

STAR7

FINANCIAL STATEMENTS

as at 31 December 2023

Contents

Letter to Shareholders	3
Corporate Governance	4
Report on Operations – Consolidated Financial Statements as at 31/12/2023	5
Consolidated Financial Statements as at 31/12/2023	19
Notes to the Consolidated Financial Statements as at 31/12/2023	29
Independent Auditors’ Report on the Consolidated Financial Statements as at 31/12/2023	75
Report on Operations accompanying the Financial Statements as at 31/12/2023	80
Separate Financial Statements as at 31/12/2023	95
Notes to the Separate Financial Statements as at 12/31/2023	105
Independent Auditors’ Report on the Separate Financial Statements as at 31/12/2023	148
Board of Statutory Auditors’ Report on the Financial Statements as at 31/12/2023	153

Dear Shareholders,

2023 was a significant year for STAR7's development. Our **Integrale7** business model has **demonstrated its potential** for upselling and cross-selling, further enhanced by the integration of LocalEyes and the leasing of the CAAR Group business division. These initiatives contributed to a **25.4% growth in revenues**, enabling us to achieve a **turnover of €104.4 million**.

EBITDA amounted to €14.6 million, a temporary decrease of 5.4%, mainly due to the challenges of integrating CAAR and organising a fully scalable offshoring system in Albania. However, **consolidated Adjusted EBITDA increased by 3.3% year-on-year compared to 2022**, reaching €16.0 million.

Despite some temporary inefficiencies at the operational level, the **Adjusted EBITDA Margin increased from 14.7% to 15.3%**. STAR7 is in a balanced financial situation, with a slightly higher Net Financial Position to EBITDA ratio at 2.6x.

The integration of CAAR has led to a **balancing of revenues between the different service lines**, reducing dependence on the domestic market and consolidating our presence in North and South America.

In this context, I wish to highlight three aspects that I deem significant for the ongoing and future success of the STAR7 Group.

The **first aspect** is our determined approach to innovation in digital transformation. The traditional domain of product experience in immersive reality (VR/AR) has been expanded to include experimentation in the field of generative artificial intelligence. We are confident that STAR7 is currently **ideally placed to capitalise on the significant potential that Gen AI offers**, enhancing our existing portfolio of solutions and services and unlocking new, promising avenues for revenue generation.

The **second aspect** is the external growth that has been a strong feature of the last four years at STAR7. The integration of the CAAR Group necessitated a pause; however, this did not halt our **search for new acquisitions that align with our strategic growth objectives**. I believe that it will be possible to move forward with the most interesting opportunities as early as the second half of this year.

The **third aspect** is **STAR7's commitment to sustainability issues**. In 2023 we published our first Sustainability Report on a voluntary basis, and we are currently working on the second one. With a workforce of over 1,300 people, our main focus is on people and their well-being in the company, without neglecting environmental and governance aspects.

I conclude this letter by expressing my sincere gratitude to all our stakeholders. Our success and growth would not be possible without your constant commitment and support. We are determined to pursue our vision with transparency, accountability and integrity, always keeping shareholder value at the centre of our efforts. We look ahead with confidence and optimism, assured that our dedication to excellence will continue to generate real results for all stakeholders.

Lorenzo Mondo
Chairman and CEO of STAR7 S.p.A.

Corporate Governance

Board of Directors

Lorenzo Mondo: Chairman of the Board of Directors and Chief Executive Officer

Josef Zibung: Director

Isabella Mondo: Director

Maria Luisa Vada: Director

Andrea Farina: Director

Roberto Manzoni: Director

Paolo Rebaudengo: Independent director

Board of Statutory Auditors

Fabio Venegoni: Chairman of the Board of Statutory Auditors

Alberto Bodiglio: Standing auditor

Vincenzo Gambaruto: Standing auditor

Cristiano Lenti: Alternate auditor

Stefano Cernuschi: Alternate auditor

Independent Auditors

BDO Italia S.p.A.

Supervisory Board

231 Compliance Programme pursuant to Legislative Decree 231/2001

Giordano Balossi

Silvia Campagna

Vincenzo Gambaruto

REPORT ON OPERATIONS

Consolidated Financial Statements as at 31/12/2023

Dear Shareholders,
the Consolidated Financial Statements
as at 31.12.2023 show a profit of:

€2,231,713
(€3,425,494 as at 31/12/2022)

1

Operating conditions and business development

STAR7 provides an integrated range of product-information services, from product and process engineering support to the creation and management of technical and marketing content, translation, printing and virtual experience. Pursuant to art. 2428, we inform that the Parent Company's activities are carried out at the head office in Alessandria, hamlet of Valle San Bartolomeo, and at the local units in Asti, Turin, Maranello (MO), La Spezia, Lugo (RA), Grugliasco (TO) and San Rocco al Porto (LO). From January 2023, following the finalisation of the business lease agreement for C.A.A.R S.p.A. and STI S.r.l. on 31/12/2022, an office in Bolzano was operational. In legal terms, the Parent Company STAR7 S.p.A. directly or indirectly controls the following companies, which carry out activities that are functional for the Group's core business:

Name	Registered office	Currency	Share capital in foreign currency	Shareholding	Share held in %	Interest in %	Service Lines
STAR7 PRINTING S.R.L.	Asti - Italy	Euro	10,000	Direct	60%	60%	Printing
STAR COMUNICAÇÃO E SERVIÇOS LTDA	Belo Horizonte, Brazil	Real	1,448,205	Direct	75%	75%	Printing, Product Knowledge
CAL COMUNICAÇÃO LTDA	Belo Horizonte, Brazil	Real	500,000	Direct	75%	75%	Printing
STAR USA LLC	DOVER - DELAWARE - U.S.A.	USD	5,000	Direct	100%	100%	Global Content, Product Knowledge
STAR7 USA LLC	TROY - MICHIGAN - U.S.A.	USD	890	Indirect	100%	100%	Global Content
STAR7 ALBANIA SHPK	Tirana - Albania	Lek	500,000	Direct	100%	100%	Global Content, Product Knowledge
STAR7 GMBH	Linz - Austria	Euro	35,000	Direct	100%	100%	Global Content, Product Knowledge
LOCALEYES LTD	Cork - Ireland	Euro	-	Direct	100%	100%	Global Content, Product Knowledge
LOCALEYES TIRANA	Tirana - Albania	Lek	-	Indirect	100%	100%	Global Content, Product Knowledge
LOCALEYES MADRID	Madrid - Spain	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
LOCALEYES AMSTERDAM	Amsterdam - Netherlands	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
LOCALEYES HELSINKI	Helsinki - Finland	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
LOCALEYES USA	San Francisco - California U.S.A.	USD	-	Indirect	100%	100%	Global Content, Product Knowledge

Due to the business division lease agreement, the figures of the following wholly-owned subsidiaries of C.A.A.R. S.p.A. are also included:
- "C.A.A.R. do Brasil Consultoria Tecnica Ltda" based in Belo Horizonte (Brazil);
- Abacaar Doo' based in Kragujevac (Serbia)

2

Operating performance

The financial year 2023 reaffirms STAR7's consistent trajectory of growth, highlighting the organic aspect, which is increasingly associated with cross-selling, as well as expansion through M&A.

Two extraordinary transactions with different strategic objectives were carried out during the year.

The first transaction, which took place on 31/12/2022, was the lease of the CAAR Group Business Division. This includes CAAR S.p.A., which has its registered office in Turin, along with its international subsidiaries in Brazil and Serbia, in which rights akin to in rem rights were acquired, as well as the subsidiary STI s.r.l., which is based in Bolzano.

The aim of this transaction is to enhance the Engineering Service Line by acquiring significant expertise in process engineering, especially within the Automotive, Aerospace & Defence, Railway, Agriculture, Energy, Logistics, Infrastructure, and Electronics sectors, both in Italy and internationally.

The leases that commenced on 1 January 2023 encompass a significant portfolio of clients, with an estimated revenue of approximately €15 million in 2022, and include employment agreements for about 320 staff members, the majority of whom are engineers. The expertise and client base of the CAAR Group are both synergistic and complementary to those of the STAR7 Group.

This acquisition has bolstered the service offerings of the Engineering Service Line in both the European and Latin American markets, reinforcing STAR7 Group's strategic standing with its clientele and laying the groundwork for future growth across all its operational markets.

The integration process of the CAAR Group involved strong cost reduction activities along two main lines: the first involved identifying synergies between functions and working significantly on reducing inefficiencies and workforce saturation already present when the business division was leased; the second involved rationalising redundant costs in terms of operational structures, external supplies and offices.

This integration process inevitably caused a temporary drop in the STAR7 Group's overall margins; however, an improvement in this margin is already evident in the second half of 2023, which has been further confirmed in the first months of 2024. This integration process is expected to be completed by Q1 2024.

By moving upstream in the product information value chain and embracing strategic engineering activities even more strongly from now on, the Integrale7 approach will be further enhanced, consolidating the partnership with our customers as a single provider of a range of closely related services.

The second transaction consisted of the Merger by Incorporation of Vertere s.r.l. (a company operating in the language services sector), which was wholly acquired in July 2022 and operationally integrated within the STAR7 Group. Vertere's workforce has been fully integrated into the Global Content Service Line. The merger was conducted in order to simplify the corporate structure and seek further efficiencies. In macroeconomic and geopolitical terms, the STAR7 Group was not affected despite the escalation of the conflict in Ukraine and the Israeli-Palestinian war.

The wide range of services provided, the significant diversification across various sectors, and the global presence enable STAR7 to maintain its trajectory of organic growth across all regions.

Within the STAR7 Group, LocalEyes stands out, having confirmed the anticipated turnover and EBITDA figures, while the group's operations in Brazil have seen a significant increase in turnover, reaching nearly R 96 million.

Sales distribution shows Italy as the leading market, accounting for 53.2% (55.8% in 2022), followed by the USA with 22.8% (28.2% in 2022), and then Brazil with 17.1% (8.7% in 2022). This indicates that the STAR7 Group is persistently advancing its internationalisation strategy, progressively adopting the structure and characteristics of a multinational corporation.

Geographical Breakdown of Group Revenues	2023FY	2022FY
Italy	53.2%	55.8%
USA	22.8%	28.2%
Brazil	17.1%	8.7%
Rest of the World	6.9%	7.3%

The increase in revenues achieved in 2023 was fuelled both by the consolidation of the acquired companies and by organic growth, thanks to new customer acquisitions, the strengthening of the existing portfolio through cross-selling, and the offering of higher value-added services.

Service lines as % of revenues	2023FY	2022FY
Engineering	19.6%	2.5%
Global Content	35.9%	46.3%
Experience and Product Knowledge	29.0%	33.4%
Printing	15.5%	17.8%

In the financial year 2023, the EBITDA of the STAR7 Group reached €14.6 million, compared to €15.5 million in 2022, and an EBITDA adj (where the integration costs of the CAAR Group are excluded) of €16.0 million.

The temporary drop in margins is mainly attributable to the integration and rationalisation process of the CAAR group, which also involved the absorption of production inefficiencies, which were already present at the time the division was leased.

The EBITDA Margin reached 14.0%, while the EBITDA Margin ADJ, which partly excludes these inefficiencies, stood at 15.3%.

Cost-cutting activities will continue in 2024, further increasing the share of operational activities entrusted to the subsidiaries STAR7 Albania and LocalEyes Albania.

At 31 December 2023, the STAR7 Group's **Net Financial Position** showed debt of €37.8 million, an increase of €2.7 million compared to the figure at the end of 2022. It is noted that the increase in absolute value of the debt position is due to the following reasons:

- a significant growth in working capital against a significant increase in revenue of 25.4%;
- the seasonality of the invoicing of some of STAR7 S.p.A.'s main Italian customers, which resulted in the concentration of approximately €20 million in revenues in the last two months of 2023, with the consequent postponement of collections to the early months of 2024;
- the company's decision to avoid the costs of non-recourse factoring (used in December 2022 for an amount of approximately €3 million).

The company is in a balanced situation, having the liquidity available to continue its development path, which includes both internal growth but also further activities in the M&A area, for which possible target companies have already been identified. These consolidated financial statements include the costs and revenues of the merged company Vertere from 01/01/2023 to 31/12/2023

3

STAR7 Stock Performance

The STAR7 share was introduced to the Euronext Growth Milan market on 23 December 2021, with an initial offering price of €8.25.

In 2023, the share price of STAR7 fell by 10.6% from €8.50 on 29 December 2022 to €7.60 on 29 December 2023. Throughout the year, there was a significant fluctuation, reaching a peak of €9.78 on 6 February and dropping to a low of €6.15 on 27 November.

The stock's positive trajectory at the start of 2023, reaching its peak in February, corroborates that the market responded favourably to the announcement made at the end of 2022 regarding the leasing of CAAR Group's business division.

The 2022 Financial Statements, released on 28 March 2023, confirmed a robust foundation, notably surpassing the €15 million Adjusted EBITDA benchmark. This milestone had been established as a criterion for the cancellation of the PAS, the special shares held by majority shareholders.

The downturn experienced by the stock is, to some extent, indicative of the widespread disenchantment among investors with so-called small caps – securities with lower capitalisation – which may suffer from limited liquidity during volatile market periods, such as those seen in 2023.

Another factor that could have had a detrimental effect is the ECB's persistent increase in interest rates throughout 2023: This phenomenon impacts not only the debt burden of companies but also their stock market valuations, as future cash flows are discounted at higher rates within valuation models.

To enable the stock market to make an informed evaluation, STAR7 consistently engaged in active dialogue with investors throughout the year. The company organised two earnings calls: the first coincided with the release of the 2022 Annual Results on 28 March 2023, and the second with the publication of the Half-Year Results for 2023 on 26 September. Management also took part in a roadshow at the financial centre in Milan and attended two Investor Conferences, one in Milan and the other in Paris. Additionally, they hosted analysts and portfolio managers at the company's offices in Maranello, with the aim of offering the financial community a more comprehensive and current insight into the business.

4

Research and development activities

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

In 2023, as partially detailed in the Parent Company's previous Report on Operations, the STAR7 Group finalised the research and development projects initiated over the past five years. These projects qualify for grants under Article 3 of the Decree No. 174 dated 29 May 2015, issued by the Ministry of Economy and Finance, in accordance with Decree Law No. 145/2013, which was later converted into Law No. 190/2014. This marks the completion of a significant phase of innovation that is now ready to be launched into the market.

The burgeoning technology of generative artificial intelligence epitomises the present challenge in research and development (R&D) and experimentation that STAR7 is set to tackle through its new 7AI division. This initiative is part of the company's commitment to digitally transform its entire range of services.

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

Regarding both the parent company and its subsidiaries, the past year can be deemed positive despite the adverse developments previously explained.

The parent company, along with its investees, has achieved a 25.4% increase in revenue and is actively pursuing activities to enhance efficiency across all sectors.

5

Summary of the Consolidated Report (figures in Euros)

	31/12/2023	31/12/2022	CHANGE	CHANGE %
Net sales revenues	104,405,634	83,251,178	21,154,456	25.4%
Gross operating margin (M.O.L. or EBITDA)	14,614,930	15,456,603	-841,673	-5.4%
Operating income (EBIT)	6,367,794	7,670,967	-1,303,173	-17.0%
Consolidated net income	2,231,713	3,425,494	-1,193,781	-34.8%
Consolidated net income attributable to the Group	1,812,709	3,094,552	-1,281,843	-41.4%

	31/12/2023	31/12/2022	CHANGE	CHANGE %
Fixed assets	47,688,336	46,906,517	781,819	1.7%
Total net equity	31,873,400	29,493,367	2,380,033	8.1%
Net equity attributable to owners of the Parent	29,608,691	28,302,091	1,306,600	4.6%
Net financial position	37,755,582	35,095,011	2,660,571	7.6%

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):

	31/12/2023	31/12/2022	CHANGE	CHANGE %
Net revenues	104,405,634	83,251,178	21,154,456	25.4%
Other income	941,653	1,588,134	- 646,481	- 40.7%
Changes in inventories and increases in fixed assets	248,321	145,499	102,822	70.7%
External costs	-47,744,025	-40,371,550	-7,372,475	18.3%
VALUE ADDED	57,851,583	44,613,261	13,238,322	29.7%
Personnel costs	-43,236,653	-29,156,658	-14,079,995	48.3%
Amortisation, depreciation, write-downs and other provisions	- 8,247,136	- 7,785,636	- 461,500	5.9%
OPERATING PROFIT (LOSS) (EBIT)	6,367,794	7,670,967	- 1,303,173	- 17.0%
Financial income and charges	- 2,957,298	-2,298,841	- 658,457	28.6%
PROFIT (LOSS) BEFORE NON-RECURRING ITEMS	3,410,496	5,372,126	- 1,961,630	-36.5%
Revaluations and write-downs	-	-	-	n/a
PROFIT BEFORE TAX	3,410,496	5,372,126	-1,961,630	-36.5%
Income Taxes	- 1,178,782	- 1,946,632	767,850	- 39.4%
NET PROFIT (LOSS)	2,231,713	3,425,494	-1,193,781	- 34.8%

The M&A transactions carried out to date have generated goodwill in the amount of €29.7 million, resulting in amortisation of €4 million, as better detailed in the Notes to the Financial Statements (section B).

In order to give a similar representation to that adopted by other European companies, we point out that the result for the financial year 2023, before depreciation and amortisation, would be €5.8 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.

	31/12/2023	31/12/2022
ROE	7.0%	11.6%
ROI	9.1%	11.9%
ROS	6.1%	9.2%

Key consolidated balance sheet data

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

	31/12/2023	31/12/2022	CHANGE	CHANGE %
Net intangible fixed assets	38,215,878	39,248,910	-1,033,032	-2.6%
Net property, plant and equipment	9,194,650	6,906,497	2,288,153	33.1%
Equity investments and other financial fixed assets	277,808	751,110	-473,302	-63.0%
FIXED ASSETS	47,688,336	46,906,517	781,819	1.7%
Inventories	2,541,276	2,468,151	73,125	3.0%
Trade receivables	37,172,859	29,485,759	7,687,100	26.1%
Receivables due from associated and unconsolidated subsidiaries	855,010	683,938	171,072	25.0%
Other receivables	6,149,817	5,845,649	304,168	5.2%
Accrued income and prepaid expenses	1,714,080	2,003,290	-289,210	-14.4%
SHORT-TERM OPERATING ASSETS	48,433,042	40,486,787	7,946,255	19.6%
Trade payables	-8,678,976	-8,574,855	-104,121	1.2%
Payables to associated companies and unconsolidated subsidiaries	-442,162	-669,672	227,510	-34.0%
Payments on account	-39,885	-	-39,885	0.0%
Tax and social security payables	-3,907,864	-2,278,916	-1,628,948	71.5%
Other payables	-3,824,696	-2,995,946	-828,750	27.7%
Accrued expenses and deferred income	-2,189,703	-2,437,357	247,654	-10.2%
SHORT-TERM OPERATING LIABILITIES	-19,083,286	-16,956,746	-2,126,540	12.5%
NET WORKING CAPITAL	29,349,756	23,530,041	5,819,715	24.7%
Employee severance indemnity	-6,368,713	-4,716,159	-1,652,554	35.0%
Taxes and social security payables (after one year)	-	-	0	0.0%
Other medium- and long-term liabilities	-1,040,397	-1,132,021	91,624	-8.1%
MEDIUM/LONG-TERM LIABILITIES	-7,409,110	-5,848,180	-1,560,930	26.7%
INVESTED CAPITAL	69,628,982	64,588,378	5,040,604	7.8%
Net equity	-31,873,400	-29,493,367	-2,380,033	8.1%
Short-term net financial position	-10,693,185	-366,809	-10,326,376	2815.2%
Medium/long-term net financial position	-27,062,397	-34,728,202	7,665,805	-22.1%
EQUITY AND NET FINANCIAL DEBT	-69,628,982	-64,588,378	-5,040,604	7.8%

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.

	31/12/2023	31/12/2022
Primary structural margin (net equity - fixed assets)	-15,814,936	-17,413,150
Primary structure quotient (net equity / fixed assets)	0.67	0.63
Secondary structure margin (shareholders' equity + long-term liabilities - fixed assets)	18,656,571	23,163,232
Secondary structure quotient (shareholders' equity + long-term liabilities / fixed assets)	1.39	1.49

Financial highlights

The net financial position at 31/12/2023 is as follows (in Euros):

	31/12/2023	31/12/2022	CHANGE
Bank deposits	8,077,810	18,475,779	- 10,397,969
Cash and other valuables on hand	1,209,615	10,533	1,199,082
LIQUID FUNDS	9,287,425	18,486,312	- 9,198,887
CURRENT FINANCIAL ASSETS	-	-	-
Due to banks (within one year)	- 13,678,433	- 12,765,435	- 912,998
Payables due to other financial institutions (within one year)	- 2,267,614	- 1,921,019	- 346,595
Bonds (within one year)	- 4,034,563	- 4,166,667	132,104
Financial receivables	-	-	-
SHORT-TERM FINANCIAL PAYABLES	-19,980,610	-18,853,121	-1,127,489
SHORT-TERM NET FINANCIAL POSITION	- 10,693,185	- 366,809	- 10,326,376
Due to banks (beyond the next financial year)	- 8,936,946	- 10,666,122	1,729,176
Due to other financial institutions (after one year)	- 2,001,845	- 3,228,747	1,226,902
Bonds (after one year)	- 16,404,602	- 20,833,333	4,428,731
Financial receivables	280,997	-	280,997
MEDIUM- AND LONG-TERM NET FINANCIAL POSITION	- 27,062,397	- 34,728,202	7,665,805
NET FINANCIAL POSITION	- 37,755,582	- 35,095,011	- 2,660,571

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.

	31/12/2023	31/12/2022
Primary liquidity	1.41	1.58
Secondary liquidity	1.48	1.65
Indebtedness (Financial debt / Equity)	1.48	1.82
Primary coverage rate of fixed assets	0.67	0.63
Secondary coverage rate of fixed assets	1.39	1.49
Net financial debt/equity	1.18	1.19
EBITDA/net financial expense	4.94	6.72
Net financial debt / EBITDA	2.58	2.27

Information

The primary liquidity ratio (not counting inventories) was 1.41. The Group's current financial situation can be regarded as good.

The secondary liquidity ratio is 1.48. The value assumed by the net working capital is certainly satisfactory in relation to the amount of current liabilities.

The debt ratio was 1.48. The amount of debt is considered appropriate in relation to existing equity.

The secondary coverage ratio of fixed assets of 1.39 shows that the amount of consolidated equity and debt is appropriate in relation to the amount of fixed assets. Shareholders' equity together with consolidated payables are considered to be of an appropriate amount in relation to the amount of fixed assets.

The last ratio means that EBITDA would theoretically be able to reduce net debt to zero in about 2.5 years. The EBITDA, amounting to approximately €14.6 million, could repay the net financial position (NFP) debt in roughly 2.5 years if it were to remain consistent at the same value.

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 company does not engage in any polluting industrial processes and has voluntarily approved its first Sustainability Report in June 2023.

Staff

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

During the year, there were no serious accidents at work involving serious or very serious injuries to personnel listed in the register of employees.

6

Investments

During 2023, investments were made in the following areas:

FIXED ASSETS	ACQUISITIONS DURING THE YEAR
Land and buildings	1,404,092
Plant and machinery	1,702,813
Industrial and commercial equipment	9,819
Other assets	778,673
Assets under development/construction and payments on account	151,960
TOTAL	4,047,358

7

Relations with associated, parent and sister companies

Since 2020, a 33% shareholding in IAMDEV STP a r.l., a strategic software company, has been retained.

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

	RECEIVABLES	PAYABLES	COSTS	REVENUES
STAR AG	31,078	48,856	439,733	213,171
STAR DEUTSCHLAND GMBH	40,038	10,669	10,669	123,568
STAR PARIS	10,026	9,600	-	56,965
STAR TECHNOLOGY SOLUTIONS	5,970	223	653	15,880
STAR Software, Translation, Artwork, Recording GmbH	59,441	-	-	33,442
STAR JAPAN CO., LTD	1,625	24,483	122,591	18,575
STAR UK LIMITED	-154	10,039	39,378	915
STAR SA	4,706	35	-	46,606
STAR GROUP SCANDINAVIA AB	4,691	174	3,440	15,060
STAR GROUP AMERICA, LLC	-777		17,668	55,601
STAR CZECH S.R.O.	-118	35,499	161,521	8,682
STAR SERVICIOS LINGUISTICOS SLU	30	120	2,845	1,308
STAR HUNGARY KFT	223	15,513	63,785	-
DANTE SRL	404	2,600	451,792	79
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	27,410	79,412	216,707	-
STAR POLAND	-	23,259	175,060	-

IAMDEV	-	22,323	-	-
STAR SERV.LINGUISTICOS LDA	-	44,072	119,350	-
STAR INFORMATION ENGINEERING S.L.	-	5,321	39,066	-
STAR SOFTWARE SHANGHAI CO. LTD	-	23,462	53,819	-
STAR EGYPT MIDDLE EAST LTD CAIRO	-	1,461	3,897	-
STAR Information Services & Tools S.R.L.	-	15,821	51,893	-
STAR KOREA AG	-	4,894	23,779	-
STAR SPB - RUSSIA	-	562	562	-
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	-	164	343	-
STAR AG TAIWAN BRANCH	-	2,360	12,608	-
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	-	1,431	5,161	-
STAR SOFTWARE INDONESIA	-	1,453	10,244	-
STAR TURKEY INF.SERVICES LTD STI	-	8,513	8,513	-
STAR J&M FINNLAND OY	-	1,687	7,230	59
STAR CO., LTD	-	257	-	-
SHAREHOLDERS OF CAAR BRASIL	96,236	47,899	-	-
TOTH	443,150	-	-	-
SCP's	2,781	-	-	-
STARCOM ARGENTINA	128,249	-	-	-
STAR VERTALINGEN BV	-	-	144	-
STAR VIETNAM TRANSLATION & SOFTWARE CO., LTD.	-	-	395	-
TOTAL	855,009	442,161	2,042,846	589,913

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.

8

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

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

Key risks are constantly monitored by the Boards of Directors.

