



# **H1 2024 FINANCIAL RESULTS**

CONFERENCE CALL | 27 SEPTEMBER 2024

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# AGENDA

STAR7 H1 2024



- At a glance
- ⤴ Financial results
- Innovation&Sustainability
- ⤴ Final remarks
- ⤴ Appendix

# Today's presenting team



**Lorenzo Mondo**

Founder & Group CEO



**Pierluigi Valletta**

Chief Financial Officer

STAR7 H1 2024

# AT A GLANCE



# H1 2024 highlights

## REVENUES

**€60.4m**

€50.9m

+18.7%

vs H1 2023

## EBITDA / EBITDA ADJ\*

**€8.6m / €9.2m**

€6.9m / €7.5m

EBITDA / EBITDA ADJ\*

+23%\*

vs H1 2023

## EBITDA MARGIN / EBITDA MARGIN ADJ\* %

**14.2% / 15.2%**

13.6% / 14.7%

+50 bps\*

vs H1 2023

## NET DEBT

**€29.8m**

€37.8m

(Dec. 2023)

**€33.6m**

June 2023

\*Adjusted EBITDA excludes integration & restructuring costs mainly related to the CAAR Group business division

# Delivering on a properly set strategy

Successful impact of **STAR7 strategic pillars** clearly detectable in 1H 2024 topline performance:

-  **INCREASING INTERNATIONALISATION**  
High growth rates achieved in foreign markets leading Group revenue expansion
-  **WELL-BALANCED OFFER OF SERVICES THROUGH THE INTEGRALE<sup>7</sup> MODEL**  
Strong drive from a growing number of contracts in Engineering and Product Knowledge services
-  **BROADLY DIVERSIFIED EXPOSURE TO END SECTORS**  
Proven resiliency of STAR7 revenues to the uncertainties currently affecting luxury, automotive and agriculture

# H1 2024 Highlights

*Reaping the benefits of actions undertaken to increase revenues and margins while deleveraging*

*Effective execution behind the achievement of strong topline growth and margin recovery*

**— +18.7% in revenues**

fully driven by organic expansion

**⤴ 15.2% Adjusted EBITDA margin reflecting the benefits from**

- high-quality revenue mix
- cost rationalisation, following the completion of CAAR integration
- fully structured offshoring – although yet to gain scale

