LTD STI	4,327	2,190
STAR J&M FINNLAND OY	4,289	3,070
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	2,682	10,121
STAR SERVICIOS LINGUISTICOS SLU	2,631	7,921
STAR EGYPT MIDDLE EAST LTD CAIRO	2,436	6,542
STAR TECHNOLOGY SOLUTIONS	363	30
STAR TRANSLATION & SOFTWARE THAILAND CO. LTD	306	5,003
STAR GROUP SCANDINAVIA AB	174	3,085
STAR CO. LTD	138	
STAR SPB - RUSSIA		3,276
STAR DEUTSCHLAND GMBH		574
STAR PARIS		300
STAR VIETNAM TRANSLATION & SOFTWARE CO. LTD		210
	807,313	989,779

C) FINANCIAL INCOME AND EXPENSES

Balance as at 30/06/2023	Balance as at 30/06/2022	Change
-1.193.797	-1.018.585	-175.212

FINANCIAL INCOME

	30/06/2023	30/06/2022	Change
Other financial income	66,772	41,399	25,373
Total financial income	66,772	41,399	25,373

Most of the financial income (€65,668) is attributable to the Brazilian subsidiaries.

Breakdown of the financial expense by type of debt

	30/06/2023	30/06/2022	Change
Interest payable on current accounts, advances, factoring, others	284,765	91,801	192,964
Interest expenses on bonds/minibonds	588,560	593,750	-5,190
Interest payable on loans	143,056	145,615	-2,559
Interest payable on leases	59,784	44,721	15,063
Early payment discounts	230,311	195,155	35,156
Total financial expenses	1,306,476	1,071,042	235,434

Financial expenses also include the accrued portion of the “success fee” paid in 2021 to the banks for the issuance of the bonds/minibonds.

Interest expenses on loans are shown net of the benefits arising from the cash flows of interest rate swaps hedging the risk of changes in interest rates.

Cash discounts for advance payments refer entirely to major customers of the subsidiary Localeyes.

The details of exchange gains and losses are not indicated as the amounts are not significant. The balance in the income statement refers entirely to realised exchange differences.

D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES

Balance as at 30/06/2023	Balance as at 30/06/2022	Change
0	0	0

No adjustments were made.

Current, deferred and prepaid income taxes for the year

Balance as at 30/06/2023	Balance as at 30/06/2022	Change
923.891	1.037.529 -	113.638

Taxes for the year have been recorded.

Description	30/06/2023	30/06/2022	Change
Current taxes	925,970	1,094,073 -	168,103
IRES - IRAP - other taxes	925,970	1,094,073 -	168,103
Prior year taxes	-	-	-
(Deferred) tax assets	- 2,079	- 56,544	54,465
Total	923,891	1,037,529 -	113,638

Taxes relating to previous years (€492,605, see note on "Provisions for risks and charges") have been allocated as of 31/12/2022 against the probable accession to the amnesty envisaged for R&D bonuses (DL 146/2021), following the Report on Research and Development activities carried out by STAR7, Star7

Engineering, AD Studio and STAR7 Printing prepared by the Federico II University of Naples - D.I.E.T.I. Department.

Deferred tax assets/liabilities

For details of deferred tax assets, please refer to the table included in the note on receivables from current assets, while reference is made for details of deferred tax liabilities to the table included in the note on provisions for risks and charges.

Cash flow statement

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

- investments in intangible fixed assets do not include changes in goodwill relating to Localeyes Ltd and Vertere s.r.l. because these components are more appropriately shown under the line "Acquisition of businesses net of cash and cash equivalents".

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

In the first half of 2023, the following remuneration was recorded for the members of the Board of Directors and the Board of Statutory Auditors of the Parent Company:

	Administrators	Statutory auditors
Fees	434,942	14,560

No advances were paid or loans granted to directors and auditors, nor were guarantees issued in their favour.

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	19,000
Total fees payable to the statutory auditor or the auditing firm	19,000

Information to financial instruments issued by Group Companies

The share capital of the Parent Company, fully subscribed and paid-up, is composed as follows (Article 2427, first paragraph, Nos. 17 and 18, Italian Civil Code).

Stocks/Quotas	Number	Nominal value in Euro
Ordinary Shares	8,999,752	without par value
	8,999,752	

As per the minutes of 19 May 2023, the Board of Directors verified, in line with the investment agreement signed with Kairos Partners Sgr S.p.A. on 28/10/2021, the correctness of the calculation of the Adjusted EBITDA 2022, noting that the number of PAS Special Shares to be converted into Ordinary Shares of the Company is equal to the entirety of the 1,350,000 PAS Special Shares, which were cancelled as of that date. The share capital therefore consists of 8,999,752 ordinary shares.

Securities issued by group companies

As already mentioned, the Parent Company issued the following securities in 2021, which are not included in the share capital:

two bond/minibond issues totalling €25 million to partially finance the acquisition of 100% of the Localeytes Ltd. Group; the duration is 7 years with one-year grace period (full repayment by 25/10/2028), and a fixed interest rate of 4.75%; a pledge on 100% of the shares/quotas of Localeytes Ltd. was issued as security. The above securities are listed on the Extra-MOT segment of the Italian Stock Exchange.

Information on the fair value of financial derivatives

Pursuant to Article 2427-bis, first paragraph, of the Italian Civil Code, it is disclosed that some Group companies have entered into unlisted "interest rate swap" derivative financial contracts. Please refer to the table included as a comment on "Derivative financial assets" within the section on "Financial fixed assets" for details and their fair value, recognised in the financial statements in accordance with accounting standard OIC32.

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

In the Consolidated Half-year Report, no financial assets are recorded at a value exceeding their fair value.

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

Transactions with related parties were carried out on terms in line with market conditions and are mainly with STAR AG, Dante s.r.l. and their subsidiaries.

The Parent Company is 33.4% owned by Switzerland-based STAR AG, which has shareholdings in subsidiaries and associated companies in Italy and abroad; during 2023 and 2022, business relations were conducted exclusively on market terms.

During the year, only commercial relationships at market conditions were maintained with the associated companies Dante s.r.l. and STAR AG. The costs for services rendered by Dante s.r.l. amounted to €262,968 and refer to consulting in the areas of finance, technical management, human resources, marketing, external relations and insurance consulting.

Details of costs and revenues with subsidiaries and affiliated companies are set out in the notes to Revenues and Costs of Production and in the Report on Operations.

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

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

Information on significant events after the end of the financial year

No significant events occurred after the end of the first half of the year that could have significant balance-sheet, income or cash-flow effects on the Consolidated Half-Year Report as at 30/06/2023.

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

It should be noted that operating grants, the details of which are included in the table in the note on "Other revenues and income", have been recognised.

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.

Business outlook for the financial year 2023

The trend of the first few months following 30/06/2023 confirmed a good performance, despite an international economic context complicated by recent geopolitical events and inflationary tensions. The outlook for the entire year 2023 points to the achievement of a net profit.

Firms that prepare the financial statements of the larger/smaller set of firms to which they 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 Civil Code.

Following the listing of the shares on the Euronext Growth Milan market, the case no longer exists, as STAR AG (based in Switzerland, tax identification number CHE-02.892.540), which at 31/12/2020 held 50% of the shares of STAR7 S.p.A., currently holds 33.4%.

Other information

This Consolidated Half-Year 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), 26 September 2023

Chairman of the Board of Directors
Lorenzo Mondo