9

Outlook

The financial year 2024 will continue the trend of organic growth, while in the second half STAR7 has a strong desire to pursue further growth through acquisitions, in line with the strategy set out after the 2021 IPO. The CAAR Group's integration and rationalisation, along with continuous cost reduction efforts and the expansion of off-shoring operations, are expected to contribute to an increase in the Group's overall profit margins. The early months of 2024 have confirmed this trend.

In addition, 2024 will see STAR7 engaged in the launch of new services and products that will integrate Generative Artificial Intelligence into its offering, providing greater added value and a new opportunity for future revenues.

10

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 and 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), 28 March 2024

**The Chairman of the Board of Directors
Lorenzo Mondo**

CONSOLIDATED FINANCIAL STATEMENTS

as at 31/12/2023

REGISTRY DETAILS

HEADQUARTERS IN	ALESSANDRIA
TAX IDENTIFICATION NUMBER	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

1

Consolidated Balance Sheet (figures in Euros)

Assets

	31/12/2023	31/12/2022
B) FIXED ASSETS		
I - INTANGIBLE FIXED ASSETS		
1) Start-up and expansion costs	836,129	380,134
4) Industrial patents and intellectual property rights	1,865,431	1,712,079
5) Goodwill	29,710,394	33,636,467
6) Assets under development/construction and payments on account	493,651	54,372
7) Others	5,310,273	3,465,858
TOTAL INTANGIBLE ASSETS	38,215,878	39,248,910
II - PROPERTY, PLANT AND EQUIPMENT		
1) Land and buildings	3,799,469	2,489,824
2) Plant and machinery	3,566,185	2,950,871
3) Industrial and commercial equipment	18,227	16,195
4) Other assets	1,658,809	1,449,607
5) Assets under development/construction and payments on account	151,960	-
TOTAL PROPERTY, PLANT AND EQUIPMENT	9,194,650	6,906,497
III - INTANGIBLE FIXED ASSETS		
1) Equity investments in		
a) subsidiaries	0	0
b) associated companies	130,500	174,322
Total equity investments	130,500	174,322
2) Receivables		
d bis) from others		
due after the next financial year	147,308	103,805
Total receivables from others	147,308	103,805
Total receivables	147,308	103,805
3) other instruments	57,115	57,115
4) financial derivative instrument assets	223,882	415,868
TOTAL FINANCIAL FIXED ASSETS	558,805	751,110
TOTAL FIXED ASSETS (B)	47,969,333	46,906,517

	31/12/2023	31/12/2022
C) CURRENT ASSETS		
I. INVENTORY		
1) from customers	1,433,269	1,018,954
2) Work in progress and semi-finished products	574,342	370,723
3) Orders-in-progress	0	23,841
4) Finished products and goods	455,360	986,649
5) Payments on account	78,305	67,984
TOTAL INVENTORIES	2,541,276	2,468,151
II - RECEIVABLES		
1) from customers		
due within the next financial year	37,172,859	29,485,759
Total trade receivables	37,172,859	29,485,759
2) from subsidiaries		
due within the next financial year	128,249	94,897
Total receivables from subsidiaries	128,249	94,897
3) from associates		
due within the next financial year	726,761	589,041
Total receivables from associated companies	726,761	589,041
5-bis) tax receivables		
due within the next financial year	2,855,792	2,578,905
Total tax receivables	2,855,792	2,578,905
5-ter) Deferred tax assets/liabilities	653,828	392,055
5-quater) from others		
due within the next financial year	2,640,197	2,874,689
Total receivables from others	2,640,197	2,874,689
TOTAL RECEIVABLES	44,177,685	36,015,346
IV - CASH ON HAND		
1) Bank and postal deposits	8,077,810	18,475,779
3) Cash and cash equivalents	1,209,615	10,533
Total cash and cash equivalents	9,287,425	18,486,312
TOTAL CURRENT ASSETS (C)	56,006,386	56,969,809
D) PREPAYMENTS AND ACCRUED INCOME		
	1,714,080	2,003,290
TOTAL ASSETS	105,689,800	105,879,616

Liabilities

	31/12/2023	31/12/2022
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		
Extraordinary reserve	12,725,340	8,630,329
Capital contributions	2,846	2,846
Merger surplus reserve	1,105,814	1,105,814
Consolidation reserve	944,174	2,403,909
Reserve from translation differences	(7,747)	(104,314)
Misc. other reserves	409,324	409,324
TOTAL OTHER RESERVES	15,179,752	12,447,908
VII - RESERVE FOR TRANSACTIONS TO HEDGE EXPECTED CASH FLOWS	168,861	312,263
IX - PROFIT (LOSS) FOR THE YEAR	1,812,709	3,094,552
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	29,608,691	28,302,091
MINORITY INTERESTS		
Capital and reserves attributable to minority interests	1,845,705	860,334
Profit (loss) attributable to minority interests	419,004	330,942
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	2,264,709	1,191,276
TOTAL CONSOLIDATED NET EQUITY	31,873,400	29,493,367
B) PROVISIONS FOR RISKS AND CHARGES		
1) For pensions and similar obligations	282,930	218,930
2) For taxes, including deferred taxes	273,065	370,486
4) others	484,402	542,605
TOTAL PROVISIONS FOR RISKS AND CHARGES	1,040,398	1,132,021

	31/12/2023	31/12/2022
C) EMPLOYEE SEVERANCE INDEMNITY		
	6,368,713	4,716,159
D) PAYABLES		
1) Bonds		
due within the next financial year	4,034,563	4,166,667
due after the next financial year	16,404,602	20,833,333
Total bonds	20,439,165	25,000,000
4) Borrowings from banks		
due within the next financial year	13,678,433	12,765,436
due after the next financial year	8,936,946	10,666,121
Total due to banks	22,615,379	23,431,557
5) Borrowings from other lenders		
due within the next financial year	2,267,614	1,921,019
due after the next financial year	2,001,845	3,228,747
Total borrowings from other lenders	4,269,459	5,149,766
6) payments on account		
due within the next financial year	39,885	-
Total advances	39,885	-
7) Trade payables		
due within the next financial year	8,678,976	8,574,855
Total trade payables	8,678,976	8,574,855
10) Payables to associated companies		
due within the next financial year	442,162	669,672
Total payables to associated companies	442,162	669,672
12) Tax payables		
due within the next financial year	2,012,102	912,823
Total taxes payable	2,012,102	912,823
13) Due to social security institutions		
due within the next financial year	1,895,762	1,366,093
Total payables to social security institutions	1,895,762	1,366,093
14) Other payables		
due within the next financial year	3,824,696	2,995,946
Total other payables	3,824,696	2,995,946
TOTAL PAYABLES	64,217,587	68,100,712
E) ACCRUALS AND DEFERRALS		
	2,189,702	2,437,357
TOTAL LIABILITIES	105,689,800	105,879,616

2

Consolidated Income Statement (figures in Euros)

Income Statement

	31/12/2023	31/12/2022
A) VALUE OF PRODUCTION		
1) revenues from sales and services	104,405,634	83,251,178
2) Change in inventories of work in progress, semi-finished and finished products	125,543	144,223
3) Changes in contract work in progress	-	1,276
4) internal work capitalized	150,000	-
5) Other revenues and income		
grants related to income	314,153	650,973
others	627,500	937,161
Total other revenues and income	941,653	1,588,134
TOTAL VALUE OF PRODUCTION	105,622,830	84,984,811
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods	5,431,922	5,677,928
7) for services	38,415,549	32,573,763
8) leases and rentals	2,324,222	1,524,627
9) personnel		
a) wages and salaries	31,977,796	21,532,237
b) social security contributions	8,459,480	5,892,084
c) employees' leaving entitlement	1,266,571	1,369,942
e) other costs	1,532,806	362,395
Total personnel costs	43,236,653	29,156,658
10) Amortisation, depreciation and write-downs		
a) amortisation	6,602,167	6,111,398
b) depreciation	1,570,743	1,610,238
d) write-downs of receivables included in current assets and of cash and cash equivalents	10,226	72,576
Total amortisation, depreciation and write-downs	8,183,136	7,794,212
11) changes in inventories of raw, ancillary and consumable materials and goods	320,261	(494,113)
12) Provisions for risks	64,000	64,000
14) Sundry operating expenses	1,279,293	1,016,769
TOTAL COSTS OF PRODUCTION	99,255,036	77,313,844
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	6,367,794	7,670,967

	31/12/2023	31/12/2022
C) FINANCIAL INCOME AND EXPENSES		
16) Other financial income		
d) income other than the above		
others	112,159	87,353
Total income other than the above	112,159	87,353
Total other financial income	112,159	87,353
17) Interest and other financial expenses		
others	3,139,255	2,387,395
Total interest and other financial expenses	3,139,255	2,387,395
17-bis) exchange gains and losses	69,798	1,201
TOTAL FINANCIAL INCOME AND EXPENSES (15 + 16 - 17 + - 17-BIS)	(2,957,298)	(2,298,841)
PROFIT (LOSS) BEFORE TAX (A - B + - C + - D)	3,410,496	5,372,126
20) Current, deferred and prepaid income taxes for the period		
current taxes	1,403,336	1,491,932
prior year taxes	44,585	492,605
Deferred tax assets and liabilities	(269,139)	(37,904)
Total current and deferred income tax assets and liabilities	1,178,782	1,946,632
21) Consolidated net income (loss) for the year	2,231,713	3,425,494
Result attributable to the group	1,812,709	3,094,552
Profit (loss) attributable to minority interests	419,004	330,942

3

Consolidated cash flow statement, indirect method (figures in Euros)

Cash flow statement, indirect method

	31/12/2023	31/12/2022
A) CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	2,231,713	3,425,494
Income Taxes	1,178,782	1,946,632
Interest expense/(income)	3,027,096	2,300,042
(Gains)/Losses from disposal of assets	124,822	(77,121)
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	6,562,413	7,595,047
Adjustments for non-cash items that did not have a balancing entry in net working capital		
Provisions	1,398,667	1,962,524
Depreciation/amortisation of fixed assets	8,172,910	7,721,636
Value adjustments to financial assets and liabilities of derivative financial instruments not involving monetary movements	48,584	(473,499)
Other adjustments up/(down) for non-cash items	1,273,118	653,970
Total adjustments for non-monetary items that did not have a balancing entry in net working capital	10,893,279	9,864,631
2) Cash flow before changes in net working capital	17,455,692	17,459,678
Change in net working capital		
Decrease/(Increase) in inventories	(73,125)	(1,053,830)
Decrease/(Increase) in trade receivables	(7,687,100)	(5,886,412)
Increase/(Decrease) in trade payables	104,121	1,358,206
Decrease/(Increase) in accrued income and prepaid expenses	289,210	(371,077)
Increase/(Decrease) in accrued expenses and deferred income	(290,274)	(686,944)
Other decreases/(Other increases) in net working capital	1,611,946	(2,944,846)
Total change in net working capital	(6,045,222)	(9,584,903)
3) Cash flow after changes in net working capital	11,410,470	7,874,775
Other adjustments		
Interest received/(paid)	(2,877,237)	(2,300,042)
(Income taxes paid)	(917,219)	(1,966,851)
(Use of provisions)	(1,157,359)	(788,578)
Total other adjustments	(4,951,816)	(5,055,471)
CASH FLOW FROM OPERATING ACTIVITIES (A)	6,458,654	2,819,304

	31/12/2023	31/12/2022
B) CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment		
(Investments)	(4,047,358)	(2,019,334)
Divestments	311,615	243,502
Intangible fixed assets		
(Investments)	(5,660,436)	(2,202,465)
Financial fixed assets		
(Investments)	(43,503)	(4,195)
(Acquisition of subsidiaries net of cash and cash equivalents)	-	(2,156,077)
CASH FLOW FROM INVESTING ACTIVITIES (B)	(9,439,682)	(6,138,569)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Loan funds		
Increase/(Decrease) in short-term payables to banks	1,084,035	2,560,415
Financing	4,877,568	3,911,856
(Repayment of loans)	(12,218,923)	(8,284,741)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(6,257,319)	(1,812,470)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	(9,238,347)	(5,131,735)
Exchange rate effect on cash and cash equivalents	39,461	132,509
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	8,077,810	18,475,779
Cash and cash equivalents	1,209,615	10,533
Total cash and cash equivalents at end of year	9,287,425	18,486,312
Acquisition or sale of subsidiaries		
Total fees paid or received	-	(1,498,845)

Statement of Budget Compliance

The undersigned Alessandro Trotter, pursuant to art. 31 paragraph 2-quinquies of Law 340/2000, declares that this document is in conformity with the original filed with the company.

NOTES

to the Consolidated Financial Statements as at 31/12/2023

1

Introduction

The STAR7 Group Consolidated Financial Statements as at 31 December 2023 include 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 2023, commercial transactions were carried out with the associated companies Dante S.r.l., IAM.DEV. S.r.l. and STAR AG and other minor subsidiaries of STAR AG for the provision of services regulated according to market criteria.

The 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 year.

Research and development activities

During the year, STAR7 Group developed Research and Development Projects, which are 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 financial statements 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 an extraordinary income under "Other revenues" of €52,823, allocating this amount to item A5) Other revenues and income - b) Operating grants.

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

Significant events occurring during the year

In December 2023, the investee company Vertere S.r.l. was merged by incorporation into STAR7 S.p.A. with accounting and tax effects backdated to 01/01/2023.

As of 1 January 2023, the Parent Company leases the business units of CONSULTING AUTOMOTIVE AEROSPACE RAILWAY S.p.A. (in short C.A.A.R. S.p.A., with registered office in Turin, Via Treviso 36) and its subsidiary STI s.r.l. (with registered office in Bolzano, Via Bruno Buozzi 14/16), companies specialised in engineering activities.

The business branch leasing contracts, which originally lasted until 30/06/2023, were extended to 31/12/2023 and subsequently to 2024, and also concern the subsidiaries of CAAR S.p.A. "CAAR do Brasil Consultoria Tecnica Ltda" and "ABACAAR DOO" (Serbia). In December 2023, the two companies filed an application before the Court of Turin for admission to a so-called group restructuring procedure, pursuant to and for the purposes of Articles 44 and 284 of the "Code of Crisis and Insolvency". STAR7 S.p.A. submitted an irrevocable and binding offer to purchase the respective business units. As of today, the procedure is ongoing and the outcome cannot be predicted.

2

Basis of presentation

The Consolidated Financial Statements of STAR7 Group have been prepared in accordance with art. 25 et seq. of Legislative Decree no. 127/1991 and include the Balance Sheet, Income Statement, Cash Flow Statement and the Explanatory Notes, which form an integral part thereof. In addition to the attachments required by law, reconciliations are provided between the net result and shareholders' equity of the Parent Company and the respective values resulting from the Consolidated Financial Statements.

The criteria used in the preparation of the Consolidated financial statements as at 31/12/2023 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. Figures in the Consolidated Financial Statements are in units of Euro, rounding off the relative amounts. Any rounding differences were posted to the item "Euro rounding reserve" under shareholders' equity.

These Notes provide the data and information required by Article 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.

3

Scope and methods of consolidation

The Consolidated Financial Statements include 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 foreign currency	Shareholding	Share held in %	Interest in %	Service Lines
STAR7 PRINTING S.R.L.	ASTI - ITALY	Euro	10,000	Direct	60%	60%	printing & logistics
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 - U.S.A.	USD	5,000	Direct	100%	100%	translation, technical authoring
STAR7 LLC	TROY - MICHIGAN - U.S.A.	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 - U.S.A.	USD	-	Indirect	100%	100%	translation

The changes in the scope of consolidation were as follows:

- formal exit of Vertere s.r.l., as it was merged by incorporation into the Parent Company in December but with retroactive effect from 01/01/2023 (the merger by incorporation is neutral for the purposes of the Consolidated Financial Statements).

In addition, due to the business division lease agreement from 01/01/2023, the figures of the following wholly-owned subsidiaries of C.A.A.R. S.p.A. are also included:

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

For the purposes of a correct comparison and interpretation of the Income Statement and Cash Flow Statement data, note that Vertere s.r.l. entered the scope of consolidation in July 2022, therefore the Consolidated Income Statement includes its profit and loss as of that date.

STAR USA LLC has prepared its own consolidated financial statements in which the figures of STAR7 LLC (which absorbed the activities of Techworld Language Services Inc. and The Geo Group Corporation) are included.

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 31 December 2023, the subsidiary "STAR Comunicação e Serviços Ltda" owned 100% of Starcom Argentina S.A.S., a company with a share capital of 20,000 Pesos, located in Córdoba, Argentina. This subsidiary was not consolidated in the financial statements due to the insignificance of its balance sheet figures and was valued at €0. The following investee companies as at 31/12/2022 were extinguished in the course of 2023:

- 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 Financial Statements coincides with the date of the Parent Company's annual financial statements as at 31/12/2023. All of the companies included in the consolidation area have financial years coinciding with the calendar year and their financial statements are all ended at 31/12/2023, as is the case for the consolidating parent company.

4

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 already 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 preparing the Consolidated Financial Statements, the assets and liabilities shown in the Balance Sheet and the income and expenditure shown in the Income Statement of 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 year-end exchange rate for assets and liabilities on the balance sheet;
- at the average exchange rate for the period for positive and negative income components in the income statement;
- at the historical exchange rate at the time of their formation for the equity reserves.

The difference between the result for the period translated at the average exchange rate for the income statement and the result for the period translated at the spot exchange rate for the shareholders' equity items, as well as the effects on assets and liabilities deriving from fluctuations in exchange rates at the beginning and end of the period, are allocated to the shareholders' equity item "Reserve for foreign exchange differences".

The exchange rates used are listed in the table below:

CURRENCY	SPOT RATE		AVERAGE RATE	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
US Dollar to 1 Euro	1.1050	1.0666	1.0813	1.053
Brazilian Real to 1 Euro	5.3618	5.6386	5.401	5.4399
Albanian Lek to 1 Euro	103.79	114.46	108.780	118.93
Serbian Dinar for 1 Euro	116.98	n/a	117.250	n/a

5

Measurement criteria

The valuation of the items in the financial statements was carried out in accordance with the general criteria of prudence and competence, on a going-concern basis. 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 Article 2423, fifth paragraph, of the 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.

In 2023, amortisation amounting to €249,796 on software licences was reversed. In the following table, the impact of the derogation as at 31/12/2023 is shown:

BALANCE SHEET	WITHOUT DEROGATION	WITH DEROGATION	DIFFERENCE
Intangible fixed assets	38,075,671	38,215,878	-140,207
Property, plant and equipment	8,914,546	9,194,650	-280,104
Financial fixed assets	558,805	558,805	-
FIXED ASSETS	47,549,022	47,969,333	-420,311
CURRENT ASSETS	56,006,386	56,006,386	-
ACCRUED INCOME AND PREPAID EXPENSES	1,714,080	1,714,080	-
TOTAL ASSETS	105,269,489	105,689,800	-420,311
Share capital	599,340	599,340	-
Reserves	26,758,560	27,196,641	-438,081
Net profit (loss) attributable to owners of the Parent	1,992,812	1,812,709	180,103
EQUITY ATTRIBUTABLE TO OWNERS OF THE GROUP	29,350,712	29,608,690	-257,978
Capital and reserves attributable to minority interests	1,764,923	1,845,705	-80,782
Net profit (loss) attributable to minority interests	419,004	419,004	-
MINORITY INTERESTS	2,183,927	2,264,709	-80,782
PROVISIONS FOR RISKS AND CHARGES	958,847	1,040,398	-81,551
PROVISIONS FOR SEVERANCE	6,368,713	6,368,713	-
PAYABLES	64,217,587	64,217,587	-
ACCRUED EXPENSES AND DEFERRED INCOME	2,189,703	2,189,703	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	105,269,489	105,689,800	-420,311

INCOME STATEMENT	WITHOUT DEROGATION	WITH DEROGATION	DIFFERENCE
Value of production	105,622,830	105,622,830	-
Cost of production	-99,005,240	-99,255,036	249,796
Difference between value and cost of production	6,617,590	6,367,794	249,796
Financial income and charges	-2,957,298	-2,957,298	-
Profit before tax	3,660,292	3,410,496	249,796
Taxes for the year	-1,248,475	-1,178,782	-69,693
NET PROFIT(LOSS)	2,411,816	2,231,713	180,103
attributable to owners of the Parent	1,992,812	1,812,709	180,103
attributable to minority interests	419,004	419,004	-

Changes in accounting policies

There have been no changes in accounting policies.

Comparability and adjustment issues

There are no problems with the comparability and adjustment of the figures in the Consolidated Financial Statements with those of 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 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 is amortisable over 10 years, in consideration of the actual prospect of profitability of the acquired or merged 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 underlying 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 year-end exchange rate.

Accruals and deferrals

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

Provisions for risks and charges

These are set aside to cover losses or debts whose existence is certain or likely, but whose exact amount and/or date of occurrence could not be determined at the end of the financial year.

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

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

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

Provision for severance pay

Represents the actual debt accrued to employees in accordance with applicable law and labour 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 provision 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 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 year (rates at 31 December); the gains and losses arising from the translation of individual receivables and payables at year-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 and 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 determined at the exchange rate in force on the date on which the transaction is carried out.

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

Income Taxes

Income taxes include all taxes calculated on the taxable income of individual Group companies. Income taxes are 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 and its carrying amount in the consolidated 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.

6 Employment figures

The headcount of the companies consolidated on a line-by-line basis is presented separately by category (it should be noted that Vertere S.r.l. was absorbed by the parent company in 2023).

Company	Women	Men	Total
STAR7 S.P.A	194	372	566
Executives	2	8	10
Middle managers - Office workers	190	358	548
Manual workers	2	6	8
STAR7 Printing S.R.L.	25	21	46
Executives	-	-	-
Middle managers - Office workers	8	4	12
Manual workers	17	17	34
STAR Comunicacao e Servicos LTDA	41	119	160
Executives	-	-	-
Middle managers - Office workers	3	11	14
Manual workers	38	108	146
Star Albania SHPK	54	65	119
Executives	-	2	2
Middle managers - Office workers	54	63	117
Manual workers	-	-	-
LocalEyes LTD (Parent company LocalEyes)	13	9	22
Executives	3	1	4
Middle managers - Office workers	10	8	18
Manual workers	-	-	-
LocalEyes Tirana	50	10	60
Executives	-	-	-
Middle managers - Office workers	50	10	60
Manual workers	-	-	-
LocalEyes Madrid	-	2	2
Executives	-	-	-
Middle managers - Office workers	-	2	2
Manual workers	-	-	-
LocalEyes Amsterdam	1	2	3
Executives	-	-	-

Middle managers - Office workers	1	2	3
Manual workers	-	-	-
LocalEyes Helsinki	1	1	2
Executives	-	-	-
Middle managers - Office workers	1	1	2
Manual workers	-	-	-
LocalEyes Sweden	2	-	2
Executives	-	-	-
Middle managers - Office workers	2	-	2
Manual workers	-	-	-
LocalEyes France	5	-	5
Executives	-	-	-
Middle managers - Office workers	5	-	5
Manual workers	-	-	-
LocalEyes Germany	2	-	2
Executives	-	-	-
Middle managers - Office workers	2	-	2
Manual workers	-	-	-
LocalEyes Denmark	1	1	2
Executives	-	-	-
Middle managers - Office workers	1	1	2
Manual workers	-	-	-
LocalEyes US	1	-	1
Executives	-	-	-
Middle managers - Office workers	1	-	1
Manual workers	-	-	-
STAR7 GMBH	2	3	5
Executives	-	-	-
Middle managers - Office workers	2	3	5
Manual workers	-	-	-
CAL Comunicacao e Servicos LTDA	-	-	-
Executives	-	-	-
Middle managers - Office workers	-	-	-
Manual workers	-	-	-
STAR7 USA LLC	36	10	46
Executives	1	1	2
Middle managers - Office workers	35	9	44
Manual workers	-	-	-
CAAR do Brasil	61	151	212
Executives	1	3	4
Middle managers - Office workers	60	148	208
Manual workers	-	-	-
Abacaar Doo	-	14	14
Executives	-	-	-
Middle managers - Office workers	-	14	14
Manual workers	-	-	-
Total	489	780	1,269

7

Assets

Fixed assets

Intangible fixed assets

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
38,215,878	39,248,910	- 1,033,032

Changes in this item were as follows:

Description	31/12/2022	Increases	Amortisation/depreciation	Reclassification	Change in the scope of consolidation	Exchange rate delta	31/12/2022
Start-up and expansion costs	380,134	639,870	-183,875	0	0	0	836,129
Industrial patents and intellectual property rights	1,712,079	933,467	-829,342	0	49,227	0	1,865,431
Goodwill	33,636,467	131,731	-3,952,276	0	0	-105,528	29,710,394
Assets under construction/development	54,372	473,929	0	-34,650	0	0	493,651
Others	3,465,858	3,481,439	-1,636,674	0	0	-350	5,310,273
Total intangible assets	39,248,910	5,660,436	-6,602,167	-34,650	49,227	-105,878	38,215,878

The change in the scope of consolidation concerns the fixed assets of the companies that entered the Consolidated Financial Statements in 2023 ("CAAR do Brasil Consultoria Tecnica Ltda" and "Abacaar Doo").