**○ €8.0m decrease in net financial debt vs 31 Dec. 2023**

(€3.8m decrease vs 30 June 2023)  
due to NWC optimisation



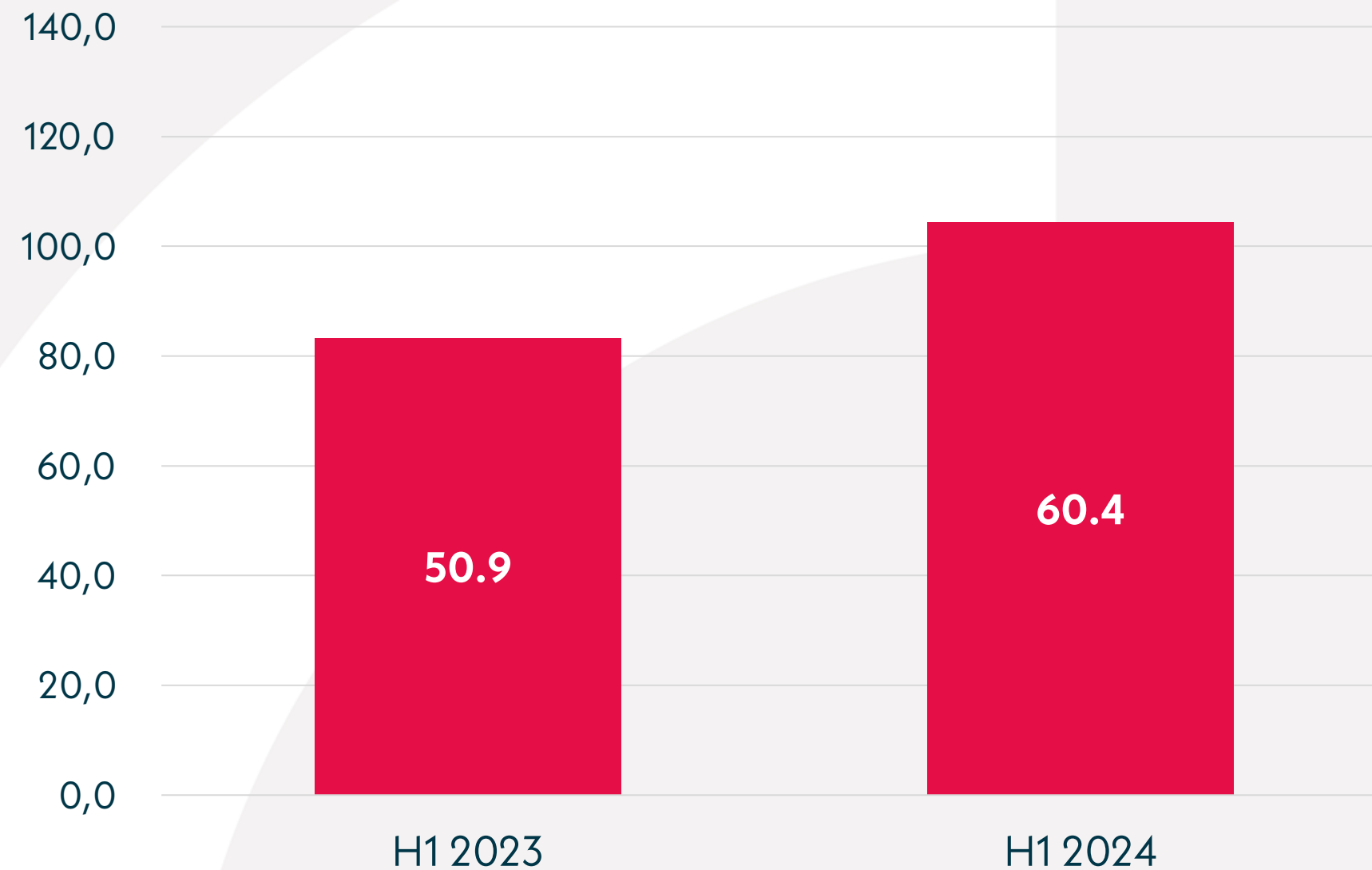
STAR7 H1 2024

# FINANCIAL RESULTS



# H1 2024 revenues

## REVENUES (data in €m)



**+18.7%**

**Change %**

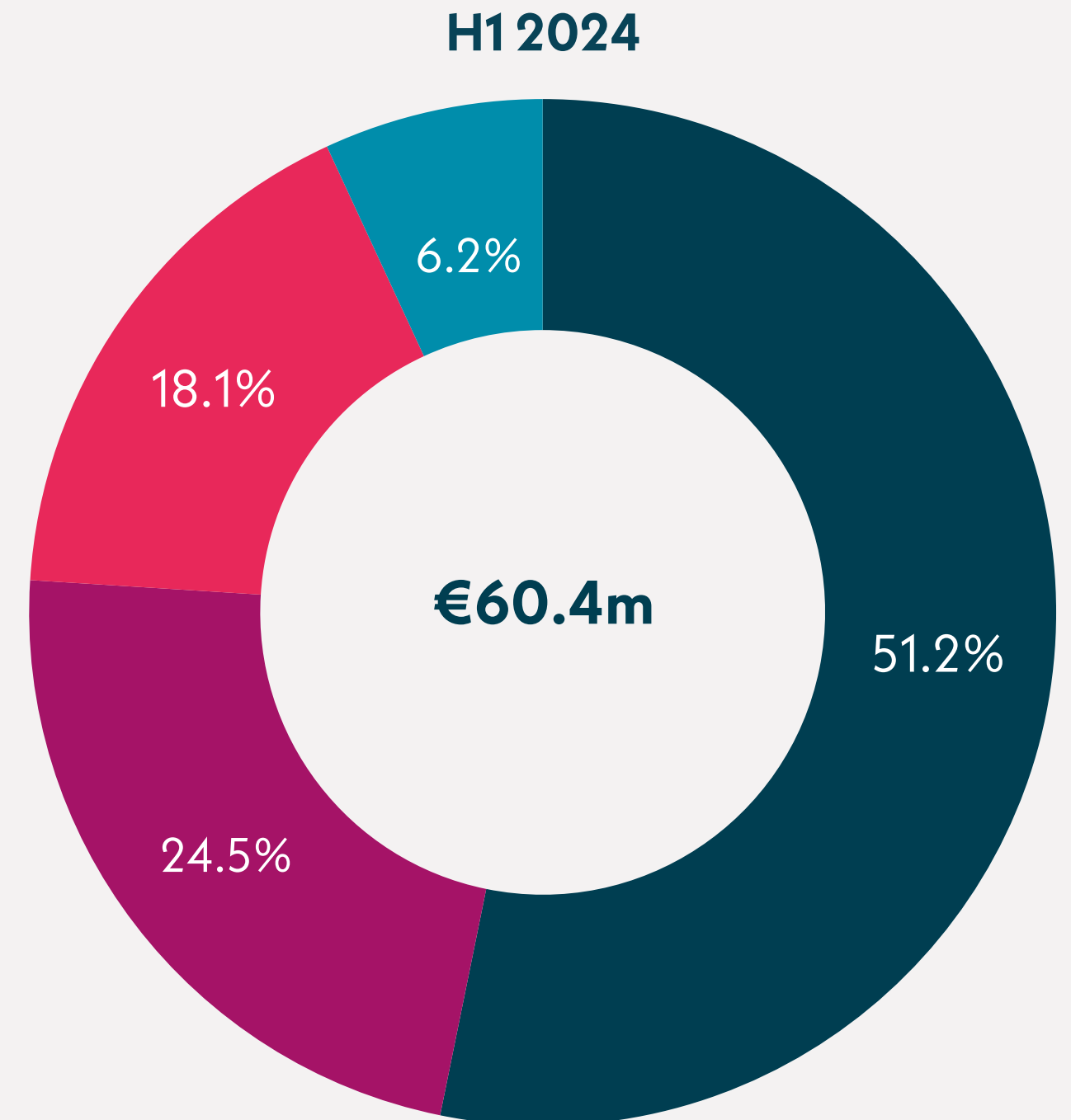