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

The composition of the items as of 12/31/2022 was 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):

DESCRIPTION	31/12/2022	Increases/ Decreases	Amortisation/ depreciation	Exchange rate delta	31/12/2023
Localeyes Ltd (2021)	31,445,717	51,895			31,497,612
Accumulated amortisation/depreciation	-3,540,874		-3,155,605		-6,696,479
	27,904,843	51,895	-3,155,605	0	24,801,133
Techworld Language Services Inc. (2019)	3,482,252			-121,012	3,361,240
Accumulated amortisation/depreciation	-1,205,390		-343,491	49,256	-1,499,625
	2,276,862	0	-343,491	-71,756	1,861,614
The Geo Group Corporation (2021)	1,236,675			-44,648	1,192,027
Accumulated amortisation/depreciation	-203,448		-99,517	10,877	-292,088
	1,033,227	0	-99,517	-33,771	899,938
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		-128,012		-385,283
	1,029,085	0	-128,012	0	901,073
Vertere s.r.l. (2022)	814,685	79,836			894,521
Accumulated amortisation/depreciation	-33,946		-92,779		-126,725
	780,739	79,836	-92,779	0	767,796
RES s.r.l. (2018)	816,481				816,481
Accumulated amortisation/depreciation	-406,992		-81,648		-488,640
	409,489	0	-81,648	0	327,841
STAR7 Engineering S.r.l. (2013)	590,318				590,318
Accumulated amortisation/depreciation	-590,318				-590,318
	0	0	0	0	0
STAR U.S.A. (2018)	287,889				287,889
Accumulated amortisation/depreciation	-182,971		-28,789		-211,760
	104,918	0	-28,789	0	76,129
STAR7 GmbH (2016)	164,350				164,350
Accumulated amortisation/depreciation	-115,046		-16,435		-131,481
	49,304	0	-16,435	0	32,869
Grafitec (2021)	60,000				60,000
Accumulated amortisation/depreciation	-12,000		-6,000		-18,000
	48,000	0	-6,000	0	42,000
	33,636,467	131,731	-3,952,276	-105,528	29,710,394

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 2023 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; the gross amount changed in 2023 as a result of contractually agreed price adjustments and ancillary charges;
- 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.;
- 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 2023, increases in the other categories, other than goodwill, mainly related to:

- start-up and expansion costs: €639,870 related to software services for multi-year projects of online technical documentation management for the automotive sector;
- licences, trademarks and similar rights: €129,227 related to investments in Artificial Intelligence is to be noted;
- assets under construction/development: €394,202 for costs related to the future conclusion of the C.A.A.R. S.p.A. and STI srl transaction;

- other intangible fixed assets: leasehold improvements (€1,828,602) relate to a new leased building located in Valle San Bartolomeo (Alessandria) as well as to work carried out mainly on the Turin and Bolzano offices of the companies C.A.A.R. S.p.A. and STI srl; other charges related to the start-up and integration of the C.A.A.R. and STI business units (€983,932); Rebranding of Star USA (€171,131).

There are no indicators of impairment of intangible fixed assets at 31/12/2023.

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:

- licences, trademarks and similar rights: €261,991 (of which €249,796 reversed in 2023);
- 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

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

In accordance with OIC 24, we note that the start-up costs for the years 2020, 2021, 2022, and 2023 amounting to €130,000, €200,000, €266,900, and €639,870 respectively, have been recorded under item BI1, pertaining to software services for online technical documentation management projects, serving significant clients in the automotive industry.

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.

Property, plant and equipment

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
9,194,650	6,906,497	2,288,153

Changes in this item were as follows:

Description	31/12/2022	Increases	Decreases	Write-backs	Reclassifications	Amortisation/depreciation	Change*	Exchange rate delta	31/12/2023
Land and buildings	2,489,824	1,404,092				-94,447			3,799,469
Plant and machinery	2,950,871	1,702,813	-262,649			-909,076		84,226	3,566,185
Industrial and commercial equipment	16,195	9,819				-7,787			18,227
Other assets	1,449,607	778,673	-173,789			-559,433	152,854	10,896	1,658,809
Assets under development/construction and payments on account	0	151,960							151,960
	6,906,497	4,047,358	-436,438	0	0	-1,570,743	152,854	95,122	9,194,650

*Change in the scope of consolidation

The change in the scope of consolidation concerns the fixed assets of the companies that entered the Consolidated Financial Statements in 2023 ("CAAR do Brasil Consultoria Tecnica Ltda" and "Abacaar Doo").

The foreign exchange differences primarily relate to the tangible assets of the subsidiaries in Brazil and the United States.

The item land/buildings includes a building plot currently used as a car park, not depreciated (€201,000). The annual increase is primarily attributed to the acquisition of the new office building in Valle San Bartolomeo, Alessandria, through a lease, amounting to €1,289,409.

Other additions for the year mostly concern printing systems, electronic machines and hardware.

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

- land €634,910
- buildings €1,910,802.

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 31/12/2023.

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 property, plant and equipment at the end of the year (Ref. Article 2427, first paragraph, no. 2, 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.

Financial fixed assets

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
558,805	751,110	-192,305

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	31/12/2023	31/12/2022	CHANGE
Starcom Argentina S.A.S.	-	-	-
STAR Comunicacao e Servicos - SCP	-	41,287	-41,287
STAR Comunicacao e Servicos - SCP II Felipe Caputo	-	2,535	-2,535
IAMdev S.t.p. s.r.l.	130,500	130,500	-
Associated companies	130.500	174.322	-43.822

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.

Equity investments in associated companies refer exclusively to "IAMdev S.t.p. s.r.l." since, as anticipated, the companies "STAR COMUNICACAO E SERVICOS - SCP" and "STAR Comunicacao e Servicos - SCP II Felipe Caputo" were terminated in 2023.

Name	City, if in Italy, or Foreign State	Tax code (for Italian companies)	Share capital in €	Profit (Loss) Previous year in €	Net equity in €	Share held in %	Book value*
IAMdev S.t.p. s.r.l.	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	130,500
							130,500

*Book value or corresponding receivable

Long-term receivables

Long-term receivables are broken down as follows:

DESCRIPTION	31/12/2023	31/12/2022	CHANGE	WITHIN 12 MONTHS	OVER 12 MONTHS
From others	147,308	103,805	43,503	of which -	147,308
	147,308	103,805	43,503	-	147,308

Long-term receivables from others refer to security deposits and are broken down by geographical area.

DESCRIPTION	31/12/2023	31/12/2022	CHANGE
Italy	120,149	99,483	20,666
EU	6,804	-	6,804
North America	10,825	1,839	8,986
South America	9,530	2,483	7,047
	147,308	103,805	43,503

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

Bonds

This item, unchanged from 31/12/2022, relates to an insurance policy to partially cover the provision for severance indemnities from Vertere s.r.l. (€57,115).

Financial derivative assets

This item, which amounted to €415,868 as of 31/12/2022, is broken down as follows:

Counterpart	Type	Purpose	Date of execution	Maturity date	Notional value	Mark-to-market	Deferred IRES	Equity reserve
Intesa Sanpaolo	Interest rate swap	Hedging	29/01/21	31/12/26	3,000,000	88,145	21,155	66,990
Unicredit	Interest rate swap	Hedging	18/11/20	30/09/26	1,900,000	46,457	11,150	35,307
Credit Agricole	Interest rate swap	Hedging	05/10/20	05/10/26	2,250,000	85,038	20,409	64,629
Intesa Sanpaolo	Interest rate swap	Hedging	03/02/20	31/01/25	850,000	4,242	1,018	3,224
						223,882	53,732	170,150

Current Assets

Inventories

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
2,541,276	2,468,151	73,125

This item consists of the following:

DESCRIPTION	31/12/2023	31/12/2022	CHANGE
Raw and consumable materials	1,433,269	1,018,954	414,315
Work in progress and semi-finished products	574,342	370,723	203,619
Orders in progress	0	23,841	-23,841
Finished products and goods	455,360	986,649	-531,289
Payments on account	78,305	67,984	10,321
	2,541,276	2,468,151	73,125

Other

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
44,177,685	36,015,346	8,162,339

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

DESCRIPTION	Balance 31-12-2023			Balance 31-12-2022		
	<12 months	After 12 months	After 5 years	Total	31/12/2022	Change
From customers	37,172,859			37,172,859	29,485,759	7,687,100
From subsidiaries not consolidated on a line-by-line basis	128,249			128,249	94,897	33,352
From associates	726,761			726,761	589,041	137,720
For tax receivables	2,855,792			2,855,792	2,578,905	276,887
Deferred tax assets/liabilities	653,828			653,828	392,055	261,773
From others	2,640,197			2,640,197	2,874,689	- 234,492
	44,177,685	-	-	44,177,685	36,015,346	8,162,339

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 (€441,246 against €432,002 as at 31/12/2022).

Trade receivables include €2,651,476 relating to invoices sold to the factoring company and "subject to collection".

Receivables from subsidiaries not fully consolidated as at 31/12/2023 and 31/12/2022 are entirely attributable to Starcom Argentina S.A.S.

Receivables due from associated undertakings break down as follows:

	Balance 31-12-2023		Balance 31-12-2022		CHANGE
	TRADE	SUNDRY	TOTAL	31/12/2022	
STAR AG	31,078		31,078	54,342	-23,264
STAR DEUTSCHLAND GMBH	40,038		40,038	31,790	8,248
STAR TECHNOLOGY SOLUTIONS	5,970		5,970	8,224	-2,254
STAR Software, Translation, Artwork, Recording GmbH	59,441		59,441	23,618	35,823
STAR PARIS	10,026		10,026	21,887	-11,861
STAR GROUP AMERICA, LLC	-777		-777	-	-777
STAR SA	4,706		4,706	8,080	-3,374
STAR GROUP SCANDINAVIA AB	4,691		4,691	3,125	1,566
STAR CZECH S.R.O.	-118		-118	964	-1,082
STAR JAPAN CO., LTD	1,625		1,625	891	734
DANTE SRL	404		404	317	87
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	27,410		27,410	411	26,999
STAR SERVICIOS LINGUISTICOS SLU	30		30	-	30
STAR UK LIMITED	-154		-154	-	-154
STAR HUNGARY KFT	223		223	-	223
SHAREHOLDERS OF CAAR BRASIL		96,236	96,236	-	96,236
SCP's	2,781		2,781	-	2,781
SCP STAR E FELIPE CAPUTO			-	433	-433
TOTH COMUNICAÇÃO E LOGISTICA LTDA		443,150	443,150	434,959	8,191
	187,374	539,386	726,760	589,041	137,719

Tax credits include tax credits for Research and Development / Industry 4.0 amounting to €1,206,448 (€976,776 as at 31.12.2022).

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:

	31/12/2023	31/12/2022	CHANGE
VAT account	640,552	393,499	247,053
Research and Development tax credits and various bonuses	1,213,595	1,130,444	83,151
Income tax paid on account	917,219	983,636	-66,417
Other minor	84,425	71,326	13,099
	2,855,792	2,578,905	276,887

The following table shows the details of deferred tax assets:

	Taxable				Deferred tax assets					
	31/12/22	Increases	Returns	Exchange rate delta	31/12/23	31/12/22	Increases	Returns	Exchange rate delta	31/12/23
Allowance for doubtful accounts - portion exceeding the tax limit (24%)	325,178				325,178	78,043	-	-	-	78,043
Provisions for risks and charges - other (24%)	50,000				50,000	12,000	-	-	-	12,000
Undeducted costs to be recovered (24%)	99,796				99,796	23,951	-	-	-	23,951
Tax losses carried forward (24%)	890,717	1,072,833	-197,542		1,766,009	213,772	257,480	-47,410	-	423,842
STAR7 Printing and Car Leasing (27.9%)	230,427	104,806	- 66,612		268,621	64,289	29,241	-18,585	-	74,945
Other from Localeyes Ltd and Localeyes Espana	-	328,376			328,376	-	41,047	-	-	41,047
	1,596,118	1,506,015	-264,154		-2,837,980	392,055	327,768	-65,995		653,828

The temporary differences of the companies under Localeyes mainly relate to:

- Localeyes Espana: tax losses carried forward
- Localeyes Ltd: misalignments between book and tax values of technical fixed assets.

Amounts due from others, amounting to €2,640,197, primarily include:

- €1,273,118 relating to costs and liabilities of CAAR S.p.A. and STI srl, the payment of which was advanced by STAR7 (including the provision for severance indemnities accrued as of 31/12/2022 and paid to employees made redundant in 2023), to be recovered in the future from the two companies mentioned above to offset the purchase price of the business divisions;
- €501,061 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 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;
- €338,089 pertaining to receivables from employees for holiday/ROL leave taken in December 2023 but paid in January 2024, an amount that corrects the accrued deferred payroll liability as of 31 December 2023;
- £180,000 in compensation for the damages incurred in December 2022 following the accident involving the "Ferrari GTC4 Lusso".

The breakdown of receivables by geographical area is as follows:

	ITALY	EU	NON EU	TOTAL
Trade receivables	26,786,370	2,318,313	8,068,176	37,172,859
Receivables from subsidiaries	-	-	128,249	128,249
Receivables from associated companies	404	147,711	578,646	726,761
Tax receivables	2,016,661	698,427	140,704	2,855,792
Deferred tax assets	612,781	41,047	-	653,828
Receivables due from others	2,472,420	77,116	90,660	2,640,196
TOTAL RECEIVABLES	31,888,636	3,282,614	9,006,435	44,177,685

Cash on hand

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
9,287,425	18,486,312	-9,198,887

The item is broken down as follows:

DESCRIPTION	31/12/2023	31/12/2022	CHANGE
Bank and postal deposits	8,077,810	18,475,779	-10,397,969
Cash and cash equivalents	1,209,615	10,533	1,199,082
	9,287,425	18,486,312	-9,198,887

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

The significant change in the item "Cash and other valuables on hand" is justified by the issuance of a bank draft in the amount of €1,198,814 for the payment in favour of the ongoing legal proceedings of CAAR S.p.A. and STI srl: the cheque was withdrawn and unpaid in early 2024.

Accrued income and prepaid expenses

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
1,714,080	2,003,290	289,210

These represent the liaison items for the financial year calculated on an accruals basis and consist mainly of prepaid expenses.

As at 31/12/2023 they are broken down as follows:

DESCRIPTION	31/12/2023	31/12/2022	CHANGE
ACCRUED INCOME			
Others	18,916	83,662	-64,746
	18,916	83,662	-64,746
PREPAID EXPENSES			
Long-term prepaid expenses with a duration of more than 5 years	-	794,706	-794,706
Other deferrals	1,695,164	1,124,922	570,242
	1,695,164	1,919,628	-224,464
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	1,714,080	2,003,290	-289,210

As at 31 December 2023, long-term prepaid expenses are reset to zero because:

- the major lease payment for the new building, amounting to €270,000 as of 31 December 2022, was reversed in line with IFRS 16, since the asset became operational in June 2023;
- bond issue costs were reversed as the minibonds were accounted for using the amortised cost method (with the previous method of accounting, the item would be worth €434,126 at 31/12/2023 against €523,391 at 31/12/2022).

Other deferrals mainly relate to lease/maintenance/rental fees, etc., which are brought forward on an accrual basis.

As of 31/12/2023 there are no accruals or deferrals with a duration of more than five years.

8

Liabilities

A) Net equity

BALANCE AS AT 31/12/2023	BALANCE AT 31/12/2022	CHANGE
31,873,400	29,493,367	2,380,033

The following table shows changes during the year:

Description	Allocation of previous year's result		Other changes		Profit (loss) for the year	31/12/2023	
	31/12/2022	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	
Extraordinary 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		-459,276	944,174	
Reserve for foreign exchange translation differences	-104,314			96,567		-7,747	
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				-143,402	168,861	
Profit (loss) for the year	3,094,552		-3,094,552		1,812,709	1,812,709	
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	28,302,091	0	0	96,567	-602,677	1,812,709	29,608,691
Capital and reserves attributable to minority interests	860,334	-96,825		1,082,196		1,845,705	
Profit (loss) attributable to minority interests	330,942				-330,942	419,004	419,004
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	1,191,276	-96,825	0	1,082,196	-330,942	419,004	2,264,709
TOTAL NET EQUITY	29,493,367	-96,825	0	1,178,763	-933,619	2,231,713	31,873,400

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 art. 60 of Law 126/2020) of 280,104 euros for the portion of depreciation pertaining to 2020 suspended on certain advanced printing machinery of STAR7 Printing.

The Parent Company has deferred a portion of the depreciation and amortisation for 2020, in accordance with Article 60 of Law 126/2020, allocating €390,003 to a designated equity reserve. Of this amount, €180,103 – net of the tax impact – pertaining to software licences, was reversed in 2023.

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% shareholding in Localeyes Ltd was extinguished (the last instalment of €1.5 million is to be paid by 31/12/2024). The pledge was replaced by a bank guarantee issued by Unicredit Corporate S.p.A. with a SACE guarantee.

The significant increase in the item "Capital and reserves attributable to minority interests" is mostly explained by the minority interests (€767,571) in "C.A.A.R. do Brasil Consultoria Tecnica Ltda" and "Abacaar Doo", companies consolidated by virtue of the business division lease of C.A.A.R. S.p.A., but whose capital is held almost entirely by third parties. The remainder of the increase is due to the reversal of prior-year profits and exchange rate differences.

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

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

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

STATEMENT OF RECONCILIATION BETWEEN NET EQUITY OF THE PARENT COMPANY AND CONSOLIDATED NET EQUITY AS AT 31 DECEMBER 2023						
Description	NET EQUITY 2022	Dividends	Changes in the scope of consolidation	Other changes	Profit (loss) for the year	NET EQUITY 31/12/2023
STAR7 S.P.A.	26,997,260	-	-	-139,641	614,175	27,471,794
Operating results of pro-rata subsidiaries	5,570,436			-5,570,436	6,828,198	6,828,198
Intercompany dividends	-3,685,684			3,685,684	-2,475,149	-2,475,149
Pro-quota reserves of subsidiary companies' profits	3,276,240			1,565,117		4,841,357
Amortisation of goodwill	-4,723,777				-3,235,900	-7,959,677
Reversal of intercompany profits net of tax effect	-12,721				4,241	-8,848
Leasing accounting with the financial method	179,130				19,783	198,913
Alignment of intercompany costs / revenues	-49,833				19,854	-29,979
STAR USA LLC (USA) Rebranding	397,593				37,507	435,100
Writeback under Italian Decree-Law 104/2020	145,500					145,500
Reserve for transactions to hedge expected cash flows	312,263			-143,402		168,861
Exchange rate differences on conversion of foreign currency items	-104,316			96,569		-7,747
CONSOLIDATED FINANCIAL STATEMENTS - GROUP SHARE	28,302,091	-	-	-506,109	1,812,709	29,608,691

B) Provisions for risks and charges

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
1,040,398	1,132,021	-91,623

The breakdown of this item is as follows.

Description	31/12/22	Accruals	Uses	Other changes	31/12/23
Pensions and similar obligations	218,930	64,000			282,930
Provision for taxes, including deferred taxes	370,486	40,736	-92,080	-46,077	273,065
Financial derivative liabilities	0				0
Others	542,605	106,000	-164,202		484,403
	1,132,021	210,736	-256,282	-46,077	1,040,398

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 deferral of certain depreciation/amortisation allowances for 2020 as per Law 126/2000 (for further details, please consult the notes on intangible and tangible fixed assets);
- the mark-to-market as of 31/12/2023 relating to interest rate swap hedging contracts; please refer to the notes on “Derivative Assets” and “Information on the fair value of financial derivatives” for further details.

Changes are illustrated in the following table:

	Taxable				Deferred tax assets					
	31/12/22	Increases	Other changes	Returns	31/12/23	31/12/22	Increases	Other changes	Returns	31/12/23
Suspended amortisation Article 60 Decree Law 104/2020 (conv. Law 126/2020) (27.9%)	261,991			-249,796	12,195	73,095			-69,693	3,402
Suspended depreciation Article 60 Decree Law 104/2020 (conv. Law 126/2020) (27.9%)	280,104				280,104	78,149				78,149
Real estate and Ferrari car leasing (27.9%)	419,999	115,038		- 77,121	457,916	117,180	32,096		-21,517	127,759
Financial derivative assets (24%)	415,868		191,986		223,882	99,808		46,077		53,732
Leaving incentives (24%)	-	36,000			36,000		8,640			8,640
5% dividends to be received from Star Comunicacao Ltda (24%)	9,386			- 3,625	5,761	2,253			- 870	1,383
	1,387,348	151,038	-191,986	-330,542	1,015,858	370,486	40,736	- 46,077	-92,080	273,065

“Other changes” concern items without a balancing entry in the income statement (derivative financial instruments receivable).

Other provisions include:

- a risk provision of €50,000 set aside in previous years for commercial risks and prudently maintained;
- provision of €328,403 for the amnesty provided for R&D bonuses (Decree Law 146/2021), following the Report on R&D activities, carried out by STAR7 and STAR7 Engineering, prepared by the Federico II University of Naples - D.I.E.T.I. Department; the use of €164,202 relates to the first instalment paid in 2023;
- staff leaving incentives of €106,000 (amount not yet incurred as at 31/12/2023 because the agreements were finalised in 2024).

The provision for derivative financial instruments payable was zero in 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 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
6,368,713	4,716,159	1,652,554

The provision set aside represents the actual payables at 31/12/2023 to employees at that date, net of advances paid.

The change was as follows:

Balance as at 31/12/2022	4,716,159
Accruals	1,266,571
Uses	-887,135
Other changes	1,273,118
Balance as at 31/12/2023	6,368,713

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

This corresponds to the total of the individual indemnities accrued up to 31/12/2023 December 2022 in favour of employees at the closing date of the financial statements, net of advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment on that date.

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

The other changes relate to the provision for severance indemnities of employees of C.A.A.R. S.p.A. and STI srl, acquired by STAR7 by virtue of the leasing of business units (€1,273,118).

D) Payables

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
64,217,587	68,100,712	-3,883,125

Payable due dates are broken down as follows:

DESCRIPTION	Balance 31-12-2023			Balance 31-12-2022		
	<12 months	<5 years	After 5 years	Total	31/12/2022	Change
Bonds	4,034,563	16,404,602		20,439,165	25,000,000	-4,560,835
Borrowings from banks	13,678,433	8,936,946		22,615,379	23,431,557	- 816,178
Borrowings from other lenders	2,267,614	1,549,955	451,890	4,269,459	5,149,766	- 880,307
Payments on account	39,885			39,885	-	39,885
Trade payables	8,678,976			8,678,976	8,574,855	104,121
Payables to associated companies	442,162			442,162	669,672	- 227,510
Tax payables	2,012,102			2,012,102	912,823	1,099,279
Payables to social security institutions	1,895,762			1,895,762	1,366,093	529,669
Other payables	3,824,696			3,824,696	2,995,946	828,750
	36,874,194	26,891,503	451,890	64,217,587	68,100,712	-3,883,125

The most relevant payables as at 31/12/2023 are:

- bonds the item refers to two “mini-bond” issues totalling €25 million 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%; as security, a pledge on 100% of the shares/shares of LocalEyes Ltd. was issued, replaced in 2022 by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee; as of 31/12/2023, the amount payable was valued according to the amortised cost criterion (as of 31/12/2022, this criterion would have resulted in a total payable of €24,450,564 instead of €25,000,000);
- 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 short-term needs;
- borrowings from other lenders: the item includes:
 - 1) the outstanding debt related to the acquisition of 100% of the LocalEyes Ltd Group (€1.5 million to be paid by 31/12/2024: to guarantee the debt, UNICREDIT CORPORATE SPA has issued to CUBIC VENTURE S.A. on behalf of STAR7 S.p.A. a bank guarantee on first demand in the amount of €3,000,000. The transaction was guaranteed by SACE; at the same time, CUBIC VENTURE S.A. issued a guarantee from a leading banking institution in favour of STAR7 SPA for the same amount, to guarantee the exact and timely fulfilment of the covered obligations;

- 2) the minimum price adjustment to be paid to the previous shareholders of Vertere s.r.l. (€265,856);
- 3) payables to leasing companies (€2,492,582, of which €451,890 due after 5 years);
- 4) financing from suppliers for the purchase of capital goods (€11,021).

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 "Taxes payable within 12 months" is illustrated in the table below:

	31/12/2023	31/12/2022	CHANGE
Income Taxes	167,479	192,076	-24,597
VAT account	177,175	5,914	171,261
Withholding substitute taxes to be paid	1,129,955	540,636	589,319
Other minor	537,493	174,197	363,296
	2,012,102	912,823	1,099,279

Other payables mainly include deferred remuneration of employees.

There are no payables secured by collateral on corporate assets (Article 2427, first paragraph, no. 6, of the Italian Civil Code), with the exception of what was previously reported with regard to payables for bonds/minibonds (100% pledge on shares/quotas of Localeyes, replaced in 2022 by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee). Moreover, as indicated, the debt to other lenders of €1.5 million for the remaining price to be paid against the acquisition of the LocalEyes Ltd Group is guaranteed by a surety issued by UNICREDIT CORPORATE SPA in favour of CUBIC VENTURE S.A.

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 totalled €1,436,388 in 2020.

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

The Parent Company and STAR7 Printing obtained the SACE / Mediocredito guarantee provided for by the Covid-19 epidemiological emergency regulations on the following loans:

LENDING INSTITUTION	AMOUNT OF LOAN	MAXIMUM AMOUNT GUARANTEED BY FUND	STATE AID QUANTIFICATION	LEGAL REFERENCE	GUARANTOR
UNICREDIT	2,000,000	1,800,000	-	Article 1 Decree Law 23/2020	SACE
CREDIT AGRICOLE	2,250,000	2,030,000	89,117	Guarantee Fund Law 662/96	MEDIOCREDITO
BANCA SELLA	1,000,000	1,000,000	-	Innovfin Guarantee	FEI FUND
INTESA SANPAOLO	1,650,000	1,320,000	52,245	Guarantee Fund Law 662/96	MEDIOCREDITO
BPM	500,000	450,000	17,811	Guarantee Fund Law 662/96	MEDIOCREDITO
BPM	1,500,000	1,200,000	47,495	Guarantee Fund Law 662/96	MEDIOCREDITO
INTESA SANPAOLO	3,000,000	2,700,000	-	Article 1 Decree Law 23/2020	SACE
INTESA SANPAOLO	1,500,000	1,350,000	-	Article 1 Decree Law 23/2020	SACE
BANCA SELLA	250,000	225,000	4,465	Guarantee Fund Law 662/96	MEDIOCREDITO
BPM	350,000	315,000	-	Guarantee Fund Law 662/96	MEDIOCREDITO
CASSA DI RISPARMIO DI ASTI	600,000	600,000	19,075	Guarantee Fund Law 662/96	MEDIOCREDITO
TOTAL	14,600,000	12,990,000	230,209		

Payables to associated companies may be broken down as follows:

	Balance as at 31-12-2023		Balance as at 31-12-2022		
	Trade	Other	TOTAL	31/12/2022	Change
STAR AG	48,856		48,856	206,487	-157,631
STAR DEUTSCHLAND GMBH	10,669		10,669	10,468	201
STAR PARIS	9,600		9,600	0	9,600
STAR TECHNOLOGY SOLUTIONS	223		223	698	-475
STAR GmbH	0		0	892	-892
STAR JAPAN CO., LTD	24,483		24,483	8,606	15,877
STAR UK LIMITED	10,039		10,039	4,576	5,463
STAR SA	35		35	35	0
STAR GROUP SCANDINAVIA AB	174		174	6	168
STAR SL			0	175,300	-175,300
STAR GROUP AMERICA, LLC			0	8,563	-8,563
STAR CZECH S.R.O.	35,499		35,499	40,265	-4,766
STAR SERVICIOS LINGUISTICOS SLU	120		120	0	120
STAR HUNGARY KFT	15,513		15,513	13,866	1,647
DANTE SRL	2,600		2,600	0	2,600
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	79,412		79,412	47,607	31,805
STAR POLAND	23,259		23,259	32,589	-9,330
IAMDEV	22,323		22,323	26,238	-3,915
STAR SERV.LINGUISTICOS LDA	44,072		44,072	19,793	24,279

STAR INFORMATION ENGINEERING S.L.	5,321		5,321	14,935	-9,614
STAR SOFTWARE SHANGHAI CO. LTD	23,462		23,462	6,665	16,797
STAR EGYPT MIDDLE EAST LTD CAIRO	1,461		1,461	2,978	-1,517
STAR Information Services & Tools S.R.L.	15,821		15,821	7,625	8,196
STAR KOREA AG	4,894		4,894	30,885	-25,991
STAR SPB - RUSSIA	562		562	0	562
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	164		164	149	15
STAR AG TAIWAN BRANCH	2,360		2,360	4,186	-1,826
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	1,431		1,431	1,593	-162
STAR SOFTWARE INDONESIA	1,453		1,453	197	1,256
STAR TURKEY INF.SERVICES LTD STI	8,513		8,513	2,049	6,464
<hr/>					
STAR J&M FINNLAND OY	1,687		1,687	1,237	450
STAR CO., LTD	257		257	0	257
STAR SERVICIOS LINGUISTICOS BARCELONA	0		0	1,182	-1,182
SHAREHOLDERS OF CAAR BRASIL	0	47,899	47,899		47,899
	394,263	47,899	442,162	669,672	-227,510

Payables are broken down by geographical area as follows:

DESCRIPTION	Italy	EU	Non EU	Total
Bonds	20,439,165			20,439,165
Borrowings from banks	22,570,047	13,268	32,064	22,615,379
Borrowings from other lenders	2,769,459		1,500,000	4,269,459
Payments on account			39,885	39,885
Trade payables	6,047,247	1,041,101	1,590,628	8,678,976
Payables to associated companies	24,923	241,371	175,868	442,162
Tax payables	1,038,382	121,653	852,066	2,012,102
Payables to social security institutions	1,659,156	34	236,572	1,895,762
Other payables	3,000,009	47,871	776,815	3,824,696
	57,548,388	1,465,299	5,203,899	64,217,586

E) Accrued expenses and deferred income

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
2,189,702	2,437,357	- 247,655

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	31/12/2023	31/12/2022	CHANGE
Accrued expenses	375,593	787,970	-412,377
Deferred income	1,814,109	1,649,387	164,722
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	2,189,702	2,437,357	-247,655

The most significant amounts of accrued expenses include interest accrued on the bond loan (€134,694), lease interest (€9,155), and other amounts for credit card expenses incurred in December but debited to the current account in January, employee expense accounts, and bank fees.

Deferred income relates to invoices issued in advance in 2023 but related to activities that will be performed in 2024.

As of 31/12/2023 there are no accruals or deferrals with a duration of more than five years.

9

Income Statement

A) Value of production

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
105,622,830	84,984,811	20,638,019

The details are as follows:

BUSINESS SECTOR	31/12/2023	31/12/2022	CHANGE
Revenues from sales and services	104,405,634	83,251,178	21,154,456
Changes in inventories of finished goods, semi-finished goods, etc.	125,543	144,223	-18,680
Change in contract work in progress	0	1,276	-1,276
Internal work capitalised	150,000	0	150,000
Other revenues and income:			
grants related to income	314,153	650,973	-336,820
others	627,500	937,161	-309,661
Total other revenues and income	941,653	1,588,134	-646,481
TOTAL	105,622,830	84,984,811	20,638,019

The change is closely related to the matters discussed in the Report on Operations. In particular, revenues increased due to the leasing of the business units of C.A.A.R. S.p.A. and STI srl (including the subsidiaries of C.A.A.R. S.p.A. "CAAR do Brasil Consultoria Tecnica Ltda" and "Abacaar Doo").

The breakdown of revenues by business segment is as follows:

BUSINESS SECTOR	31/12/2023	31/12/2022	CHANGE
Product Knowledge, Engineering and Experience	50,458,593	29,587,306	20,871,287
Global Content	37,531,272	38,849,237	-1,317,965
Printing	16,185,850	14,539,697	1,646,153
Other services	229,919	274,937	-45,018
Total	104,405,634	83,251,178	21,154,456

GEOGRAPHICAL AREA	31/12/2023	31/12/2022	CHANGE
Italy	55,514,623	47,054,679	8,459,944
EU	5,004,677	3,178,075	1,826,602
Non EU	43,886,334	33,018,424	10,867,910
Total	104,405,634	83,251,178	21,154,456

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

COMPANY	RESEARCH AND DEVELOPMENT	INDUSTRY 4.0	COVID-19 SAFETY	ECOBONUS	TOTAL
STAR7 S.p.A.	52,823	82,346	474		135,643
STAR7 Printing S.r.l.		176,778		1,732	178,510
	52,823	259,124	474	1,732	314,153

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	31/12/2023 TRADE	31/12/2022 TRADE	CHANGE
STAR AG	213,171	223,964	-10,793
STAR DEUTSCHLAND GMBH	123,568	134,165	-10,597
STAR GROUP AMERICA LLC	55,601	42,710	12,891
STAR PARIS	56,965	65,625	-8,660
STAR Software, Translation, Artwork, Recording GmbH	33,442	14,517	18,925
STAR SA	46,606	44,407	2,199
STAR JAPAN CO., LTD	18,575	13,878	4,697
STAR TECHNOLOGY SOLUTIONS	15,880	24,933	-9,053
STAR GROUP SCANDINAVIA AB	15,060	26,870	-11,810
STAR CZECH S.R.O.	8,682	8,318	364
STAR SERVICIOS LINGUISTICOS SLU	1,308	220	1,088
STAR UK LIMITED	915	3,394	-2,479
STAR J&M FINNLAND OY	59	-	59
DANTE SRL	79	260	-181
	589,913	603,261	-13,348

B) Cost of production

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
99,255,036	77,313,844	21,941,192

Costs of production are all inherent in the generation of revenues and accrued during the year. As with revenues, costs also increased due to the leasing of the business units of C.A.A.R. S.p.A. and STI srl (including the subsidiaries of C.A.A.R. S.p.A. "CAAR do Brasil Consultoria Tecnica Ltda" and "Abacaar Doo").

DESCRIPTION	31/12/2023	31/12/2022	CHANGES
Raw and ancillary materials and goods	5,431,922	5,677,928	- 246,006
Services	38,415,549	32,573,763	5,841,786
Leased assets	2,324,222	1,524,627	799,595
Personnel costs:			
Wages and salaries	31,977,796	21,532,237	10,445,559
Social security contributions	8,459,480	5,892,084	2,567,396
Employees' leaving entitlement	1,266,571	1,369,942	-103,371
Other personnel costs	1,532,806	362,395	1,170,411
Total personnel costs:	43,236,653	29,156,658	14,079,995
Amortisation	6,602,167	6,111,398	490,769
Depreciation	1,570,743	1,610,238	-39,495
Other write-downs of fixed assets	-	-	-
Write-downs of receivables in current assets	10,226	72,576	-62,350
Change in inventories Raw materials	320,261	-494,113	814,374
Provisions for risks	64,000	64,000	-
Other provisions	-	-	-
Sundry operating expenses	1,279,293	1,016,769	262,524
TOTAL	99,255,036	77,313,844	21,941,192

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 Report on Operations and the performance of item A (Value of production) in the Income Statement.

Personnel costs

This item includes all expenses for employees, including merit payments, changes in category, contingency payments, the cost of unused vacation time and provisions pursuant to legislation and collective 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	31/12/2023 TRADE	31/12/2022 TRADE	CHANGE
DANTE SRL	451,792	478,130	-26,338
STAR AG	439,733	361,631	78,102
STAR AG TAIWAN BRANCH	12,608	16,048	- 3,440
STAR CZECH S.R.O.	161,521	234,990	-73,469
STAR DEUTSCHLAND GMBH	10,669	11,042	- 373
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	5,161	15,619	-10,458
STAR EGYPT MIDDLE EAST LTD CAIRO	3,897	11,230	- 7,333
STAR GROUP AMERICA LLC	17,668	3,497	14,171
STAR GROUP SCANDINAVIA AB	3,440	6,843	- 3,403
STAR HUNGARY KFT	63,785	60,880	2,905
STAR INFORMATION ENGINEERING S.L.	39,066	65,822	-26,756
STAR Information Services & Tools S.R.L.	51,893	79,301	-27,408
STAR J&M FINNLAND OY	7,230	5,309	1,921
STAR JAPAN CO., LTD	122,591	77,654	44,937
STAR KOREA AG	23,779	41,176	-17,397
STAR POLAND	175,060	184,779	-9,719
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	216,707	222,802	- 6,095
STAR SERV.LINGUISTICOS LDA	119,350	108,934	10,416
STAR SERVICIOS LINGUISTICOS	2,845	10,302	- 7,457
STAR SOFTWARE INDONESIA	10,244	6,000	4,244
STAR SOFTWARE SHANGHAI CO. LTD	53,819	32,597	21,222
STAR SPB - RUSSIA	562	3,276	- 2,714
STAR TECHNOLOGY SOLUTIONS	653	383	270
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	343	7,587	- 7,244
STAR TURKEY INF.SERVICES LTD STI	8,513	4,148	4,365
STAR UK LIMITED	39,378	43,779	- 4,401
STAR VERTALINGEN BV	144	-	144
STAR VIETNAM TRANSLATION & SOFTWARE CO., LTD.	395	210	185
STAR PARIS	0	1,000	-1,000
	2,042,846	2,094,969	-52,123

C) Financial income and expenses

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
-2,957,298	-2,298,841	-658,457

Financial income

	31/12/2023	31/12/2022	CHANGE
Other financial income	112,159	87,353	24,806
TOTAL FINANCIAL INCOME	112,159	87,353	24,806

Most of the financial income (€106,329) is attributable to the Brazilian subsidiaries.

Breakdown of interest and other financial expense by type of debt

	31/12/2023	31/12/2022	CHANGE
Interest payable on current accounts, advances, factoring, others	471,958	189,616	282,342
Interest expenses on bonds/minibonds	1,281,580	1,276,911	4,669
Interest payable on loans	655,082	347,796	307,286
Interest payable on leases	108,720	87,199	21,521
Interest due to suppliers and other charges	152,412	58,482	93,930
Early payment discounts	469,503	427,391	42,112
TOTAL FINANCIAL EXPENSES	3,139,255	2,387,395	751,860

The increase was mainly due to the sharp rise in interest rates by the European Central Bank (ECB), which intervened six times in 2023, raising the rate for main refinancing operations from 2% at the end of 2022 to 4.50%.

Interest expenses on bonds/minibonds also include the accrued portion of the "success fee" paid in 2021 to banks.

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 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
0	0	0

No such instances occurred in 2023 or 2022.

Current, deferred and prepaid income taxes for the year

DESCRIPTION	31/12/2023	31/12/2022	CHANGE
Current taxes: IRES - IRAP - other taxes	1,403,336	1,491,932	-88,596
Prior year taxes	44,585	492,605	-448,020
(Deferred) tax assets	-269,139	-37,905	-231,234
TOTAL	1,178,782	1,946,632	-767,850

Taxes for the year have been recorded.

Taxes pertaining to the years before 31 December 2023 reflect discrepancies between the tax amounts declared in returns submitted after the closure of the 2022 accounts and those recorded in the corresponding financial statements. The sum of €492,605 as of 31 December 2022 is attributed to the tax amnesty for research and development (R&D) incentives (Legislative Decree 146/2021). This follows the Research and Development Activities Report conducted by STAR7, STAR7 Engineering, AD Studio and STAR7 Printing, which was prepared by the Department of Industrial Engineering (D.I.E.T.I.) at the Federico II University of Naples. It is worth noting that the first of three total instalments has already been paid as of 31 December 2023 (refer to the explanatory note on provisions for risks and charges for further details).

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:

- the "Total adjustments for non-monetary items that did not have a balancing entry in net working capital" includes, among other components, the provision for severance indemnities of the employees of CAAR S.p.A. and STI srl acquired by STAR7 by virtue of the leasing of business divisions (€1,273,118).

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

During the year, the following fees were paid to the members of the Board of Directors and the Board of Statutory Auditors of the Parent Company:

SHARES/QUOTAS	DIRECTORS	STATUTORY AUDITORS
Fees	893,282	29,750

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

Fees to the statutory auditor or independent auditors

In accordance with the law, the fees for the year for services provided to the Parent Company 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 on 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).

SHARES/QUOTAS	NUMBER	NOMINAL VALUE IN EURO
Ordinary Shares	8,999,752	without par value
	8,999,752	

In 2021 the Parent Company issued the following shares (Extraordinary Shareholders' Meeting of 29/11/2021 and Board of Directors' meeting of 20/12/2021):

SHARES ISSUED IN 2021 BY THE PARENT COMPANY BY CATEGORY	
DESCRIPTION	ORDINARY SHARES
Shares subscribed during the year, number	8,999,752
Shares subscribed during the year, par value	not indicated
Opening amount, number	
Closing amount, number	8,999,752
Opening amount, par value	
Closing amount, par value	not indicated

For the purpose of admission to listing on the Euronext Growth Milan market, the existing ordinary shares as at 31/12/2020 (500,000 with a unit value of €1.00) were cancelled as new ordinary shares were issued, dematerialised, with no indication of the par value.

On 20 December 2021, the Board of Directors subsequently resolved on a capital increase with the issue of 1,499,752 new ordinary shares, of which 429,752 subscribed by Kairos Partners SGR S.p.A. and 1,070,000 offered for placement on the market.

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 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%; as security, a pledge on 100% of the shares/shares of Localeyes Ltd. was issued, replaced in 2022 by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee.

These securities are listed on the Extra-MOT segment of the Italian Stock Exchange.

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

As security for the replayment of the minibonds issues in 2021, a pledge on 100% of the shares/shares of Localeyes Ltd. was issued, replaced in 2022 by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee.

Information on the fair value of financial derivatives

Pursuant to Article 2427-bis, first paragraph, Civil Code, we inform you that some Group Companies have entered into the following, unlisted, derivative financial contracts, of which the main characteristics and their fair value, recognised in the financial statements in accordance with accounting standard OIC 32, are summarised below.

Counterpart	Type	Purpose	Date of execution	Maturity date	Notional value	Fair value	
						Positive	Negative
Intesa Sanpaolo	Interest rate swap	Hedging	29/01/21	31/12/26	3,000,000	88,145	-
Unicredit	Interest rate swap	Hedging	18/11/20	30/09/26	1,900,000	46,457	-
Credit Agricole	Interest rate swap	Hedging	05/10/20	05/10/26	2,250,000	85,038	-
Intesa Sanpaolo	Interest rate swap	Hedging	03/02/20	31/01/25	850,000	4,242	-
					8,000,000	223,882	-

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

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

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

Transactions with related parties were 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 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 €451,792 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 associated companies are set out in the notes to the Income Statement as well as in the Report on Operations.

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

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

Information on significant events after the end of the financial year

No significant events occurred after the end of the year that could have significant capital, economic and financial effects on the consolidated financial statements as at 31/12/2023.

With regard to the developments in the bankruptcy proceedings of CAAR S.p.A. and STI srl, the Court of Turin, on 06/03/2024, pronounced the Judicial Liquidation Opening Judgement.

On 19/03/2024, a petition was filed, again before the Court of Turin, by the CAAR Group's attorneys, claiming the need for the opening of the Judicial Liquidation of STI srl. We are waiting for proceedings to be filed and a hearing to be scheduled.

It should be noted that, to date, the rental agreements of the Business Division signed with STAR7 remain in place and STAR7 is continuing its efforts to promote the most appropriate initiatives to preserve the continuity of the Business Division, in compliance with the primary objective of protecting the Group's Creditors and Customers.

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.

With a grant date falling in 2023, the Parent Company received the following benefits qualifying as "state aid":

Description/regulatory source	Date granted	Granting body	Regulation/communication	Aid element
Automatic tax measures and non-repayable grants in support of business and the economy (as amended by C(2022) 171 final on SA 101076)	31/05/23	Revenue Agency	TF Covid-19 - Section 3.1 of the Commission Communication of 19.03.2020 C(2020) 1863 final as amended	90,553
SupportItaly Guarantee	21/12/23	SACE S.P.A.	TF Ukraine Crisis - Section 2.2 of Commission Communication of 23.3.2022 C(2022) 1890 final as amended	2,000,000
Aid for technology transfer centres	21/11/23	COMPETENCE INDUSTRY MANUFACTURING 4.0	EC Reg. 651/2014 General Block Exemption (GBER) and following	362,680
Tax exemptions and tax credits used as a result of the economic crisis caused by the COVID-19 outbreak (with amendments resulting from decision SA. 62668 and Decision C(2022) 171 final on HS 101076)	07/04/23	Revenue Agency	TF Covid-19 - Section 3.1 of the Commission Communication of 19.03.2020 C(2020) 1863 final as amended	32,685

With a grant date falling in 2023, STAR7 Printing srl received the following benefits qualifying as "state aid":

Description/regulatory source	Date granted	Granting body	Regulation/communication	Aid element
Digitalisation and productive efficiency of enterprises; F.E.S.R. Piedmont Regional Programme 2021-2027 - Technological innovation for eco-friendly printing	20/12/23	Finpiemonte S.P.A.	EC Reg. 651/2014 General Block Exemption (GBER) and following	148,568

For a complete overview of State Aid, please refer to the National State Aid Register (at <https://www.rna.gov.it/RegistroNazionaleTrasparenza>).

Outlook for 2024

The evolution of the first months after 31/12/2023 confirms a good trend in operations, despite an international context complicated by recent geopolitical events. The outlook for the entire year 2024 points to the achievement of a net profit.

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

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

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

These consolidated financial statements, which comprise the balance sheet, income statement, cash flow statement and notes, present a true and fair view of the Company's financial position and results of operations for 2023, and correspond to the accounting records of the Parent Company and to the information provided by the businesses included in the consolidation.

Valle San Bartolomeo (Alessandria),
28 March 2024

Chairman of the Board of Directors
Lorenzo Mondo

INDEPENDENT AUDITOR'S REPORT

**to the Consolidated Financial Statements as at
31/12/2023**

STAR7 S.p.A.

Report of the independent auditors
pursuant to art. 14 of Legislative Decree
no. 39 of 27 January 2010

Consolidated financial statements as at 31 December 2023

ABNG/LZZI/Abro-RC085002023BD1600





Tel: +39 011 56.28.264
www.bdo.it

C.so Re Umberto, 9/bis
10121 Turin

Report of the independent auditors

pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of
Star7 S.p.A.

Report on the audit of the consolidated financial statements

Judgment

We have audited the accompanying consolidated financial statements of Star7 Group (the Group), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated statement of income, the consolidated statement of cash flows for the year then ended, and the related notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of its results of operations and its cash flows for the year then ended in accordance with Italian regulations governing the criteria for their preparation.

Elements underlying the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for Auditing the Consolidated Financial Statements* section of this report. We are independent of Star7 S.p.A. in accordance with the rules and principles on ethics and independence applicable in Italian law to the auditing of financial statements.

We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

Responsibility of the directors and the Board of Statutory Auditors for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Italian law governing the criteria for their preparation and, within the terms of the law, for that part of the internal control they consider necessary to enable the preparation of financial statements that do not contain material misstatements, whether due to fraud or unintentional conduct or events.

The directors are responsible for assessing the Group's ability to continue to operate as a going concern and, in preparing the consolidated financial statements, for the appropriateness of the use of the going concern assumption, as well as for adequate disclosure in this regard. The directors use the going concern assumption in preparing the consolidated financial statements unless they have assessed that the conditions exist for the liquidation of the parent company Star7 S.p.A. or for discontinuing operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for supervising, within the terms of the law, the process of preparing the Group's financial reports.

Bari, Bologna, Brescia, Cagliari, Florence, Genoa, Milan, Naples, Padua, Palermo, Rome, Turin, Verona

BDO Italia S.p.A. - Registered Office: Viale Abruzzi, 94 - 20131 Milan - Share Capital Euro 1,000,000 fully paid up.
Tax ID Code, VAT number and Milan Company Register no. 07722780967 - R.E.A. Milan 1977842
Entered in the Register of Auditors at no. 167911 with Ministerial Decree of 15/03/2013 G.U. no. 26 of 02/04/2013
BDO Italia S.p.A., an Italian joint-stock company, is a member of BDO International Limited, a company limited by guarantee under English law, and is part of the international BDO network of independent companies.



Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement, whether due to fraud or unintentional conduct or events, and to issue an audit report that includes our opinion. Reasonable assurance is defined as a high level of assurance that an audit performed in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement, if any. Errors may arise from fraud or from unintentional conduct or events and are considered significant when they can reasonably be expected, either individually or collectively, to influence the economic decisions made by users on the basis of the consolidated financial statements.

As part of an audit performed in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgment and maintained professional scepticism throughout the audit. Also:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements due to fraud or unintentional conduct or events; we defined and performed audit procedures in response to these risks; we have obtained sufficient and appropriate evidence on which to base our opinion. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional conduct or events, as fraud may involve collusion, falsification, intentional omissions, misrepresentation, or forcing of internal control;
- we have obtained an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we assessed the appropriateness of the accounting policies used as well as the reasonableness of the accounting estimates made by the directors, including the related disclosures;
- we have reached a conclusion on the appropriateness of the directors' use of the going concern assumption and, based on the evidence obtained, on whether there is any material uncertainty about events or circumstances that may cast significant doubt about the Group's ability to continue as a going concern. If there is a material uncertainty, we are required to draw attention in the audit report to the relevant financial statement disclosures or, if such disclosures are inadequate, to reflect that fact in the formulation of our opinion. Our conclusions are based on the evidence obtained through the date of this report. However, subsequent events or circumstances may result in the Group ceasing to operate as a going concern;
- we evaluated the presentation, structure, and content of the consolidated financial statements as a whole, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that provides a fair presentation.
- we have obtained sufficient and appropriate evidence on the financial information of the businesses or the different economic activities carried out within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, oversight and performance of the Group's audit engagement. We are solely responsible for our audit opinion on the consolidated financial statements.

We communicated to those responsible for governance activities, identified at an appropriate level as required by ISA Italy, among other matters, the planned scope and timing of the audit and the significant findings that arose, including any significant deficiencies in internal control identified during the audit.



Report on other statutory and regulatory requirements

Judgment pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10

The directors of Star7 S.p.A. are responsible for the preparation of the Star7 Group's report on operations as of 31 December 2023, including its consistency with the related consolidated financial statements and its compliance with legal requirements.

We have performed the procedures indicated in Auditing Standard (SA Italy) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Star7 Group as at 31 December 2023, and on their compliance with legal requirements, as well as to issue a statement on any significant errors.

In our opinion, the report on operations referred to above is consistent with the Star7 Group's consolidated financial statements for the year ended 31 December 2023, and has been prepared in accordance with the requirements of the law.

With reference to the statement pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired during the audit, we have nothing to report.

Turin, 12 April 2024

BDO Italia S.p.A.

Anna Maria Bongiovanni
Partner

REPORT ON OPERATIONS

accompanying the Financial Statements as at 31/12/2023

Dear Shareholders,
the year ended on 31/12/2023 shows
a profit equal to:

€614,175
(€4,095,010 as at 31/12/2022)

1

Operating conditions and business development

STAR7 provides an integrated range of product-information services, from product and process engineering support to the creation and management of technical and marketing content, translation, printing and virtual experience. Pursuant to art. 2428, we inform that the activities are carried out at the head office in Alessandria (Valle San Bartolomeo), and at the local units in Asti, Turin, Maranello, La Spezia, Lugo, Grugliasco and San Rocco al Porto. From January 2023, following the finalisation of the business lease agreement for C.A.A.R S.p.A. and STI S.r.l. on 31/12/2022, an office in Bolzano was operational. In legal terms, the Parent Company STAR7 S.p.A. directly or indirectly controls the following companies, which carry out activities that are functional for the Group's core business:

Name	Registered office	Currency	Share capital in foreign currency	Shareholding	Share held in %	Interest in %	Service Lines
STAR7 PRINTING S.R.L.	Asti - Italy	Euro	10,000	Direct	60%	60%	Printing
STAR COMUNICAÇÃO E SERVIÇOS LTDA	Belo Horizonte, Brazil	Real	1,448,205	Direct	75%	75%	Printing, Product Knowledge
CAL COMUNICAÇÃO LTDA	Belo Horizonte, Brazil	Real	500,000	Direct	75%	75%	Printing
STAR USA LLC	DOVER - DELAWARE - U.S.A.	USD	5,000	Direct	100%	100%	Global Content, Product Knowledge
STAR7 USA LLC	TROY - MICHIGAN - U.S.A.	USD	890	Indirect	100%	100%	Global Content
STAR7 ALBANIA SHPK	Tirana - Albania	Lek	500,000	Direct	100%	100%	Global Content, Product Knowledge
STAR7 GMBH	Linz - Austria	Euro	35,000	Direct	100%	100%	Global Content, Product Knowledge
LOCALEYES LTD	Cork - Ireland	Euro	-	Direct	100%	100%	Global Content, Product Knowledge
LOCALEYES TIRANA	Tirana - Albania	Lek	-	Indirect	100%	100%	Global Content, Product Knowledge
LOCALEYES MADRID	Madrid - Spain	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
LOCALEYES AMSTERDAM	Amsterdam - Netherlands	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
LOCALEYES MADRID	Helsinki - Finland	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
LOCALEYES USA	San Francisco - California U.S.A.	USD	-	Indirect	100%	100%	Global Content, Product Knowledge

2

Operating performance

The financial year 2023 reaffirms STAR7's consistent trajectory of growth, highlighting the organic aspect, which is increasingly associated with cross-selling, as well as expansion through M&A.