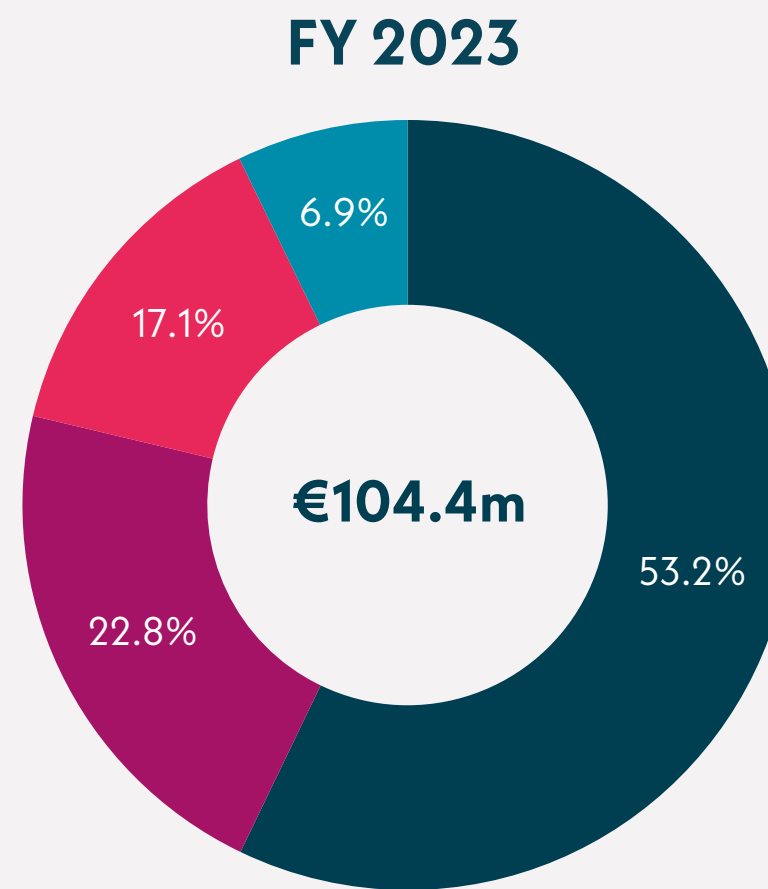
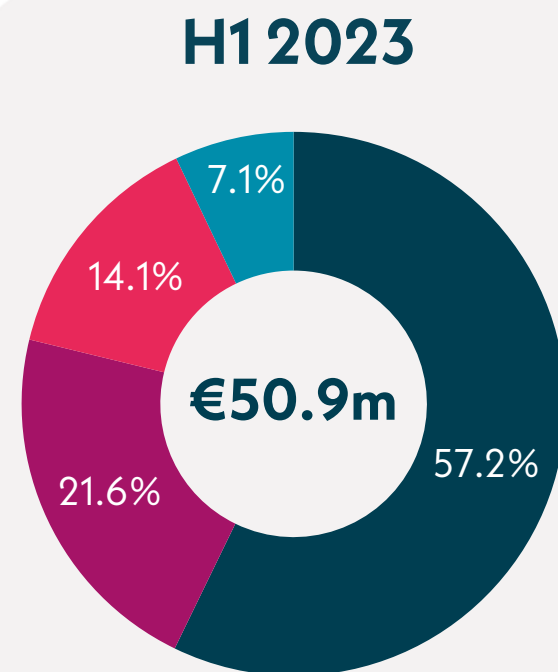
H1 2024 vs H1 2023

The key factor in the progress achieved in the first six months of 2024 can be identified in significant organic growth in the USA and Brazil, driven by the Product Knowledge and Engineering service lines.