Two extraordinary transactions with different strategic objectives were carried out during the year.

The first transaction, which took place on 31/12/2022, was the lease of the CAAR Group Business Division. This includes CAAR S.p.A., which has its registered office in Turin, along with its international subsidiaries in Brazil and Serbia, in which rights akin to in rem rights were acquired, as well as the subsidiary STI s.r.l., which is based in Bolzano.

The aim of this transaction is to enhance the Engineering Service Line by acquiring significant expertise in process engineering, especially within the Automotive, Aerospace & Defence, Railway, Agriculture, Energy, Logistics, Infrastructure, and Electronics sectors, both in Italy and internationally.

The leases that commenced on 1 January 2023 encompass a significant portfolio of clients, with an estimated revenue of approximately €15 million in 2022, and include employment agreements for about 320 staff members, the majority of whom are engineers. The expertise and client base of the CAAR Group are both synergistic and complementary to those of the STAR7 Group.

This acquisition has bolstered the service offerings of the Engineering Service Line in both the European and Latin American markets, reinforcing STAR7 Group's strategic standing with its clientele and laying the groundwork for future growth across all its operational markets. The integration process of the CAAR Group involved strong cost reduction activities along two main lines: the first involved identifying synergies between functions and working significantly on reducing inefficiencies and workforce saturation already present when the business division was leased; the second involved rationalising redundant costs in terms of operational structures, external supplies and offices.

This integration process inevitably caused a temporary drop in the STAR7 Group's overall margins; however, an improvement in this margin is already evident in the second half of 2023, which has been further confirmed in the first months of 2024. This integration process is expected to be completed by Q1 2024.

By moving upstream in the product information value chain and embracing strategic engineering activities even more strongly from now on, the Integrale7 approach will be further enhanced, consolidating the partnership with our customers as a single provider of a range of closely related services.

The second transaction consisted of the Merger by Incorporation of Vertere s.r.l. (a company operating in the language services sector), which was wholly acquired in July 2022 and operationally integrated within the STAR7 Group. Vertere's workforce has been fully integrated into the Global Content Service Line. The merger was conducted in order to simplify the corporate structure and seek further efficiencies.

In macroeconomic and geopolitical terms, the STAR7 Group was not affected despite the escalation of the conflict in Ukraine and the Israeli-Palestinian war. The wide range of services provided, the significant diversification across various sectors, and the global presence enable STAR7 to maintain its trajectory of organic growth across all regions.

Within the STAR7 Group, LocalEyes stands out, having confirmed the anticipated turnover and EBITDA figures, while the group's operations in Brazil have seen a significant increase in turnover, reaching nearly R 96 million.

Sales distribution shows Italy as the leading market, accounting for 53.2% (55.8% in 2022), followed by the USA with 22.8% (28.2% in 2022), and then Brazil with 17.1% (8.7% in 2022). This indicates that the STAR7 Group is persistently advancing its internationalisation strategy, progressively adopting the structure and characteristics of a multinational corporation.

Geographical breakdown of Group revenues	2023FY	2022FY
Italy	53.2%	55.8%
USA	22.8%	28.2%
Brazil	17.1%	8.7%
Rest of the World	6.9%	7.3%

The increase in revenues achieved in 2023 was fuelled both by the consolidation of the acquired companies and by organic growth, thanks to new customer acquisitions, the strengthening of the existing portfolio through cross-selling, and the offering of higher value-added services.

Service lines as % of revenues	2023FY	2022FY
Engineering	19.6%	2.5%
Global Content	35.9%	46.3%
Experience and Product Knowledge	29.0%	33.4%
Printing	15.5%	17.8%

In the financial year 2023, the EBITDA of the STAR7 Group reached €14.6 million, compared to €15.5 million in 2022, and an EBITDA adj (where the integration costs of the CAAR Group are excluded) of €16.0 million.

The temporary drop in margins is mainly attributable to the integration and rationalisation process of the CAAR group, which also involved the absorption of production inefficiencies, which were already present at the time the division was leased.

The EBITDA Margin reached 14.0%, while the EBITDA Margin ADJ, which partly excludes these inefficiencies, stood at 15.3%.

Cost-cutting activities will continue in 2024, further increasing the share of operational activities entrusted to the subsidiaries STAR7 Albania and LocalEyes Albania.

At 31 December 2023, the STAR7 Group's **Net Financial Position** showed debt of €37.8 million, an increase of €2.7 million compared to the figure at the end of 2022.

It is noted that the increase in absolute value of the debt position is due to the following reasons:

- a significant growth in working capital against a significant increase in revenue of 25.4%;
- the seasonality of the invoicing of some of STAR7 S.p.A.'s main Italian customers, which resulted in the concentration of approximately €20 million in revenues in the last two months of 2023, with the consequent postponement of collections to the early months of 2024;
- the company's decision to avoid the costs of non-recourse factoring (used in December 2022 for an amount of approximately €3 million).

The company is in a balanced situation, having the liquidity available to continue its development path, which includes both internal growth but also further activities in the M&A area, for which possible target companies have already been identified.

These financial statements include the costs and revenues of the merged company Vertere from 01/01/2023 to 31/12/2023

3

STAR7 Stock Performance

The STAR7 share was introduced to the Euronext Growth Milan market on 23 December 2021, with an initial offering price of €8.25.

In 2023, the share price of STAR7 fell by 10.6% from €8.50 on 29 December 2022 to €7.60 on 29 December 2023. Throughout the year, there was a significant fluctuation, reaching a peak of €9.78 on 6 February and dropping to a low of €6.15 on 27 November.

The stock's positive trajectory at the start of 2023, reaching its peak in February, corroborates that the market responded favourably to the announcement made at the end of 2022 regarding the leasing of CAAR Group's business division.

The 2022 Financial Statements, released on 28 March 2023, confirmed a robust foundation, notably surpassing the €15 million Adjusted EBITDA benchmark. This milestone had been established as a criterion for the cancellation of the PAS, the special shares held by majority shareholders.

The downturn experienced by the stock is, to some extent, indicative of the widespread disenchantment among investors with so-called small caps – securities with lower capitalisation – which may suffer from limited liquidity during volatile market periods, such as those seen in 2023.

Another factor that could have had a detrimental effect is the ECB's persistent increase in interest rates throughout 2023: This phenomenon impacts not only the debt burden of companies but also their stock market valuations, as future cash flows are discounted at higher rates within valuation models.

To enable the stock market to make an informed evaluation, STAR7 consistently engaged in active dialogue with investors throughout the year. The company organised two earnings calls: the first coincided with the release of the 2022 Annual Results on 28 March 2023, and the second with the publication of the Half-Year Results for 2023 on 26 September. Management also took part in a roadshow at the financial centre in Milan and attended two Investor Conferences, one in Milan and the other in Paris. Additionally, they hosted analysts and portfolio managers at the company's offices in Maranello, with the aim of offering the financial community a more comprehensive and current insight into the business.

Research and development activities

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

In 2023, as partially detailed in the Parent Company's previous Report on Operations, the STAR7 Group finalised the research and development projects initiated over the past five years. These projects qualify for grants under Article 3 of the Decree No. 174 dated 29 May 2015, issued by the Ministry of Economy and Finance, in accordance with Decree Law No. 145/2013, which was later converted into Law No. 190/2014. This marks the completion of a significant phase of innovation that is now ready to be launched into the market.

The burgeoning technology of generative artificial intelligence epitomises the present challenge in research and development (R&D) and experimentation that STAR7 is set to tackle through its new 7AI division. This initiative is part of the company's commitment to digitally transform its entire range of services.

Operating performance in the sectors in which the Group operates

As far as your company is concerned, the past financial year must be regarded as positive, as can be seen from the numbers shown below.

4

Summary of financial statements (figures in Euros)

	31/12/2023	31/12/2022	Change
Revenues from sales and services	64,067,457	52,872,904	11,194,553
Value of production	64,521,449	54,050,456	10,470,993
Gross Operating Margin (M.O.L. or Ebitda)	3,411,211	5,518,968	-2,107,757
Operating income (EBIT)	395,300	3,070,021	-2,674,721
Profit (loss) before taxes	436,657	4,948,142	-4,511,485
Profit (loss) after taxes	614,175	4,095,010	-3,480,835
Fixed assets	50,829,933	44,144,787	6,685,146
Total net equity	27,471,794	26,997,260	474,534
Net financial position	-35,828,742	-36,610,039	781,297

The change in the net financial position reflects the year's performance, which saw a significant increase in turnover.

Main income data

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

	31/12/2023	31/12/2022	change
Net revenues	64,067,457	52,872,904	11,194,553
External costs	-33,782,606	-29,355,684	-4,426,922
Value added	30,284,851	23,517,220	6,767,631
Personnel costs	-27,300,411	-19,039,960	-8,260,451
EBITDA	2,984,440	4,477,260	-1,492,820
Amortisation, depreciation, write-downs and other provisions	-3,015,911	-2,510,737	-505,174
EBIT	-31,471	1,966,523	-1,997,994
Non-recurring income	426,770	1,103,498	-676,728
Financial income and charges	41,357	1,878,121	-1,836,764
Profit (loss) before non-recurring items	436,657	4,948,142	-4,511,485
Revaluations and write-downs	0	0	0
Profit before tax	436,657	4,948,142	-4,511,485
Income Taxes	177,518	-853,132	1,030,650
Net profit (loss)	614,175	4,095,010	-3,480,835

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

	31/12/2023	31/12/2022
ROE (Return On Equity)	2.2%	15.2%
ROI (Return On Invested Capital)	0.6%	4.8%
ROE (Return On Sales)	0.6%	5.8%

Main balance sheet data

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

	31/12/2023	31/12/2022	CHANGE
Net intangible fixed assets	9,385,886	6,176,310	3,209,576
Net property, plant and equipment	1,441,958	1,362,186	79,772
Equity investments and other financial assets	39,944,975	36,606,291	3,338,684
Fixed assets (A)	50,772,818	44,144,787	6,628,031
Inventories	437,927	172,821	265,106
Trade receivables	28,848,598	24,513,208	4,335,390
Receivables from subsidiaries	3,727,573	7,701,384	-3,973,811
Receivables due from associated companies	184,593	153,649	30,944
Tax credits and other receivables	3,811,966	3,995,576	-183,610
Deferred tax assets	371,354	113,874	257,480
Accrued income and prepaid expenses	1,442,470	1,742,177	-299,707
Short-term operating assets (B)	38,824,481	38,392,689	431,792
Trade payables	-5,457,279	-4,964,325	-492,954
Payables to subsidiaries	-6,504,025	-2,415,674	-4,088,351
Payables to associated companies	-394,263	-669,672	275,409
Payments on account	-	-	-
Tax and social security payables	-2,431,999	-1,661,160	-770,839
Other payables	-2,820,745	-2,267,296	-553,449
Accrued expenses and deferred income	-1,831,476	-1,793,127	-38,349
Short-term operating liabilities (C)	-19,439,786	-13,771,254	-5,668,532
Net working capital (B-C=D)	19,384,695	24,621,435	-5,236,740
Employee severance indemnity	-6,093,506	-4,225,228	-1,868,278
Taxes and social security payables (beyond the next financial year)	-	-	-
Other medium- and long-term liabilities	-763,471	-933,695	170,224
Medium/long-term liabilities (E)	-6,856,977	-5,158,923	-1,698,054
Invested capital (A+D-E)	63,300,536	63,607,299	-306,763
Net equity	-27,471,794	-26,997,260	-474,534
Short-term net financial position	-11,562,727	-4,532,072	-7,030,655
Medium/long-term net financial position	-24,266,016	-32,077,967	7,811,952
Equity and net financial debt	-63,300,536	-63,607,299	306,763

Report on operations, accompanying the financial statements as at 31/12/2023

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

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

	31/12/2023	31/12/2022
Primary structural margin (equity-fixed assets)	-23,301,024	-17,147,527
Primary structural quotient (capital/fixed assets)	0.54	0.61
Secondary structural margin (permanent sources of capital / fixed assets)	7,821,969	20,089,363
Secondary Structure Quotient	1.15	1.46

Financial highlights

The net financial position at 31/12/2023 is as follows (in Euros):

	31/12/2023	31/12/2022	CHANGE
Bank deposits	5,496,695	12,689,867	-7,193,172
Cash and other valuables on hand	1,201,960	4,255	1,197,705
Cash on hand	6,698,655	12,694,122	-5,995,467
Current financial assets	0	0	0
Due to banks (within one year)	-7,962,184	-11,529,061	3,566,877
Payables due to other financial institutions (within one year)	-1,765,856	-1,530,466	-235,390
Financial receivables (due within the next financial year)	0	0	0
Financial debts and obligations (due within the next financial year)	-8,533,341	-4,166,667	-4,366,674
Short-term financial payables	-18,261,381	-17,226,194	-1,035,187
Short-term net financial position	-11,562,727	-4,532,072	-7,030,655
Due to banks (beyond the next financial year)	-7,918,528	-9,478,778	1,560,250
Due to other financial institutions (beyond the subsequent year)	0	-1,765,856	1,765,856
Financial receivables (beyond one year)	57,115	0	57,115
Financial debts and obligations (due after the next financial year)	-16,404,602	-20,833,333	4,428,731
Medium/long-term net financial position	-24,266,016	-32,077,967	7,811,952
Net financial position	-35,828,742	-36,610,039	781,297

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

	31/12/2023	31/12/2022
Primary liquidity	1.20	1.64
Secondary liquidity	1.21	1.65
Indebtedness (Financial debt/equity)	1.55	1.83
Coverage rate of fixed assets	1.02	1.34
Net financial debt/equity	1.30	1.36
EBITDA/net financial expense	1.39	3.09
Net financial debt/Ebitda	10.50	6.63

The primary liquidity ratio was 1.20. The Company's current financial position is to be considered good.

The secondary liquidity ratio was 1.21. The value assumed by the net working capital is certainly satisfactory in relation to the amount of current payables.

The debt ratio was 1.55. The amount of debt is considered appropriate in relation to existing equity.

The coverage ratio of fixed assets of 1.02 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 Company does not engage in polluting industrial processes.

Staff

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

During the year, there were no serious accidents at work involving serious or very serious injuries to personnel listed in the register of employees.

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

5

Investments

During the year, investments were made in the following areas:

Fixed assets	Acquisitions during the year
Land and buildings	69,017
Plant and machinery	3,803
Industrial and commercial equipment	8,039
Other assets	447,672
TOTAL	528,531

6

Relations with subsidiary, associated, parent and sister companies

The following table shows the data from the latest approved financial statements of the subsidiaries, understood to be those companies in which STAR7 Spa holds the majority of votes that can be exercised at the Shareholders' Meeting (Article 2359 of the Civil Code)

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the last financial year in €	Net equity in €	Share held in %	Book value or corresponding receivable	Shareholders' equity in € pro-quota
STAR7 PRINTING S.R.L.	ASTI	01495260059	10,000	344,290	1,010,416	60%	6,000	606,250
LOCALEYES LTD	CORK (IRELAND)		1,376,453	4,719,827	6,434,871	100%	33,982,013	6,434,871
STAR7 AUSTRIA GMBH	LINZ (AUSTRIA)	ATU71651312	35,000	-58,769	67,784	100%	199,350	67,784
STAR ALBANIA SHPK	TIRANA (ALBANIA)		4,106	6,162	38,034	100%	4,143	38,034
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE (BRAZIL)		320,704	1,215,128	4,623,672	75%	379,679	3,467,754
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE (BRAZIL)		110,725	-8,100	-127	75%	122,228	-95
STAR USA LLC	USA		6,114	-236,911	-376,859	100%	292,474	-376,859
ABACAAR DOO	KRAGUJEVAC (SERBIA)		10	15,625	76,737	1%	12,881	767
							34,998,768	10,238,506

Report on operations, accompanying the financial statements as at 31/12/2023

Techworld Language Services Inc. and The Geo Group, indirectly controlled through STAR USA LLC, which holds 100% of the share capital, should be added to this list.

Below are the figures for the associated company IAMDEV S.t.p. SRL, a strategic software company:

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital in €	Profit (loss) for the last financial year in €	Net equity in €	Share held in %	*Book value or corresponding receivable
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	130,500
							130,500

The company has had the following dealings with subsidiaryGroup companies:

	RECEIVABLES AS AT 31/12/2023			PAYABLES AS AT 31/12/2023			COSTS as at 31/12/2023	REVENUES as at 31/12/2023
	Financial	Trade	Total	Financial	Trade	Total		
STAR USA LLC	4,468,633	1,682,072	6,150,705	473,213	25,487	498,700	5,573	1,678,589
STAR ALBANIA	601,291	202,739	804,030	-	222,863	222,863	1,274	124,651
STAR COMUNICAÇÃO E SERVIÇOS LTDA	955,981	31,793	987,774	-	779	779	779	25,590
LOCALEYES LTD	-	232,031	232,031	3.950.00	25,224	3,975,224	58,983	463,876
STAR GMBH - AUSTRIA	-	862	862	-	53,300	53,300	157,040	7,233
STAR7 PRINTING SRL	-	29,899	29,899	-	1,753,159	1,753,159	7,719,600	16,777
C.A.A.R. DO BRASIL	-	-	-	-	-	-	2,040	-
ABACAAR DOO	-	-	-	-	-	-	230,629	-
TECHWORLD	-	-	-	-	-	-	52,504	-
	6,025,905	2,179,396	8,205,301	4,423,213	2,080,812	6,504,025	9,501,868	2,316,715

The company had the following relationships with associated Group companies:

	Other	Trade	Costs	Revenues
STAR AG	31,078	48,856	439,733	213,171
STAR DEUTSCHLAND GMBH	40,038	10,669	10,669	123,568
STAR PARIS	10,026	9,600	-	56,965
STAR TECHNOLOGY SOLUTIONS	5,970	223	653	15,880
STAR Software, Translation, Artwork, Recording GmbH	59,441	-	-	33,442
STAR JAPAN CO., LTD	1,625	24,483	122,591	18,575
STAR UK LIMITED	-154	10,039	39,378	915
STAR SA	4,706	35	-	46,606
STAR GROUP SCANDINAVIA AB	4,691	174	3,440	15,060
STAR GROUP AMERICA, LLC	-777		17,668	55,601
STAR CZECH S.R.O.	-118	35,499	161,521	8,682
STAR SERVICIOS LINGUISTICOS SLU	30	120	2,845	1,308
STAR HUNGARY KFT	223	15,513	63,785	-
DANTE SRL	404	2,600	451,792	79
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	27,410	79,412	216,707	-
STAR POLAND	-	23,259	175,060	-
IAMDEV	-	22,323	-	-
STAR SERV.LINGUISTICOS LDA	-	44,072	119,350	-
STAR INFORMATION ENGINEERING S.L.	-	5,321	39,066	-
STAR SOFTWARE SHANGHAI CO. LTD	-	23,462	53,819	-
STAR EGYPT MIDDLE EAST LTD CAIRO	-	1,461	3,897	-
STAR Information Services & Tools S.R.L.	-	15,821	51,893	-
STAR KOREA AG	-	4,894	23,779	-
STAR SPB - RUSSIA	-	562	562	-
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	-	164	343	-
STAR AG TAIWAN BRANCH	-	2,360	12,608	-
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	-	1,431	5,161	-
STAR SOFTWARE INDONESIA	-	1,453	10,244	-
STAR TURKEY INF.SERVICES LTD STI	-	8,513	8,513	-
STAR J&M FINNLAND OY	-	1,687	7,230	59
STAR CO., LTD	-	257	-	-
STAR VERTALINGEN BV	-	-	144	-
STAR VIETNAM TRANSLATION & SOFTWARE CO., LTD.	-	-	395	-
	184,593	394,263	2,042,846	589,913

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

7

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

Credit risk

The company's receivables are carefully monitored, and the credit risk is deemed to be covered by the related provision of €376,847.

Liquidity risk

Note:

- lines of credit exist to meet liquidity needs;
- the company holds deposits with credit institutions to meet liquidity needs;
- there are no significant concentrations of liquidity risk on either the side of financial assets or sources of funding.
- Collection terms are adjusted to payment terms

Market risk

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

- interest rate risk
- price risk
- exchange rate risk

Given the limited risks, the company has no hedging activities in place.

Key risks are continuously monitored by the Chairman of the Board of Directors. It should be underlined that as at the closing date of these Financial Statements, the Company did not hold any of its own shares and/or shares and quotas of parent companies, including through trust companies or third parties.

Information on own shares

It should be underlined that as at the closing date of these Financial Statements, the Company did not hold any of its own shares and/or shares and quotas of parent companies, including through trust companies or third parties.

8

Outlook

Activity in the first few months of this year confirms a trend in line with last year and the prospect of a positive result.

9

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 Company has an adequate organisational chart, also in view of the planned listing, and has adequate instruments for the constant monitoring of corporate activities, the economic and financial performance and a management control system. The indicators relating to negative or below-par shareholders' equity and the DSGR (Debt Service Coverage Ratio) do not reveal any critical aspects.

We thank you for the trust you have placed in us and invite you to approve the financial statements as presented.

Valle San Bartolomeo, 28/3/2024
Chairman of the Board of Directors
Lorenzo Mondo

SEPARATE FINANCIAL STATEMENTS

as at 31/12/2023

REGISTRY DETAILS	
HEADQUARTERS IN	ALESSANDRIA
TAX IDENTIFICATION NUMBER	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

1

Balance sheet

Assets

	31/12/2023	31/12/2022
B) FIXED ASSETS		
I - INTANGIBLE FIXED ASSETS		
1) Start-up and expansion costs	844,611	392,855
3) Industrial patent rights and intellectual property rights	0	0
4) Industrial patents and intellectual property rights	1,348,587	1,425,554
5) Goodwill	2,044,665	1,416,538
6) Assets under development/construction and payments on account	473,929	34,650
7) Others	4,674,094	2,906,713
TOTAL INTANGIBLE ASSETS	9,385,886	6,176,310
II - PROPERTY, PLANT AND EQUIPMENT		
1) Land and buildings	815,249	763,685
2) Plant and machinery	15,629	16,110
3) Industrial and commercial equipment	13,237	8,656
4) Other assets	597,843	573,735
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,441,958	1,362,186
III - FINANCIAL FIXED ASSETS		
1) Equity investments in		
a) subsidiaries	34,998,768	35,786,837
b) associated companies	130,500	130,500
TOTAL EQUITY INVESTMENTS	35,129,268	35,917,337
2) Receivables		
a) from subsidiaries		
due within the next financial year	4,477,728	187,716
Total receivables from subsidiaries	4,477,728	187,716
d bis) from others		
due after the next financial year	118,339	97,859
Total receivables from others	118,339	97,859
Total receivables	4,596,066	285,575
3) other instruments	57,115	-
4) financial derivative instrument assets	219,640	403,379
TOTAL FINANCIAL FIXED ASSETS	40,002,090	36,606,291
TOTAL FIXED ASSETS (B)	50,829,933	44,144,787

	31/12/2023	31/12/2022
C) CURRENT ASSETS		
I - Inventory		
4) Finished products and goods	154,174	121,984
5) Payments on account	283,753	50,837
Total inventories	437,927	172,821
II - RECEIVABLES		
1) from customers		
due within the next financial year	28,848,598	24,513,208
Total trade receivables	28,848,598	24,513,208
2) from subsidiaries		
due within the next financial year	3,727,573	7,701,384
Total receivables from subsidiaries	3,727,573	7,701,384
3) from associates		
due within the next financial year	184,593	153,649
Total receivables from associated companies	184,593	153,649
5-bis) tax receivables		
due within the next financial year	1,447,156	1,571,685
Total tax receivables	1,447,156	1,571,685
5-ter) Deferred tax assets/liabilities	371,354	113,874
5-quater) from others		
due within the next financial year	2,364,810	2,423,891
Total receivables from others	2,364,810	2,423,891
TOTAL RECEIVABLES	36,944,084	36,477,691
IV - CASH AND CASH EQUIVALENTS		
1) Bank and postal deposits	5,496,695	12,689,867
3) Cash and cash equivalents	1,201,960	4,255
TOTAL CASH AND CASH EQUIVALENTS	6,698,655	12,694,122
TOTAL CURRENT ASSETS (C)	44,080,666	49,344,634
D) PREPAYMENTS AND ACCRUED INCOME	1,442,470	1,742,177
TOTAL ASSETS	96,353,069	95,231,598

Liabilities

	31/12/2023	31/12/2022
A) NET EQUITY		
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		
Extraordinary reserve	12,725,340	8,630,329
Capital contributions	2,846	2,846
Merger surplus reserve	1,105,815	1,105,815
Misc. other reserves	409,324	409,324
TOTAL OTHER RESERVES	14,243,325	10,148,314
VII - Reserve for transactions to hedge expected cash flows	166,927	306,568
IX - Profit (loss) for the year	614,175	4,095,010
TOTAL NET EQUITY	27,471,794	26,997,260
B) PROVISIONS FOR RISKS AND CHARGES		
1) For pensions and similar obligations	282,930	218,930
2) For taxes, including deferred taxes	66,139	172,160
3) Financial derivative liabilities	-	56,291
4) others	414,402	542,605
TOTAL PROVISIONS FOR RISKS AND CHARGES	763,471	933,695
C) EMPLOYEE SEVERANCE INDEMNITY		
	6,093,506	4,225,228

	31/12/2023	31/12/2022
D) PAYABLES		
1) Bonds		
due within the next financial year	4,034,563	4,166,667
due after the next financial year	16,404,602	20,833,333
Total bonds	20,439,165	25,000,000
4) Borrowings from banks		
due within the next financial year	12,460,962	11,529,061
due after the next financial year	7,918,528	9,478,778
Total due to banks	20,379,490	21,007,839
5) Borrowings from other lenders		
due within the next financial year	1,765,856	1,530,466
due after the next financial year		1,765,856
Total borrowings from other lenders	1,765,856	3,296,322
7) Trade payables		
due within the next financial year	5,457,279	4,964,325
Total trade payables	5,457,279	4,964,325
9) Payables to subsidiaries		
due within the next financial year	6,504,025	2,415,674
Total payables to subsidiaries	6,504,025	2,415,674
10) Payables to associated companies		
due within the next financial year	394,263	669,672
Total payables to associated companies	394,263	669,672
12) Tax payables		
due within the next financial year	856,663	477,929
Total taxes payable	856,663	477,929
13) Due to social security institutions		
due within the next financial year	1,575,336	1,183,231
Total payables to social security institutions	1,575,336	1,183,231
14) Other payables		
due within the next financial year	2,820,745	2,267,296
Total other payables	2,820,745	2,267,296
TOTAL PAYABLES	60,192,822	61,282,288
E) ACCRUALS AND DEFERRALS		
	1,831,476	1,793,127
TOTAL LIABILITIES	96,353,069	95,231,598

2

Income Statement

Income Statement

	31/12/2023	31/12/2022
A) VALUE OF PRODUCTION		
1) revenues from sales and services	64,067,457	52,872,904
2) Changes in product inventories work in progress, semi-finished and finished products	27,222	74,054
5) Other revenues and income		
grants related to income	135,643	522,881
others	291,127	580,617
Total other revenues and income	426,770	1,103,498
TOTAL VALUE OF PRODUCTION	64,521,449	54,050,456
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods	1,370,166	987,406
7) for services	29,885,818	26,557,103
8) leases and rentals	1,814,530	1,135,597
9) personnel		
a) wages and salaries	19,230,527	13,610,250
b) social security contributions	5,907,438	4,127,089
c) employees' leaving entitlement	1,204,510	1,173,127
e) other costs	957,937	129,494
Total personnel costs	27,300,411	19,039,960
10) Amortisation, depreciation and write-downs		
a) amortisation	2,614,751	2,080,222
b) depreciation	337.161	304.725
d) write-downs of receivables included in current assets and of cash and cash equivalents	-	61,790
Total amortisation, depreciation and write-downs	2,951,912	2,446,737
11) changes in inventories of raw materials, supplies, consumables and goods	32,683	(30,646)
12) Provisions for risks	64,000	64,000
14) Sundry operating expenses	706,631	780,278
TOTAL COSTS OF PRODUCTION	64,126,150	50,980,435
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	395,300	3,070,021

	31/12/2023	31/12/2022
C) FINANCIAL INCOME AND EXPENSES		
15) Income from shareholdings		
from subsidiaries	2,475,149	3,685,684
Total income from equity investments	2,475,149	3,685,684
16) Other financial income		
d) income other than the above		
from subsidiaries	1,235	-
others	5,808	1,631
Total income other than the above	7,043	1,631
Total other financial income	7,043	1,631
17) Interest and other financial expenses		
others	2,458,754	1,785,002
Total interest and other financial expenses	2,458,754	1,785,002
17-bis) exchange gains and losses	17,920	(24,192)
TOTAL FINANCIAL INCOME AND EXPENSE (15 + 16 - 17 + - 17-BIS)	41,357	1,878,121
PROFIT (LOSS) BEFORE TAX (A - B + - C + - D)	436,657	4,948,142
20) Current, deferred and prepaid income taxes for the period		
current taxes	97,300	351,719
prior year taxes	44,585	492,605
Deferred tax assets and liabilities	(319,403)	8,808
Total current and deferred income tax assets and liabilities	(177,518)	853,132
21) Consolidated net income (loss) for the year	614,175	4,095,010

3

Cash Flow Statement, indirect method

Cash flow statement, indirect method

	31/12/2023	31/12/2022
A) CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	614,175	4,095,010
Income Taxes	(177,518)	853,132
Interest expense/(income)	2,451,712	1,783,371
(Dividends)	(2,475,149)	(3,685,684)
(Gains)/Losses from disposal of assets	104,332	-
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	517,552	3,045,829
Adjustments for non-cash items that did not have a balancing entry in net working capital		
Provisions	1,304,510	1,729,732
Depreciation/amortisation of fixed assets	2,951,912	2,384,946
Value adjustments to financial assets and liabilities of derivative financial instruments not involving monetary movements had no counterpart in net working capital	44,098	(459,670)
Other adjustments up/(down) for non-cash items	2,326,171	2,510,106
Total adjustments for non-cash items that	6,626,691	6,165,114
2) Cash flow before changes	7,144,243	9,210,943
Change in net working capital		
Decrease/(Increase) in inventories	(265,106)	(155,537)
Decrease/(Increase) in trade receivables	(4,335,390)	(5,294,305)
Increase/(Decrease) in trade payables	492,954	(111,936)
Decrease/(Increase) in accrued income and prepaid expenses	299,707	(298,098)
Increase/(Decrease) in accrued expenses and deferred income	(4,271)	(311,601)
Other decreases/(Other increases) in net working capital	549,511	(2,679,151)
Total change in net working capital	(3,262,595)	(8,850,628)
3) Cash flow after changes in net working capital	3,881,648	360,315
Other adjustments		
Interest received/(paid)	(2,409,092)	(1,783,371)
(Income taxes paid)	(257,495)	(601,481)
Dividends received	2,547,633	3,685,684
(Use of provisions)	(972,888)	(645,424)
Total other adjustments	(1,091,842)	655,408
CASH FLOW FROM OPERATING ACTIVITIES (A)	2,789,806	1,015,723

	31/12/2023	31/12/2022
B) CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment		
(Investments)	(528,531)	(818,252)
Divestments	29,114	850
Intangible fixed assets		
(Investments)	(5,824,327)	(1,658,079)
Financial fixed assets		
(Investments)	(165,092)	(2,156,077)
Divestments	-	57,543
CASH FLOW FROM INVESTING ACTIVITIES (B)	(6,488,836)	(4,574,015)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Loan funds		
Increase/(Decrease) in short-term payables to banks	1,093,637	2,333,372
Financing	7,423,213	3,265,856
(Repayment of loans)	(10,813,287)	(6,666,516)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(2,296,437)	(1,067,288)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	(5,995,467)	(4,625,580)
Cash and cash equivalents at beginning of year		
Bank and postal deposits	12,689,867	17,318,293
Cash and cash equivalents	4,255	1,409
Total cash and cash equivalents at beginning of year	12,694,122	17,319,702
Cash and cash equivalents at end of year		
Bank and postal deposits	5,496,695	12,689,867
Cash and cash equivalents	1,201,960	4,255
Total cash and cash equivalents at end of year	6,698,655	12,694,122

NOTES

to the Separate Financial Statements for the year ended 31/12/2023

1

Introduction

Dear Shareholders,

These financial statements, submitted for your examination and approval, show a net profit for the year of €614,175 (€4,095,010 as at 31/12/2022).

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

Research and development activities

During the year, STAR7 S.p.A. developed 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.

It has been decided to consider this activity worthy of recognition in the current financial statements 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 an extraordinary income under "Other revenues" of €52,823, allocating this amount to item A5) Other revenues and income - b) Operating grants.

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

Significant events occurring during the year

In 2023, the investee company Vertere S.r.l. was merged by incorporation into STAR7 S.p.A. with accounting and tax effects backdated to 01/01/2023.

As of 1 January 2023, the Company leases the business units of CONSULTING AUTOMOTIVE AEROSPACE RAILWAY S.p.A. (in short C.A.A.R. S.p.A., with registered office in Turin, Via Treviso 36) and its subsidiary STI s.r.l. (with registered office in Bolzano, Via Bruno Buozzi 14/16), companies specialised in engineering activities. The business branch leasing contracts, which originally lasted until 30/06/2023, were extended to 31/12/2023 and subsequently to 2024, and also concern the subsidiaries of CAAR S.p.A. "CAAR do Brasil Consultoria Tecnica Ltda" and "Abacaar Doo" (Serbia).

STAR7 S.p.A. submitted an irrevocable and binding offer to purchase the respective business units.

It should be noted that, to date, the rental agreements of the Business Division signed with STAR7 remain in place and STAR7 is continuing its efforts to promote the most appropriate initiatives to preserve the continuity of the Business Division, in compliance with the primary objective of protecting the Group's Creditors and Customers.

2

Basis of presentation

The criteria used in the preparation and measurement of the Separate Financial Statements items for the year ended 31/12/2023 take into account the changes introduced into the national legislation by Legislative Decree 139/2015, through which Directive 2013/34/EU was implemented. As a result of said decree, the national accounting standards OIC were updated.

These Separate Financial Statements comply with the provisions of articles 2423 et seq. of the Italian Civil Code, as illustrated in these Notes, which have been drawn up in accordance with article 2427 of the Italian Civil Code and constitute, pursuant to article 2423, an integral part of the Financial Statements.

Carrying amounts are shown in Euro units by rounding off the relevant amounts. Any rounding differences were posted to the item "Euro rounding reserve" under Net equity,

pursuant to Article 2423, sixth paragraph, of the Civil Code.

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

Basis of preparation

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

The valuation of the items in the financial statements was carried out in accordance with the general criteria of prudence and competence, on a going-concern basis.

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

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

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

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

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

Exceptional cases pursuant to Article 2423, fifth paragraph, of the Civil Code

(Ref. Article 2423, fifth paragraph, 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 no. 126/2020 the Company, as an exception to Article 2426, first paragraph, number 2) of the Civil Code, had decided not to carry out annual amortisation of the cost of certain intangible assets in the Separate Financial Statements as at 31/12/2020; this option was not exercised in the separate financial statements of the financial years subsequently closed. As provided for by the above-mentioned legal provision, the portion of amortisation not carried out is charged to the Income Statement for the following year, thus extending the original amortisation schedule by one year. The Company had been led to use the aforementioned exception in the financial year ended 31/12/2020, as the pandemic caused by the Covid-19 virus had significantly slowed the growth process undertaken and interrupted certain activities such as the Group's rebranding and listing.

In 2023, amortisation on software licences in the amount of €249,796 was reversed. In the following tables, the impact of the derogation as at 31/12/2023 is shown.

BALANCE SHEET	WITHOUT DEROGATION	WITH DEROGATION	DIFFERENCE
Intangible fixed assets	9,245,679	9,385,886	-140,207
Property, plant and equipment	1,441,958	1,441,958	-
Financial fixed assets	40,002,090	40,002,090	-
FIXED ASSETS	50,689,727	50,829,934	-140,207
CURRENT ASSETS	44,080,665	40,080,655	-
ACCRUED INCOME AND PREPAID EXPENSES	1,442,470	1,442,470	-
TOTAL ASSETS	96,212,862	96,353,069	-140,207
Share capital	599,340	599,340	-
Reserves	25,941,371	26,258,279	-316,908
Net profit (loss) for the year	794,278	614,175	-108,103
NET EQUITY	27,334,989	27,471,794	-136,805
PROVISIONS FOR RISKS AND CHARGES	706,069	763,471	-3,402
PROVISIONS FOR SEVERANCE	6,093,506	6,093,506	-
PAYABLES	60,192,822	60,192,822	-
ACCRUED EXPENSES AND DEFERRED INCOME	1,831,476	1,831,476	-
TOTAL LIABILITIES AND NET EQUITY	96,212,862	96,353,069	-140,207

INCOME STATEMENT	WITHOUT DEROGATION	WITH DEROGATION	DIFFERENCE
Value of production	64,494,227	64,494,227	-
Cost of production	-63,849,131	-64,098,927	249,796
Difference between value and cost of production	645,096	395,300	249,796
Financial income and charges	41,357	41,357	-
Value adjustments	-	-	-
Profit before tax	686,453	436,657	249,796
Taxes for the year	107,825	177,518	-69,693
Net profit (loss)	794,278	614,175	180,103

Changes in accounting policies

The Company has not changed its accounting policies.

Comparability and adjustment issues

There are no problems with the comparability and adjustment of the figures in the Financial Statements for the year with those in the 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 recorded at the historical cost of acquisition and shown net of amortisation charged directly to the individual items.

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

Start-up and expansion costs are amortised over five years.

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

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

Goodwill, 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, had been applied in the 2020 financial year;

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

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

If, irrespective of the depreciation/amortisation already recorded, an impairment loss occurs, the asset is written down accordingly.

If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

Property, plant and equipment

This item is recorded at historic or production cost and adjusted by corresponding accumulated depreciation.

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

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

ASSET CATEGORY	% DEPRECIATION
Buildings	3%
Plant and machinery	15%
Equipment	15%
Furniture	12%
Electronic office machines	20%
Trucks	20%

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

There is no property, plant and equipment with monetary or economic revaluation.

There are no capitalised borrowing costs.

Other

The amortised cost rule has not been applied where the effects are irrelevant for the purposes of giving a true and fair view;

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

Trade

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

Accruals and deferrals

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

For long-term accruals and deferrals, the conditions that determined their original booking were verified, adopting the appropriate changes where necessary.

Inventories

Raw and ancillary materials and finished products are recorded at the lower of purchase or production cost and estimated realisable value.

Equity investments

Shareholdings in subsidiaries, associates and other companies, entered under financial fixed assets, are valued at purchase or subscription cost. Investments recorded as fixed assets represent a long-term, strategic investment by the Company. If 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.

Provisions for risks and charges

These are set aside to cover losses or debts whose existence is certain or likely, but whose exact amount and/or date of occurrence could not be determined at the end of the financial year.

In the valuation of these provisions, the general criteria of prudence and accruals were respected and no generic risk provisions without economic justification were set up. Contingent liabilities have been recorded in the financial statements and posted to the provisions since they are considered probable and the amount of the related charge can be reasonably estimated.

Provision for severance pay

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

Income taxes

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

Revenue and cost recognition

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

Translation of monetary assets and liabilities not denominated in Euro

There are no monetary assets or liabilities denominated in foreign currencies in these financial statements.

3

Notes: Assets

Fixed assets

Intangible fixed assets

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
9,385,886	6,176,310	3,209,576

Changes in intangible fixed assets (Ref. Article 2427, first paragraph, no. 2, Civil Code)

	Start-up and expansion costs	Rights*	Industrial patents and intellectual property rights	Goodwill	Fixed assets		Total
					development/construction and advances	Others	
Value at start of year							
Cost	1,990,824	150,352	3,865,673	1,832,180	34,650	5,203,438	13,077,117
Amortisation/depreciation (accumulated)	1,597,969	150,352	2,440,119	415,642		2,296,725	6,900,807
Book value	392,855	0	1,425,554	1,416,538	34,650	2,906,713	6,176,310
Changes during the year							
Increases due to acquisitions	639,872		637,423	901,495	473,929	3,206,258	5,858,977
Amortisation/depreciation for the year	188,116		714,390	273,368		1,438,877	2,614,751
Other changes					-34,650		-34,650
Total changes	451,756	0	-76,967	628,127	439,279	1,767,381	3,209,576
Value at end of year							
Cost	2,630,696	0	4,784,107	2,733,675	473,929	8,373,563	18,995,970
Amortisation/depreciation (accumulated)	1,786,085	0	3,435,520	689,010	0	3,699,469	9,610,084
Book value	844,611	0	1,348,587	2,044,665	473,929	4,674,094	9,385,886

*Industrial patent rights and intellectual property rights

The increases in 2023 mainly concerned:

- start-up and expansion costs: €639,872 related to software services for multi-year projects of online technical documentation management for the automotive sector;
- licences, trademarks and similar rights: €129,227 related to investments in Artificial Intelligence is to be noted;
- goodwill: originated from the merger by incorporation of Vertere srl;
- assets under construction/development: €394,202 for costs related to the future conclusion of the CAAR S.p.A. and STI srl transaction;
- other intangible fixed assets: leasehold improvements (€1,828,602) relate to a new leased building located in Valle San Bartolomeo (Alessandria) as well as to work carried out mainly on the Turin and Bolzano offices of the companies C.A.A.R. S.p.A. and STI srl; other charges related to the start-up and integration of the C.A.A.R. and STI business units (€983,932); other minor initiatives.

There are no changes due to the merger by incorporation of Vertere srl.

Goodwill was recognised with the approval of the Board of Statutory Auditors, supported by appraisals drawn up by independent third-party professionals for the business unit acquired from Dante s.r.l. and the RES s.r.l. merger, and taking into account that there are no indicators of impairment. The details are as follows:

	HISTORICAL COST	ACCUMULATED AMORTISATION/DEPRECIATION	NET VALUE
Company branch acquired from Dante s.r.l.	1,286,356	385,907	900,449
RES s.r.l. merger	485,824	194,953	290,871
Grafitec s.r.l.	60,000	18,000	42,000
Vertere s.r.l. merger	901,494	90,149	811,345
	2,733,674	689,009	2,044,665

There are no indicators of impairment of intangible fixed assets at 31/12/2023.

In the financial statements for the year ended 31/12/2020, the Company, as a result of the Covid-19 epidemiological emergency, which prevented it from completing planned activities and slowed the growth process it had undertaken, exercised its right to suspend amortisation for the following categories of intangible assets:

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

In 2020, €390,003 of amortisation had been suspended overall (of which €261,991 deducted for tax purposes as goodwill was not 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 the financial year 2023, amortisation was calculated exactly and there was a reversal of the suspended amortisation relating to "concessions, licences and trademarks" in the amount of €249,796 (tax effect €69,693).

Breakdown of start-up and expansion costs and development costs

(Ref. Article 2427, first paragraph, no. 3, Civil Code)

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

In accordance with OIC 24, we note that the start-up costs for the years 2020, 2021, 2022, and 2023 amounting to €130,000, €200,000, €266,900, and €639,872 respectively, have been recorded under item B11, pertaining to software services for online technical documentation management projects, serving significant clients in the automotive industry.

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.

Property, plant and equipment

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
1,441,958	1,362,186	79,772

Changes in property, plant and equipment (Ref. art. 2427, first paragraph, no. 2, C.C.)

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets under construction and advances	Total property, plant and equipment
Value at start of year						
Cost	778,844	40,328	104,889	1,695,476		2,619,537
Amortisation/depreciation (accumulated)	15,159	24,218	96,233	1,121,741		1,257,351
Book value	763,685	16,110	8,656	573,735	0	1,362,186
Changes during the year						
Increases due to acquisitions	69,017	3,803	8,039	447,672		528,531
Reclassifications						0
Decreases due to disposals and divestments (of book value)				133,446		133,446
Amortisation/depreciation for the year	17,453	4,284	3,669	311,755		337,161
Other changes		0	211	21,637		21,848
Total changes	51,564	-481	4,581	24,108	0	79,772
Value at end of year						
Cost	847,861	130,671	125,733	2,593,470		3,697,735
Amortisation/depreciation (accumulated)	32,612	115,042	112,496	1,995,627		2,255,777
Other changes						0
Book value	815,249	15,629	13,237	597,843	0	1,441,958

The item land/buildings includes a building plot currently used as a car park, not depreciated (€201,000).

The other increases for the year mostly concern electronic machines and hardware, plus the redemption from the leasing of the "Ferrari GTC4 Lusso" car (€133,446), which was damaged in December 2022, and subsequently sold for the same amount. There were some disposals of insignificant value of some old computers.

The other changes concern the net book value as at 01/01/2023 of the fixed assets of Vertere srl, which were recognised in STAR7 S.p.A. following the merger by incorporation.

There are no indicators of the impairment of property, plant and equipment at 31/12/2023.

Despite the option provided for in Article 60 of Legislative Decree 104/2020 as a consequence of the Covid-19 emergency, the depreciation of tangible assets was neither suspended nor reduced in previous years.

Real estate leasing

Finance lease transactions: The table below summarises the cumulative figures for two ongoing property lease agreements, as if they were recognised in accordance with international accounting standards (the so-called financial method).

	AMOUNT
Total amount of leased assets at year end	2,545,712
Depreciation that would have been charged during the year	63,295
Present value of instalments of fees not yet due at year end	1,821,470
of which due over 5 years	451,890
Financial charges for the year based on the effective interest rate	69,614

Leases relating to other assets

Finance lease transactions: The table below summarises the cumulative figures for two ongoing lease agreements for capital vehicles, as if they were recognised in accordance with international accounting standards (the so-called financial method).

	AMOUNT
Total amount of leased assets at year end	204,914
Depreciation that would have been charged during the year	70,114
Present value of instalments of fees not yet due at year end	236,404
of which due over 5 years	0
Financial charges for the year based on the effective interest rate	13,734

Financial fixed assets

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
40,002,090	36,606,291	3,395,799

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

Changes in equity investments

	EQUITY INVESTMENTS IN SUBSIDIARIES	EQUITY INVESTMENTS IN OTHER COMPANIES	TOTAL EQUITY INVESTMENTS
VALUE AT START OF YEAR			
Cost	35,786,837	130,500	35,917,337
Book value	35,786,837	130,500	35,917,337
CHANGES DURING THE YEAR			
Increases due to acquisitions	144,612		144,612
Decreases due to disposals (of book value)	932,681		932,681
Total changes	-788,069	0	-788,069
VALUE AT END OF YEAR			
Cost	34,998,768	130,500	35,129,268
Book value	34,998,768	130,500	35,129,268

The increase in shareholdings in subsidiaries is related to:

- further changes in the purchase cost of Vertere srl (€79,836) and the Localeyes Group (€51,895), against price adjustments to outgoing shareholders and transaction costs; it is recalled that the original acquisition of the entire share capital of the Parent Company Localeyes Ltd, based in Cork (Ireland), took place in mid-November 2021;
- the acquisition of a shareholding, including related charges, in "Abacaar Doo", for €12,881, a Serbian company that is a subsidiary of CAAR S.p.A.

The decreases correspond to the cancellation of the shareholding in Vertere srl following the merger by incorporation.

Equity investments

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

The following additional information is provided for investments in subsidiaries:

- the financial statements used for valuation purposes are the financial statements for the year ended 31/12/2023, given that the dates of closure of the annual accounts of the Parent Company and the investee companies coincide; if not yet approved by the Shareholders' Meeting, the 2023 draft financial statements prepared by the Administrative Body were used; if the latter are also not available, the approved separate financial statements for the previous year were used;
- STAR7 USA LLC data are taken from the sub-consolidated financial statements, which include Techworld Language Services Inc. and The Geo Group Corp., directly controlled by STAR7 USA LLC which holds 100% of the share capital; at the end of the financial year, the merger of the three entities into a single company was in progress;
- the exchange rate used for the Balance Sheet is that reported by the Bank of Italy as at 31/12/2023, whilst the average exchange rate for the year was used for the Income Statement.

Most of the subsidiaries ended the 2023 financial year posting a profit/breakeven, with good performances, consolidating their market positions and investing significantly in both R&D and new printing technologies to be always competitive in the market and provide their customers with targeted and quality services.

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

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

There are no restrictions on the availability of any investment by the participating company, nor are there any stock options or other privileges; it is recalled that the pledge on 100% of the shares/shares of Localeyes Ltd. securing the minibond issued for the partial financing of the acquisition, was replaced by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee (see note on payables).

During the year, no investee company approved any paid or unpaid capital increases.

No significant transactions, other than ordinary commercial transactions, were carried out with investee companies.

Details of long-term investments in subsidiaries

Name	City, if in Italy, or Foreign State	Tax ID No (for Italian companies)	Share capital in €	Profit (Loss) previous year in €	Net equity in €	Share held in %	Book value or corresponding receivable	Shareholders' equity in € pro-quota
STAR7 PRINTING S.R.L.	ASTI	01495260059	10,000	344,290	1,010,416	60%	6,000	606,250
LOCALEYES LTD	CORK (IRELAND)		1,376,453	4,719,827	6,434,871	100%	33,982,013	6,434,871
STAR7 AUSTRIA GMBH	LINZ (AUSTRIA)	ATU71651312	35,000	-58,769	67,784	100%	199,350	67,784
STAR ALBANIA SHPK	TIRANA (ALBANIA)		4,106	6,162	38,034	100%	4,143	38,034
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE (BRAZIL)		320,704	1,215,128	4,623,672	75%	379,679	3,467,754
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE (BRAZIL)		110,725	-8,100	-127	75%	122,228	- 95
STAR USA LLC	USA		6,114	-236,911	-376,859	100%	292,474	- 376,859
ABACAAR DOO	KRAGUJEVAC (SERBIA)		10	15,625	76,737	1%	12,881	767
							34,998,768	10,238,506

Details of equity investments in other companies

Name	City, if in Italy, or Foreign State	Tax code (for Italian companies)	Share Capital	Profit (loss) for the last financial year	Net equity	Share held	Book value*
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	130,500
							130,500

*Book value or corresponding receivable

For investments recognised at a higher value than the portion of shareholders' equity investments in Localey Ltd, STAR7 Austria GmbH, Cal Comunicacao Ltda, STAR7 USA LLC and Abacaar Doo), no impairment losses were deemed to exist, as the investments are strategic.

In particular, with reference to the investment in LocalEyes Ltd, the higher value recognised in the financial statements with respect to the net book value (€27,547,142) reflects the goodwill inherent in the purchase made during the year 2021, as shown by appraisals of independent professionals, deriving from the high levels of profitability achieved by the investee company in the financial years prior to the acquisition and the average normal income expected. In support of this, it is recalled that Localey paid dividends to STAR7 of €2,200,000 during 2023. The impairment test showed no indicators of impairment.

Changes in and maturity of long-term receivables

	NON-CURRENT RECEIVABLES DUE FROM SUBSIDIARY UNDERTAKINGS	NON-CURRENT RECEIVABLES DUE FROM ASSOCIATED UNDERTAKINGS	LONG-TERM RECEIVABLES FROM OTHERS	TOTAL LONG-TERM RECEIVABLES
Value at start of year	187,718		97,859	285,577
Changes during the year	4,290,010		20,480	4,310,490
Value at end of year	4,477,728	0	118,339	4,596,067
Portion due within the year	4,477,728		0	4,477,728
Portion due after the end of the year	0		118,339	118,339
Of which with residual duration of more than 5 years				0

Receivables from subsidiaries are entirely due from:

- STAR7 USA LLC: €4,340,719 (this amount was reclassified from the item "Receivables from subsidiaries" under Current Assets, compared to 31-12-2022);
- STAR Comunicacao Ltda: €137,009 (amount corresponding to dividends from previous years to be collected).
- Other receivables refer to security deposits.

Breakdown of long-term receivables by geographical area

Receivables at 31/12/2023 are broken down by geographical area as follows (Article 2427, first paragraph, no. 6, Civil Code):

- United States: €4,340,719 (STAR7 USA LLC);
- Brazil: €137,009 (Star Comunicacao Ltda);
- Italy: €118,339.

Other securities

This item relates to an insurance policy taken out by Vertere srl against the provision for severance pay for employees (€57,115). Following the merger by incorporation into STAR7 S.p.A. with accounting and tax effects from 01/01/2023, the policy was transferred to STAR7.

Changes in long-term derivative assets

	FINANCIAL DERIVATIVE ASSETS
Value at start of year	403,379
Changes during the year	-183,739
Value at end of year	219,640

The item is broken down as follows:

	Type	Purpose	Date of execution	Maturity date	Notional capital	Mark-to market	Deferred IRES	Equity Reserve
Intesa Sanpaolo	Interest rate swap	Hedging	29/01/2021	31/12/2026	3,000,000	88,145	21,155	66,990
Unicredit	Interest rate swap	Hedging	18/11/2020	30/09/2026	1,900,000	46,457	11,150	35,307
Credit Agricole	Interest rate swap	Hedging	05/10/2020	05/10/2026	2,250,000	85,038	20,409	64,629
						219,640	52,714	166,926

Current Assets

Inventories

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
437,927	172,821	265,106

Closing inventories are valued at the lower of purchase or production cost and estimated realisable value.

	VALUE AT START OF YEAR	CHANGES DURING THE YEAR	VALUE AT END OF YEAR
Finished products and goods	121,984	32,190	154,174
Payments on account	50,837	232,916	283,753
TOTAL INVENTORIES	172,821	265,106	437,927

Current receivables

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
36,944,084	36,477,691	466,393

Changes in and maturity of receivables posted to current assets

Description	Balance as at 31-12-2023			Total	Balance as at	
	Within 12 months	After 12 months	After 5 years		31/12/2022	Change
From customers	28,848,598			28,848,598	24,513,208	4,335,390
From subsidiaries	3,727,573			3,727,573	7,701,384	-3,973,811
From associates	184,593			184,593	153,649	30,944
For tax receivables	1,447,156			1,447,156	1,571,685	-124,529
Deferred tax assets/liabilities	371,354			371,354	113,874	257,480
From others	2,364,810			2,364,810	2,423,891	-59,081
	36,944,084	-	-	36,944,084	36,477,691	466,393

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

Trade receivables include €2,651,476 relating to invoices sold to the factoring company and "subject to collection".

Tax credits include tax credits for Research and Development amounting to €588,894 (€522,881 as at 31/12/2022); the balance refers to the benefit resulting from the incurrence of costs classifiable as research and development up to 31/12/2023. The "Industry 4.0" tax credit of €137,306 has also been recorded. This includes VAT credits (€402,388) and Ires-Irap (€307,113); the latter 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.

Deferred tax assets have been allocated. The amount as at 31/12/2023 relates to the advance payment of IRES on the following temporary differences between the balance sheet values and values recognised for tax purposes:

	Taxable					IRES paid on account				
	31/12/2022	Increases	Merger	Returns	31/12/2023	31/12/2022	Increases	Merger	Returns	31/12/2023
Write-down of receivables*	324,678				324,678	77,923				77,923
Tax losses carried forward		1,072,834			1,072,834		257,480			257,480
Provisions for risks and charges - other	50,000				50,000	12,000				12,000
Undeducted costs to be recovered	99,795	1,072,834			99,795	23,951				23,951
	474,473	1,072,834	-	-	1,547,307	113,874	257,480	-	-	371,354

* part exceeding the tax limit

Amounts due from others, amounting to €2,364,810, primarily include:

- €1,273,118 relating to costs and liabilities of CAAR S.p.A. and STI srl, the payment of which was advanced by STAR7 (including the provision for severance indemnities accrued as of 31/12/2022 and paid to employees made redundant in 2023), to be recovered in the future from the two companies mentioned above to offset the purchase price of the business divisions;
- €501,061 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 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;
- €307,241 pertaining to receivables from employees for holiday/ROL leave taken in December 2023 but paid in January 2024, an amount that corrects the accrued deferred payroll liability as of 31 December 2023;
- £180,000 in compensation for the damages incurred in December 2022 following the accident involving the "Ferrari GTC4 Lusso".

The following table shows the relationships with subsidiaries, broken down by financial or commercial nature.

Receivables from subsidiaries	31/12/2023			31/12/2022		
	Financial	Trade	Total	Financial	Trade	Total
STAR USA LLC	127,914	1,682,072	1,809,986	4,468,634	1,581,967	6,050,601
STAR ALBANIA	601,291	202,739	804,030	400,000	7,200	407,200
STAR COMUNICACAO E SERVICOS LTDA	818,972	31,793	850,765	865,823	64,951	930,774
LOCALEYES LTD		232,031	232,031		252,000	252,000
THE GEO GROUP CORPORATION			-		20,766	20,766
STAR GMBH - AUSTRIA		862	862		4,740	4,740
STAR7 PRINTING SRL		29,899	29,899		35,303	35,303
	1,548,177	2,179,396	3,727,573	5,734,457	1,966,927	7,701,384

Financial receivables due from STAR USA LLC (now STAR7 LLC) regard the funding provided to the subsidiary undertaking for the acquisition of Techworld Language Services Inc. (€3,091,812) and The Geo Group Corporation (€1,248,907) were reclassified in these financial statements to long-term receivables from subsidiaries (please refer to the related notes), while as of 31 December 2022 they were classified as receivables in Current Assets.

Financial receivables due from Star Comunicacao e Servicos Ltda regard temporary liquidity requirements.

The following tables also show transactions with subsidiary and associated companies (Dante s.r.l. and the various companies of the STAR AG group), broken down according to their financial or trade nature.

RECEIVABLES DUE FROM ASSOCIATED COMPANIES	31/12/2023 TRADE	31/12/2022 TRADE
STAR AG	31,078	54,342
STAR DEUTSCHLAND GMBH	40,038	31,790
STAR PARIS	10,026	21,887
STAR TECHNOLOGY SOLUTIONS	5,970	8,224
STAR Software, Translation, Artwork, Recording GmbH	59,441	23,618
STAR JAPAN CO., LTD	1,625	891
STAR UK LIMITED	-154	-
STAR SA	4,706	8,080
STAR GROUP SCANDINAVIA AB	4,691	3,125
STAR GROUP AMERICA, LLC	- 777	-
STAR CZECH S.R.O.	-118	964
STAR SERVICIOS LINGUISTICOS SLU	30	
STAR HUNGARY KFT	223	
DANTE SRL	404	317
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	27,410	411
	184,593	153,649

Breakdown of receivables posted to current assets by geographical area

The breakdown of receivables as at 31/12/2023 by geographical area is shown in the following table (amounts shown gross of the allowance for doubtful accounts); Article 2427, first paragraph, no. 6, Civil Code).

	ITALY	EU	NON EU	TOTAL
Trade receivables included in current assets	26,897,621	1,771,849	555,975	29,225,445
Receivables from subsidiaries included in current assets	29,899	232,893	3,464,781	3,727,573
Receivables due from associates included in current assets	404	147,711	36,478	184,593
Current tax receivables	1,447,156			1,447,156
Deferred tax assets posted to current assets	371,354			371,354
Receivables due from others included in current assets	2,364,810			2,364,810
TOTAL RECEIVABLES POSTED TO CURRENT ASSETS	31,111,244	2,152,453	4,057,234	37,320,931

Movements in the allowance for doubtful accounts were as follows:

Balance as at 31/12/2022	376,847
Uses during the year	-
Provision for the year	-
Balance as at 31/12/2023	376,847

An analysis of the risks of uncollectible receivables showed that the allowance for doubtful accounts is adequate, also in light of the worsening of the general economic situation due to the war in eastern Europe.

Cash on hand

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
6,698,655	12,694,122	-5,995,467

The details are as follows:

	VALUE AT START OF YEAR	CHANGE DURING THE YEAR	VALUE AT END OF YEAR
Bank and postal deposits	12,689,867	-7,193,172	5,496,695
Cash and other valuables on hand	4,255	1,197,705	1,201,960
TOTAL CASH AND CASH EQUIVALENTS	12,694,122	-5,995,467	6,698,655

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

The significant change in the item "Cash and other valuables on hand" is justified by the issuance of a bank draft in the amount of €1,198,814 for the payment in favour of the ongoing legal proceedings of CAAR S.p.A. and STI srl: the cheque was withdrawn and unpaid in early 2024.

Accrued income and prepaid expenses

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
1,442,470	1,742,177	-299,707

This item can be broken down as follows (Article 2427, first paragraph, no. 7, Civil Code).

	31/12/2023	31/12/2022	CHANGE
Accrued income	18,916	83,662	-64,746
Prepaid expenses:			
Property leases	283,195	363,283	-80,088
Vehicle leasing	22,118	21,832	286
Other (telephone, insurance, rent, loan applications, etc.).	1,118,241	1,273,400	-155,159
TOTAL	1,442,470	1,742,177	-299,707

Prepaid expenses as at 31/12/2023 no longer include the multi-year deferral related to the issue costs of minibonds, having applied the amortised cost method of accounting for them (€434,126 as at 31/12/2023 and €523,391 as at 31/12/2022).

As at 31/12/2023, prepaid expenses with a duration of more than five years refer to:

- €283,195 concerning the two ongoing real estate leasing contracts.

4

Notes: liabilities and net equity

Net equity

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

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
27,471,794	26,997,260	474,534

Changes during the year in equity items:

Description	31/12/2022	Allocation of previous year's result		Other changes		Profit/loss for the year	31/12/2023
		Dividends	Other uses	Increases	Decreases		
Share capital	599,340						599,340
Share premium reserve	11,728,160						11,728,160
Legal reserve	119,868						119,868
Other reserves:							
Extraordinary reserve	8,630,329		4,095,010				12,725,339
Capital contributions	2,846						2,846
Merger surplus reserve	1,105,815						1,105,815
Reserve Article 60 Decree Law 104/2020 (converted Law 126/2020)	390,003						390,003
Misc. other reserves	19,321						19,321
Total other reserves:	10,148,314	0	4,095,010	0	0	0	14,243,324
Reserve for transactions to hedge expected cash flows	306,568				-139,641		166,927
Profit (loss) for the year	4,095,010		-4,095,010			614,175	614,175
Total Owners' Equity	26,997,260	0	0	0	-139,641	614,175	27,471,794

We recall that on 25 October 2021, a share capital increase of €27,650 was approved, reserved for the entry of the Kairos investment fund, 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 a premium of €8,755,810. These increases were fully subscribed and paid.

The “merger surplus reserve” arose in the financial year 2022 as a result of the merger of STAR7 Engineering (€1,003,057) and AD Studio (€102,758).

The "Reserve Article 60 Decree-Law 104/2020 (converted into Law 126/2020)", equal to €390,003, corresponds to the lower amortisation of intangible fixed assets charged to the income statement in 2020 by virtue of the suspension/reduction option pursuant to Article 60 Decree-Law 104/2020. The reserve is currently unavailable; it will become available following the reversal of suspended depreciation (in 2023, €249,796 was reversed, as explained in the section on "Suspension of Depreciation").

The "Reserve for expected cash flow hedging transactions" (which became positive in 2022) is shown net of deferred taxes. It was recognised against "Derivative Assets" under Financial fixed assets.

Details of the various other reserves

Description	Amount
Reserve Article 60 Decree Law 104/2020 (converted Law 126/2020)	390,003
Amnesty reserve	19,321
Total	409,324

Availability and use of shareholders' equity

Shareholders' equity items are broken down according to origin, possibility of utilization, distributability and utilization in the previous three years as follows (article 2427, first paragraph, no. 7-bis, of the Italian Civil Code)

	Amount	Origin/nature	Possible uses	Amount available	Summary*	
					to cover losses	for other reasons
Capital	599,340		B			
Share premium reserve	11,728,160		A, B, C, D	11,728,160		
Legal reserve	119,868	Gains	A, B			
Other reserves						
Extraordinary reserve	12,725,339	Gains	A, B, C, D	12,725,339		
Capital contributions	2,846		A, B, C, D	2,846		
Merger surplus reserve	1,105,815	Gains	A, B, C, D	1,105,815		
Reserve Article 60 Decree Law 104/2020 (converted Law 126/2020)	390,003		E			
Misc. other reserves	19,321		A, B, C, D	19,321		
Total other reserves	14,243,324			13,853,321		0
Reserve for transactions to hedge expected cash flows	166,927					
Total	26,857,619			25,581,481		0
Non-distributable portion				844,611		
Residual distributable amount				24,736,870		

Legend: A: for capital increase B: for coverage of losses C: for distribution to shareholders D: for other statutory constraints

*of uses made in the three previous years

There are non-distributable reserves pursuant to Article 2426 of the Civil Code: the extraordinary reserve (of an optional nature) is indirectly unavailable to the extent of the net book value of start-up and expansion costs (€844,611). There are no restrictions on distributability arising from the translation at year-end exchange rates of assets and liabilities in currencies other than the Euro.

Formation and use of shareholders' equity items

As required by article 2427, paragraph 1, number 4) of the Italian Civil Code, the following information is provided (changes during the last two years):

	Share Capital	Share premium reserve	Legal reserve	Extraordinary reserve	Merger surplus	Reserve Decree Law 104/2020	Reserve Law 289/2002	Capital contribution	Reserve*	Profit (loss) for the year	TOTAL
At the beginning of the previous year	599,340	11,728,160	100,000	7,923,536	0	390,003	19,321	2,846	-42,781	726,661	21,447,086
Allocation of the result for the year:											
other uses			19,868	706,793						-726,661	0
Other changes											
increases					1,105,815				349,349		1,455,164
decreases											0
Previous year's result										4,095,010	4,095,010
At the end of the previous year	599,340	11,728,160	119,868	8,630,329	1,105,815	390,003	19,321	2,846	306,568	4,095,010	26,997,260
Allocation of the result for the year:											
allocation of dividends											0
other uses				4,095,010						-4,095,010	0
Other changes											
increases											0
decreases									-139,641		-139,641
Result for the current year										614,175	614,175
At the end of the current financial year	599,340	11,728,160	119,868	12,725,339	1,105,815	390,003	19,321	2,846	166,927	614,175	27,471,794

*Reserve for transactions to hedge expected cash flows

In equity, there are the following items: reserves or other provisions that, in the event of distribution, do not contribute to the shareholders' taxable income regardless of the period of formation.

DESCRIPTION	AMOUNT
Capital contributions	2,846
TOTAL	2,846

Provisions for risks and charges

(Ref. Article 2427, first paragraph, no. 4, Civil Code)

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
763,471	933,695	-170,224

	Provision for pensions and similar obligations	Provision for taxes, including deferred taxes	Financial derivative liabilities	Other provisions	Total provisions for contingencies and charges
Value at start of year	218,930	172,160	0	542,605	933,695
Changes during the year					
Provision for the year	64,000			36,000	100,000
Use during the year		-106,022		-164,202	-270,224
Other changes					0
Total changes	64,000	-106,022	0	-128,202	-170,224
Value at end of year	282,930	66,138	0	414,403	763,471

Provisions for risks and charges are made up as follows:

- provisions for Directors' Severance Indemnity equal to €282,930;
- provision for deferred taxes: details are shown in the table below:

	Taxable			Deferred IRES 24% and IRAP 3.90%				
	31/12/2022	Increases	Returns	31/12/2023	31/12/2022	Increases	Returns	31/12/2023
Suspended depreciation Article 60 Decree Law 104/2020 (conv. Law 126/2020)	261,991		-249,796	12,195	73,095	-	- 69,693	3,402
Financial derivative assets (IRES only)	403,379		-183,739	219,640	96,811	-	- 44,097	52,714
Leaving incentives		36,000		36,000	-	8,640	-	8,640
5% dividends to be received from STAR Comunicacao Ltda (IRES only)	9,387		- 3,625	5,762	2,253	-	870	1,383
	674,757	36,000	- 437,160	273,597	172,159	8,640	-114,660	66,139

Others include:

- 1) a risk provision of €50,000 set aside in previous years for commercial risks and prudently maintained;
- 2) provision of €328,403 for the amnesty provided for R&D bonuses (Decree Law 146/2021), following the Report on R&D activities, carried out by STAR7 and STAR7 Engineering, prepared by the Federico II University of Naples - D.I.E.T.I. Department; the use of €164,202 relates to the first instalment paid in 2023;
- 3) staff leaving incentive of €36,000 (amount not yet incurred as at 31/12/2023 because the agreements were signed and finalised in 2024).

Provision for employee severance indemnity

(Ref. Article 2427, first paragraph, no. 4, Civil Code)

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
6,093,506	4,225,228	1,868,278

Changes during the year are shown in the following table:

EMPLOYEE SEVERANCE INDEMNITY	
Value at start of year	4,225,228
CHANGES DURING THE YEAR	
Provision for the year	1,204,510
Use during the year	-808,685
Other changes	1,472,453
Total changes	1,868,278
Value at end of year	6,093,506

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

The provision corresponds to the total of the individual indemnities accrued up to 31/12/2023 in favour of employees at the closing date of the financial statements, net of advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment on that date.

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

Other changes concern the provision for severance indemnities of employees acquired following the merger by incorporation of Vertere srl (€199,335) and the employees of CAAR S.p.A. and STI srl acquired by STAR7 by virtue of the leasing of the business divisions (€1,273,118).

Trade

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
60,192,822	61,282,288	-1,089,466

Changes and maturity of payables

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

	Value at start of year	Change during the year	Value at end of year	Portion due within the year	Portion due after the end of the year	Of which with residual duration of more than 5 years
Bonds	25,000,000	-4,560,835	20,439,165	4,034,563	16,404,602	
Borrowings from banks	21,007,839	-628,349	20,379,490	12,460,962	7,918,528	
Borrowings from other lenders	3,296,322	-1,530,466	1,765,856	1,765,856		
Trade payables	4,964,325	492,954	5,457,279	5,457,279		
Due to subsidiaries	2,415,674	4,088,351	6,504,025	6,504,025		
Payables to associated companies	669,672	-275,409	394,263	394,263		
Tax payables	477,929	378,734	856,663	856,663		
Payables to social security institutions	1,183,231	392,105	1,575,336	1,575,336		
Other payables	2,267,296	553,449	2,820,745	2,820,745		
TOTAL PAYABLES	61,282,288	-1,089,466	60,192,822	35,869,692	24,323,130	-

The most significant payables as at 31/12/2023 are as follows:

- bonds: the item refers to two “mini-bond” issues totalling €25 million 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%; as security, a pledge on 100% of the shares/shares of LocalEyes Ltd. was issued, replaced in 2022 by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee; as of 31/12/2023, the amount payable was valued according to the amortised cost criterion (as of 31/12/2022, this criterion would have resulted in a total payable of €24,450,564 instead of €25,000,000);

- 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: the item includes, above all, the residual debt related to the acquisition of 100% of the LocalEyes Ltd Group (€1.5 million to be paid by 31/12/2024); to guarantee the debt, UNICREDIT CORPORATE SPA has issued to CUBIC VENTURE S.A. on behalf of STAR7 S.p.A. a bank guarantee on first demand in the amount of €3,000,000. The transaction was guaranteed by SACE. At the same time, CUBIC VENTURE S.A. issued a guarantee from a leading banking institution in favour of STAR7 SPA for the same amount, to guarantee the exact and timely fulfilment of the covered obligations. In addition, this item includes the minimum price adjustment to be paid to previous shareholders of Vertere s.r.l. (€265,856);

Tax payables refer exclusively to withholding taxes to be paid as withholding agent. There are no payables for IRES and IRAP as the advances paid are higher than the current taxes paid for the year.

Other payables mainly include payables to employees for current and deferred salaries and wages (€2,629,348), gross of holidays and ROL leave taken in December but settled in January 2024 (see notes to Receivables under Current Assets).

As far as bank loans are concerned, the Company benefited from the moratorium in 2020 introduced by legislation to combat the Covid-19 epidemiological emergency, starting from Decree Law 23/2020 (Liquidity Decree). The amount of the capital shares subject to the benefit totalled €705,471 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, even to these loans, partly because the effects would not be significant.

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

Lending institution	Amount of loan	Maximum amount guaranteed by the fund	State aid quantification	Legal reference	Guarantor:
UNICREDIT	2,000,000	1,800,000	-	Article 1 Decree Law 23/2020	SACE
CREDIT AGRICOLE	2,250,000	2,030,000	89,117	Guarantee Fund Law 662/96	MEDIOCREDITO
BANCA SELLA	1,000,000	1,000,000	-	Innovfin Guarantee	FEI FUND
INTESA SANPAOLO	1,650,000	1,320,000	52,245	Guarantee Fund Law 662/96	MEDIOCREDITO
BPM	500,000	450,000	17,811	Guarantee Fund Law 662/96	MEDIOCREDITO
BPM	1,500,000	1,200,000	47,495	Guarantee Fund Law 662/96	MEDIOCREDITO
INTESA SANPAOLO	3,000,000	2,700,000	-	Article 1 Decree Law 23/2020	SACE
INTESA SANPAOLO	1,500,000	1,350,000	-	Article 1 Decree Law 23/2020	SACE
TOTAL	13,400,000	11,850,000	206,669		

Debts backed by collateral on company assets

There are no payables secured by collateral on corporate assets (Article 2427, first paragraph, no. 6, of the Italian Civil Code), with the exception of what was previously reported with regard to payables for bonds/minibonds (100% pledge on shares/quotas of LocalEyes, replaced in 2022 by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee).

Moreover, as indicated, the debt to other lenders of €1.5 million for the remaining price to be paid against the acquisition of the LocalEyes Ltd Group is guaranteed by a surety issued by UNICREDIT CORPORATE SPA in favour of CUBIC VENTURE S.A.

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

The table below shows amounts due to subsidiaries:

Payables to subsidiaries	31/12/2023			31/12/2022
	Trade	Financial	Total	Trade
STAR7 PRINTING SRL	1,753,159		1,753,159	1,908,773
STAR ALBANIA SH.P.K	222,863		222,863	283,066
STAR GMBH	53,300		53,300	42,920
STAR7 USA LLC - TECHWORLD LANGUAGE SERVICES	25,487	473,213	498,700	25,983
LOCALEYES LTD	25,224	3,950,000	3,975,224	11,680
VERTERE SRL			-	141,990
STAR COMUNICACAO E SERVICOS LTDA	779		779	1,262
	2,080,812	4,423,213	6,504,025	2,415,674

The tables below show payables to associated companies:

PAYABLES TO ASSOCIATED COMPANIES	31/12/2023 TRADE	31/12/2022 TRADE
STAR AG	48,856	206,487
STAR CZECH S.R.O.	35,499	40,265
STAR POLAND	23,259	32,589
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	79,412	47,607
STAR JAPAN TOKYO	24,483	8,606
IAMDEV	22,323	26,238
STAR SERV.LINGUISTICOS LDA	44,072	19,793
STAR INFORMATION ENGINEERING S.L.	5,321	14,935
STAR SERVICIOS LINGUISTICOS	120	1,182
STAR SOFTWARE SHANGHAI CO. LTD	23,462	6,665
STAR HUNGARY KFT	15,513	13,866
STAR EGYPT MIDDLE EAST LTD CAIRO	1,461	2,978
STAR UK LIMITED	10,039	4,576
STAR Information Services & Tools S.R.L.	15,821	7,625
STAR KOREA AG	4,894	30,885
STAR SPB - RUSSIA	562	-
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	164	149
STAR DEUTSCHLAND GMBH	10,669	10,468
STAR AG TAIWAN BRANCH	2,360	4,186
STAR PARIS	9,600	-
STAR GROUP AMERICA LLC	-	8,563
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	1,431	1,593
DANTE SRL	2,600	-
STAR SOFTWARE INDONESIA	1,453	197
STAR GROUP SCANDINAVIA AB	174	6
STAR TURKEY INF.SERVICES LTD STI	8,513	2,049
STAR TECHNOLOGY SOLUTIONS	223	698
STAR J&M FINNLAND OY	1,687	1,237
STAR CO., LTD	257	-
STAR SL	-	175,300
STAR GMBH	-	893
STAR SA	35	35
	394,263	669,672

Breakdown of payables by geographical area

The breakdown of payables as at 31/12/2023 according to geographical area is shown in the following table (Article 2427, first paragraph, no. 6 of the Civil Code).

	Italy	EU	Non EU	TOTAL
Bonds	20,439,165			20,439,165
Borrowings from banks	20,379,490			20,379,490
Borrowings from other lenders	265,856		1,500,000	1,765,856
Trade payables	4,907,148	328,805	221,326	5,457,279
Due to subsidiaries	1,753,159	4,028,524	722,342	6,504,025
Payables to associated companies	24,923	241,371	127,969	394,263
Tax payables	856,663			856,663
Payables to social security institutions	1,575,336			1,575,336
Other payables	2,820,745			2,820,745
TOTAL PAYABLES	53,022,485	4,598,700	2,571,637	60,192,822

Accrued expenses and deferred income

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
1,831,476	1,793,127	38,349

The division between accruals and deferrals is as follows:

	Value at start of year	Change during the year	Value at end of year
Accrued expenses	489,502	- 71,257	418,245
Deferred income	1,303,625	109,606	1,413,231
Total accrued expenses and deferred income	1,793,127	38,349	1,831,476

The most significant amounts of accrued expenses include interest accrued on the bond loan (€134,694), loans from Localeyes and STAR7 USA (€69,558), and other amounts for credit card expenses incurred in December but debited to the current account in January, employee expense accounts, and bank fees.

Deferred income relates to invoices issued in advance in 2023 but related to activities that will be performed in 2024.

As of 31/12/2023 there are no accruals or deferrals with a duration of more than five years.

5

Notes: income statement

Value of production

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
64,521,449	54,050,456	10,470,993

The details are as follows:

Description	31/12/2023	31/12/2022	Change
Revenues from sales and services	64,067,457	52,872,904	11,194,553
Change in inventories of work in progress, semi-finished and finished products	27,222	74,054	-46,832
Other revenues and income			
grants related to income	135,643	522,881	-387,238
others	291,127	580,617	-289,490
Total other revenues and income	426,770	1,103,498	-676,728
Total Value of Production	64,521,449	54,050,456	10,470,993

The increase in revenues from sales and services benefited from the contribution of the leasing of the CAAR S.p.A. and STI srl business divisions as well as revenues from the merger of Vertere srl.

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

“Other revenues and income” include operating grants relating to:

- tax credit for research and development (€52,823): this was recorded in the income statement for the entire period of reference, similar in substance to operating grants, given the recognition in the income statement of all the underlying subsidised expenses.
- “Capital Goods 4.0” tax credit (€82,346) for the relevant portion;
- health safety tax credit (€474).

Other income mainly comprises insurance claims (€199,431) and ordinary contingent assets (€72,464).

Breakdown of revenues from sales and services by category of activity

(Ref. Article 2427, first paragraph, no. 10, Civil Code)

BUSINESS SECTOR	31/12/2023	31/12/2022	Changes
Product knowledge, Engineering and Experience	38,782,031	28,804,504	9,977,527
Global Content	15,210,060	14,766,449	443,611
Printing	9,241,151	8,446,038	795,113
Other services	834,215	855,913	-21,698
TOTAL	64,067,457	52,872,904	11,194,553

Breakdown of revenues from sales and services by geographical area

(Ref. Article 2427, first paragraph, no. 10, Civil Code)

GEOGRAPHICAL AREA	31/12/2023	31/12/2022	Changes
Italy	55,083,763	45,830,885	9,252,878
EU	4,953,371	3,552,523	1,400,848
non EU	4,030,323	3,489,496	540,827
TOTAL	64,067,457	52,872,904	11,194,553

Cost of production

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
64,126,150	50,980,435	13,145,715

DESCRIPTION	31/12/2023	31/12/2022	Change
Raw and ancillary materials and goods	1,370,166	987,406	382,760
Services	29,885,818	26,557,103	3,328,715
Leased assets	1,814,530	1,135,597	678,933
Wages and salaries	19,230,527	13,610,250	5,620,277
Social security contributions	5,907,438	4,127,089	1,780,349
Employees' leaving entitlement	1,204,510	1,173,127	31,383
Pensions and similar obligations	-	-	-
Other personnel costs	957,936	129,494	828,442
Amortisation	2,614,751	2,080,222	534,529
Depreciation	337,160	304,725	32,435
Other write-downs of fixed assets	-	-	-
Write-downs of receivables in current assets	-	61,790	- 61,790
Change in inventories Raw materials	32,683	- 30,646	63,329
Provisions for risks	64,000	64,000	-
Other provisions	-	-	-
Sundry operating expenses	706,631	780,278	- 73,647
TOTAL	64,126,150	50,980,435	13,145,715

The general increase in production costs was due to the leasing of the CAAR S.p.A. and STI S.r.l. business divisions as well as the costs arising from the merger of Vertere S.r.l..

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.

Financial income and charges

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
41,357	1,878,121	-1,836,764

The details are as follows:

DESCRIPTION	31/12/2023	31/12/2022	CHANGE
Dividends from investee companies	2,475,149	3,685,684	-1,210,535
Income other than the above	7,042	1,631	5,411
Interest expense and other financial charges	-2,458,754	-1,785,002	-673,752
Exchange gains (losses)	17,920	- 24,192	42,112
TOTAL	41,357	1,878,121	-1,836,764

Income from equity investments refers to dividends distributed by the subsidiaries Localey Ltd (€2,200,000) and STAR Comunicação e Serviços Ltda (€275,149), all received.

Breakdown of interest and other financial expense by type of debt

DESCRIPTION	31/12/2023	31/12/2022	CHANGE
Payables to banks for current accounts and advances	420,538	173,107	247,431
Borrowings from banks - mortgages	555,356	288,046	267,310
Bonds/mini-bonds	1,281,580	1,276,911	4,669
Others	201,280	46,938	154,342
TOTAL	2,458,754	1,785,002	673,752

Other financial income

DESCRIPTION	31/12/2023	31/12/2022	CHANGE
Bank and post office interest	5,809	1,631	4,178
Others	1,233		1,233
TOTAL	7,042	1,631	5,411

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.

Value adjustments to financial assets and liabilities

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

Information on the fair value of financial derivatives

Pursuant to Article 2427-bis, first paragraph, Civil Code, we inform you that the Company has entered into the following, unlisted, derivative financial contracts, of which the main characteristics and their fair value, recognised in the financial statements in accordance with accounting standard OIC 32, are summarised below.

Type of contract	Purpose	Notional value	Fair value		Date of execution	Expiry
			positive	negative		
Intesa San Paolo Interest rate swap	hedging	3,000,000	88,145		29/01/2021	31/12/2026
Unicredit interest rate swap	hedging	1,900,000	46,457		18/11/2020	30/09/2026
Credit Agricole interest rate swap	hedging	2,250,000	85,038		05/10/2020	05/10/2026
		7,150,000	219,640			

Please refer to the note on "derivative assets" under financial fixed assets.

Current, deferred and prepaid income taxes for the year

BALANCE AS AT 31/12/2023	BALANCE AS AT 31/12/2022	CHANGE
-177,518	853,132	-1,030,650

The details are as follows:

DESCRIPTION	31/12/2023	31/12/2022	Change
Current taxes	97,300	351,719	-254,419
IRES	0	212,280	-212,280
IRAP	97,300	139,439	-42,139
Prior year taxes	44,585	492,605	-448,020
(Deferred) tax assets	-319,403	8,808	-328,211
Deferred IRES/IRAP arising during the year			0
Deferred IRES/IRAP liabilities reversed during the year	-61,923	-1,054	-60,869
Prepaid IRES/IRAP arising during the year	-257,480		-257,480
Deferred IRES/IRAP assets reversed during the year		9,862	9,862
TOTAL	-177,518	853,132	-1,030,650

Taxes for the year have been recorded.

Taxes related to previous years (€44,585) refer to the difference between what was settled with the submission of the 2023 tax returns and what was booked in the 2022 income statement. In 2022, a provision for taxes amounting to €492,605 was made in anticipation of the amnesty for R&D bonuses (Legislative Decree 146/2021). This followed the Report on R&D activities conducted by STAR7, STAR7 Engineering, and AD Studio, which was prepared by the Department of Industrial Engineering (D.I.E.T.I.) at the Federico II University of Naples.

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:

- "Total adjustments for non-monetary items that did not have a balancing entry in net working capital" includes, among other components, the provision for severance indemnities of employees acquired following the merger by incorporation of Vertere srl (€199,335) and the employees of CAAR S.p.A. and STI srl acquired by STAR7 under the lease of business divisions (€1,273,118).

6

Notes: Other information

Employment figures

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

STAFF	31/12/2023	31/12/2022	Change	Average no.
Executives	10	7	3	9
Middle managers	14	8	6	11
Office workers	534	412	122	473
Manual workers	8	3	5	6
Others	-	-	-	0
	566	430	136	498

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

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

	DIRECTORS	STATUTORY AUDITORS
Fees	893,282	29,750

There are no advances or credits granted to directors and auditors, nor guarantees given 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

	AMOUNT
Legal audit of annual accounts	19,000
TOTAL FEES DUE TO THE STATUTORY AUDITOR OR THE AUDITING FIRM	19,000

Independent Auditors and by entities belonging to their network are shown:

Categories of shares issued by the company

The share capital, fully subscribed and paid-up, is composed as follows (Article 2427, first paragraph, nos. 17 and 18, Civil Code)

SHARES/QUOTAS	NUMBER	NOMINAL VALUE IN EURO
Ordinary Shares	8,999,752	without par value
	8,999,752	

We recall that in 2021 the following shares were issued (Extraordinary Shareholders' Meeting of 29/11/2021 and Board of Directors' meeting of 20/12/2021):

SHARES ISSUED BY THE COMPANY BY CATEGORIES DESCRIPTION	ORDINARY SHARES
Shares subscribed during the year, number	8,999,752
Shares subscribed during the year, par value	not indicated
Opening amount, number	
Closing amount, number	8,999,752
Opening amount, par value	
Closing amount, par value	not indicated

For the purpose of admission to listing on the Euronext Growth Milan market, the existing ordinary shares as at 31/12/2020 (500,000 with a unit value of €1.00) were cancelled as new ordinary shares were issued, dematerialised, with no indication of the par value.

On 20 December 2021, the Board of Directors subsequently resolved on a capital increase with the issue of 1,499,752 new ordinary shares, of which 429,752 subscribed by Kairos Partners SGR S.p.A. and 1,070,000 offered for placement on the market.

Securities issued by the company

As already mentioned, the Company issued the following securities during the year 2021 that are not included in the share capital: two bond/minibond issues totalling €25 million 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%; as security, a pledge on 100% of the shares/shares of Localeyes Ltd. was issued, replaced in 2022 by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee.

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

Commitments for lease instalments due under current lease agreements are as follows.

	AMOUNT
Commit	1,637,110
TOTAL	1,637,100

Letters of patronage were issued in favour of the subsidiary STAR7 Printing s.r.l.. In addition, as security for the repayment of the minibonds issues in 2021, a pledge on 100% of the shares/shares of Localeyes Ltd. was issued, replaced in 2022 by a bank guarantee issued by Unicredit Corporate S.p.A. with SACE guarantee.

Information on transactions with related parties

Our company is 33.4% owned by the Swiss-based company STAR AG, and has investments in subsidiaries and associates in Italy and abroad; during 2023 and 2022, business relations were conducted exclusively on market terms. On 28 June 2021, the Company purchased 50,000 treasury shares from STAR AG at a price of €60 each for the purpose of applying for listing on the AIM market operated by Borsa Italiana.

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 €451,000 and refer to consulting in the areas of finance, technical management, human resources, marketing, external relations and insurance consulting.

Turnover from services rendered to STAR AG during the year amounted to €213,171, while services received from STAR AG during the year amounted to €439,733.

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

Details of other financial instruments issued by the company (Ref. Article 2427-bis, first paragraph, no. 1, Civil Code)

The Company has not issued any financial instruments other than shares and the mini-bond, already commented on.

Information on assets and financing allocated to a specific business

Not applicable.

Information on agreements not shown in the balance sheet

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

Not applicable.

Information on significant events after the end of the financial year

No significant events occurred after the end of the year that could have significant capital, economic and financial effects on the consolidated financial statements as at 31/12/2023. With regard to the developments in the bankruptcy proceedings of CAAR S.p.A. and STI srl, the Court of Turin, on 06/03/2024, pronounced the Judicial Liquidation Opening Judgement.

On 19/03/2024, a petition was filed, again before the Court of Turin, by the CAAR Group's attorneys, claiming the need for the opening of the Judicial Liquidation of STI srl. We are waiting for proceedings to be filed and a hearing to be scheduled. It should be noted that, to date, the rental agreements of the Business Division signed with STAR7 remain in place and STAR7 is continuing its efforts to promote the most appropriate initiatives to preserve the continuity of the Business Division, in compliance with the primary objective of protecting the Group's Creditors and Customers.

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

It should be noted that grants in the form of tax credits are recognised in the profit and loss account:

- tax credit for research and development (€52,823): this was recorded in the income statement for the entire period of reference, similar in substance to operating grants, given the recognition in the income statement of all the underlying subsidised expenses.
- "Capital Goods 4.0" tax credit (€82,346) for the relevant portion;
- health safety tax credit (€474).

State aid relating to the guarantees obtained by Sace/Mediocredito on loans payable, under Covid-19 regulations, was equal to a total of €206,669, as indicated in the specific table in the note on Payables.

With a grant date falling in 2023, the Company received the following benefits qualifying as "state aid":

Description/regulatory source	Date granted	Granting body	Regulation/Communication	Aid element
Automatic tax measures and non-repayable grants in support of business and the economy (as amended by C(2022) 171 final on SA 101076)	31/05/2023	Revenue Agency	TF Covid-19 - Section 3.1 of the Commission Communication of 19.03.2020 C(2020) 1863 final as amended	90,553
Supportitaly Guarantee	21/12/2023	SACE S.P.A.	TF Ukraine Crisis - Section 2.2 of Commission Communication of 23.3.2022 C(2022) 1890 final as amended	2,000,000
Aid for technology transfer centres	21/11/2023	COMPETENCE INDUSTRY MANUFACTURING 4.0	EC Reg. 651/2014 General Block Exemption (GBER) and following	362,680
Tax exemptions and tax credits used as a result of the economic crisis caused by the COVID-19 outbreak (with amendments resulting from decision SA. 62668 and Decision C(2022) 171 final on HS 101076)	07/04/2023	Revenue Agency	TF Covid-19 - Section 3.1 of the Commission Communication of 19.03.2020 C(2020) 1863 final as amended	32,685

For a complete overview of State Aid, please refer to the National State Aid Register (at <https://www.rna.gov.it/RegistroNazionaleTrasparenza>).

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

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

Communications pursuant to Article 10 Law 72/1983 and subsequent revaluation laws

It is acknowledged that in preparing the financial statements of previous years, with reference to assets still existing, no monetary revaluations were carried out in the past pursuant to law, nor were any exceptions made to the valuation criteria pursuant to Article 2423, third paragraph, of the Civil Code.

Proposed allocation of profits or coverage of losses

Whereas:

- depreciation and amortisation suspended under Article 60 of Law No. 126/2020 (converting Decree-Law No. 104/2020) was reversed in 2023, therefore the dedicated equity reserve ("Decree-Law No. 104/2020 reserve") of €180,103 (net of tax) must be released;
- it is not possible to distribute dividends as the Company has obtained a SACE guarantee on some loans;

it is proposed to the Shareholders' Meeting that the profit for the year be allocated as follows:

OPERATING RESULT AS AT 31/12/2023	EUROS	614,175
to the legal reserve	Euro	-
to the extraordinary reserve	Euro	614,175
to dividends	Euro	-
to unavailable reserve art. 60 of Law Decree no. 104/2020	Euro	-

and to release the "Reserve Decree Law 104/2020" (converted into Law No. 126/2020) of €180,103 (net of taxes) to the Extraordinary Reserve.

These notes have been prepared in accordance with the provisions of the Civil Code and accounting standards issued by the OIC. In order to comply with publication requirements in the Companies Register, once approved, it will be converted to XBRL format; therefore, there may be some formal changes necessary to make this note compatible with the filing format.

These financial statements, which comprise the Balance Sheet, Income Statement, Cash Flow Statement and Notes, present a true and fair view of the Company's financial position and results of operations for the period, and correspond to the underlying accounting records.

Valle San Bartolomeo (Alessandria), 28 March 2024

Chairman of the Board of Directors
Lorenzo Mondo

INDIPENDENT AUDITORS' REPORT

on the Separate Financial Statements as at 31/12/2023

STAR7 S.p.A.

Report of the independent auditors
pursuant to art. 14 of Legislative Decree
no. 39 of 27 January 2010

Balance sheet as at 31 December 2023

ABNG/LZZI/Abro-RC085002023BD1598





Tel: +39 011 56.28.264
www.bdo.it

C.so Re Umberto, 9/bis
10121 Turin

Report of the independent auditors

pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of
Star7 S.p.A.

Report on the audit of the financial statements

Judgment

We have audited the accompanying financial statements of Star7 S.p.A. (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, the statement of cash flows for the year then ended, and the related notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Italian law governing the preparation of financial statements.

Elements underlying the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for Auditing the Financial Statements* section of this report.

We are independent with respect to the Company in accordance with the rules and principles on ethics and independence applicable in Italian law to the auditing of financial statements. We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

Responsibility of the directors and the Board of Statutory Auditors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing the criteria for their preparation and, within the terms of the law, for that part of the internal control they consider necessary to enable the preparation of financial statements that do not contain any significant errors due to fraud or unintentional conduct or events.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the annual financial statements, for the appropriateness of using the going concern assumption, as well as for adequate disclosure in this regard. The directors use the going concern basis of accounting in preparing the financial statements unless they have assessed that the conditions for the Company's liquidation or discontinuance exist or have no realistic alternative to those choices.

The Board of Statutory Auditors is responsible for supervising, within the terms of the law, the process of preparing the Company's financial reports.

Bari, Bologna, Brescia, Cagliari, Florence, Genoa, Milan, Naples, Padua, Palermo, Rome, Turin, Verona

BDO Italia S.p.A. - Registered Office: Viale Abruzzi, 94 - 20131 Milan - Share Capital Euro 1,000,000 fully paid up.
Tax ID Code, VAT number and Milan Company Register no. 07722780967 - R.E.A. Milan 1977842
Entered in the Register of Auditors at no. 167911 with Ministerial Decree of 15/03/2013 G.U. no. 26 of 02/04/2013
BDO Italia S.p.A., an Italian joint-stock company, is a member of BDO International Limited, a company limited by guarantee under English law, and is part of the international BDO network of independent companies.



Responsibility of the independent auditors for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free of material misstatement, whether due to fraud or unintentional conduct or events, and to issue an audit report that includes our opinion. Reasonable assurance is defined as a high level of assurance that an audit performed in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement, if any. Errors may derive from fraud or unintentional conduct or events and are considered significant when they can reasonably be expected, either individually or collectively, to influence the economic decisions taken by users on the basis of the financial statements.

As part of an audit performed in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgment and maintained professional scepticism throughout the audit. Also:

- we identified and assessed the risks of material misstatement of the financial statements due to fraud or unintentional conduct or events; we defined and performed audit procedures in response to these risks; we have obtained sufficient and appropriate evidence on which to base our opinion. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional conduct or events, as fraud may involve collusion, falsification, intentional omissions, misrepresentation, or forcing of internal control;
- we have obtained an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we assessed the appropriateness of the accounting policies used as well as the reasonableness of the accounting estimates made by the directors, including the related disclosures;
- we have reached a conclusion as to the appropriateness of the directors' use of the going concern assumption and, based on the evidence we have obtained, as to whether there is a material uncertainty about events or circumstances that may cast significant doubt about the Company's ability to continue as a going concern. If there is a material uncertainty, we are required to draw attention in the audit report to the relevant financial statement disclosures or, if such disclosures are inadequate, to reflect that fact in the formulation of our opinion. Our conclusions are based on the evidence obtained through the date of this report. However, subsequent events or circumstances may result in the Company ceasing to operate as a going concern;
- we evaluated the presentation, structure, and content of the financial statements as a whole, including disclosures, and whether the financial statements present the underlying transactions and events in a manner that provides a fair presentation.

We communicated to those responsible for governance activities, identified at an appropriate level as required by ISA Italy, among other matters, the planned scope and timing of the audit and the significant findings that arose, including any significant deficiencies in internal control identified during the audit.



Report on other statutory and regulatory requirements

Judgment pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10

The directors of Star7 S.p.A. are responsible for the preparation of the report on operations of Star7 S.p.A. as at 31 December 2023, including its consistency with the related financial statements and its compliance with legal requirements.

We have performed the procedures indicated in Auditing Standard (SA Italy) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Star7 S.p.A. as at 31 December 2023, and on their compliance with legal requirements, as well as to issue a statement on any significant errors.

In our opinion, the report on operations is consistent with the financial statements of Star7 S.p.A. for the year ended 31 December 2023, and has been prepared in accordance with the requirements of the law.

With reference to the statement pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired during the audit, we have nothing to report.

Turin, 12 April 2024

BDO Italia S.p.A.

Anna Maria Bongiovanni
Partner

BOARD OF STATUTORY AUDITORS' REPORT

on the Financial Statements as at 31/12/2023

STAR7 SpA

Share capital €599,340 fully paid up
Registered office in Valle San Bartolomeo
Via Alessandria 37/B
TAX ID NO 01255170050

**Report of the Board of Statutory Auditors
on the Financial Statements as at 31 December 2023**

To the Shareholders' Meeting

The financial statements for the year ended 31 December 2023, which the Board of Directors is submitting for your approval, show a profit for the year of €614,175.

They are

- made up of the Balance Sheet and Income Statement, drawn up in compliance with the relevant legislation, as well as the Notes to the Accounts and the Cash Flow Statement;
- accompanied by the Report on Operations.

Pursuant to Article 2429 of the Italian Civil Code, the Board of Statutory Auditors shall report to the Shareholders' Meeting on its observations and proposals regarding the financial statements approved by the Board of Directors on 28 March 2024 and proposed for approval.

In carrying out its duties, the Board of Statutory Auditors has supervised compliance with the law and the Articles of Association, as well as respect for the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the company, making reference in the performance of its duties to the guidelines contained in the rules of conduct for Boards of Statutory Auditors recommended by the Italian Accounting Profession.

During the year ended 31 December 2023, the Board of Statutory Auditors' activities were carried out through the acquisition of documentation and the holding of meetings both in person and via audio-video conference. The Board of Statutory Auditors met 5 times.

During the year, we carried out the supervisory activity required by law pursuant to art. 2403 of the Italian Civil Code, since the legal audit of the accounts was carried out by the Independent Auditors BDO S.p.A., appointed by shareholders' resolution on 4 May 2021, which today issued its reports on the separate and consolidated financial statements as at 31 December 2023, without any remarks or requests for information.

The Independent Auditors BDO Italia S.p.A. also issued its report on the statement of expenses incurred during 2023 for research and development activities, prepared for the purposes set forth in Article 2023 of Law No. 1 of 160 December 27 and the Decree of 2019 May 26 issued by the Minister of Economic Development; no remarks were made.

Having regard to the manner in which our activity has been carried out we acknowledge:

- to have attended the meetings of the Board of Directors and the Shareholders' Meetings during the year;

- that we have acquired the information necessary to carry out the activity for which we are responsible concerning the assessment of the degree of adequacy of the Company's organisational structure and compliance with the principles of correct administration, by means of direct inquiries and the gathering of information from the heads of the functions concerned;
- to have ascertained the reliability of the administrative-accounting system in receiving and correctly representing management events and in translating them into reliable data systems for compulsory external information and internal control requirements.

During the course of the year, we were periodically informed about the company's operating performance, its outlook and the most important economic, financial and capital transactions carried out by the Company. The Company did not carry out any further transactions in the course of the year that were significant enough to be worthy of mention here given the extensive and thorough information provided in the Report on Operations, to which reference should be made. In this regard, we can reasonably affirm that the actions taken are in the company's interest, comply with the law and the bylaws and are not manifestly imprudent, risky or such as to compromise the integrity of the company's assets.

On the basis of what has emerged from direct interventions and the information gathered, the resolutions adopted by the Board of Directors comply with the law and the Bylaws, as well as with the principles of proper administration, are consistent and compatible with the size of the Company's assets, and comply with the provisions of Article 2391 of the Italian Civil Code, concerning the interests carried by the Directors, on their own behalf or on behalf of third parties.

During the year, no reports were made pursuant to articles 2408 or 2409 of the Italian Civil Code, no complaints were received, and no omissions, reprehensible acts or irregularities were reported by the heads of company departments that would require mention in this Report.

During the year, we did not make any reports to the Board of Directors pursuant to art. 15 D.L. no. 118/2021 or pursuant to and for the purposes of art. 25-octies of Legislative Decree 14 of 12 January 2019 and no reports were received from qualified public creditors pursuant to and for the purposes of art. 25-novies of Legislative Decree 14 of 12 January 2019.

At the Board meeting of 28 March 2024 the Supervisory Board's annual report was reviewed. The activities carried out and the checks carried out, in the light of the information received and the documents handed over, did not reveal any reprehensible facts or violations of the Model or any acts or conduct entailing a breach of the provisions contained in Legislative Decree no. 231/2001.

During the year, the Board of Statutory Auditors exchanged information with the Independent Auditors and the Supervisory Board.

We did not issue any opinions during the year.

With reference to the financial statements, we acknowledge that:

- the draft financial statements, accompanied by the Notes to the Accounts and the Cash Flow Statement, and the Report on Operations, prepared by the Directors, were delivered to us within the time limits required by law;

- the draft financial statements correspond to the results of the accounting books and records;
- the draft financial statements correspond to the facts and information that have come to our knowledge following our participation in the meetings of the Corporate Bodies, which made it possible to acquire adequate information on the most important economic, financial and asset operations carried out by the Company;
- we have verified compliance with the legal requirements relating to the formation and layout of the financial statements; in particular, that the financial statements are prepared in accordance with the statutory schemes, possibly also reclassifying the quantitative evidence of the previous year as at 31 December 2022;
- the valuation of the Company's assets was carried out with a view to the continuation of the Company's business, in accordance with the provisions of article 2426 of the Italian Civil Code;
- there were no changes in the valuation criteria with respect to the previous year; no recourse was made to departures from legal provisions pursuant to art. 2423, paragraph 4 of the Italian Civil Code; we expressed our consent to the recognition of start-up and expansion costs of €844,611 and goodwill of €2,044,665;
- the administrative body also approved the consolidated financial statements for the year ended 31 December 2023, together with the notes, the cash flow statement and the Report on operations, which it delivered to us together with the financial statements for the same period. The Board of Statutory Auditors also acknowledges that it has supervised the observance of procedural and legal standards regarding its formation and the respect of the Directors' and Independent Auditor's duties in this area.

Considering the outcomes of the work we have performed and the opinion expressed in the audit report issued by the statutory auditor, we do not find any reasons to prevent the shareholders from approving the financial statements for the year ended 31 December 2023, as prepared by the directors.

The Board of Statutory Auditors agrees with the directors' proposal on the allocation of the profit for the year as per the notes to the financial statements.

Finally, we would like to point out that our term in office expires with the approval of the financial statements as at 31 December 2023. Thank you for your trust in us.

Milan, 12 April 2024

THE BOARD OF STATUTORY AUDITORS

Mr. Fabio Maria Venegoni

Mr. Alberto Bodiglio

Mr. Vincenzo Gambarato

.

STAR7 S.p.A.

Via Alessandria 37B, 15122

Valle San Bartolomeo, Alessandria - Italy

VAT number and Tax ID No.: 01255170050, REA
(Economic and Administrative Index): AL 208355

Share Capital: €599,340

star-7.com