# Revenues breakdown by region

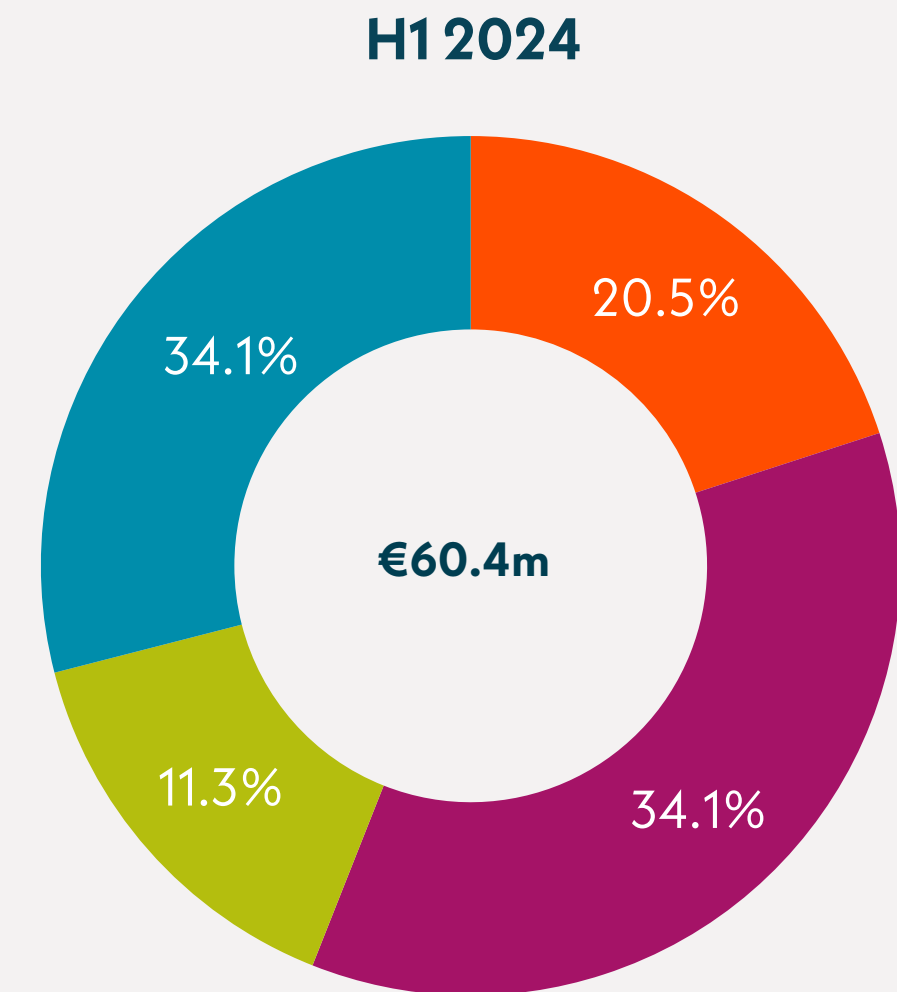
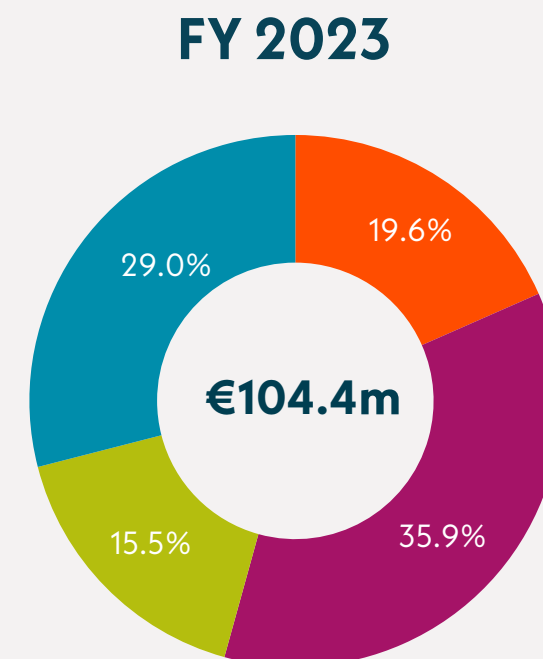
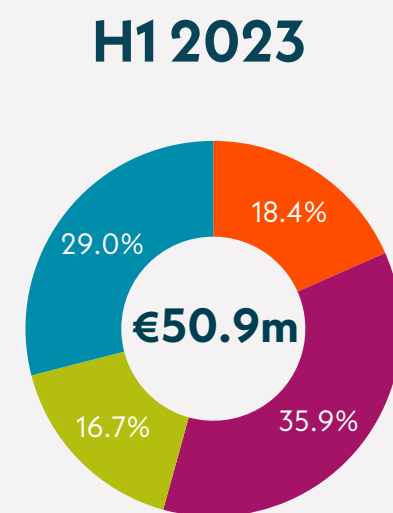
## STAR7 – an increasingly global company

Brazil and US at higher weight in H1 2024 vs H1 2023, driven mainly by up-selling and cross-selling services.



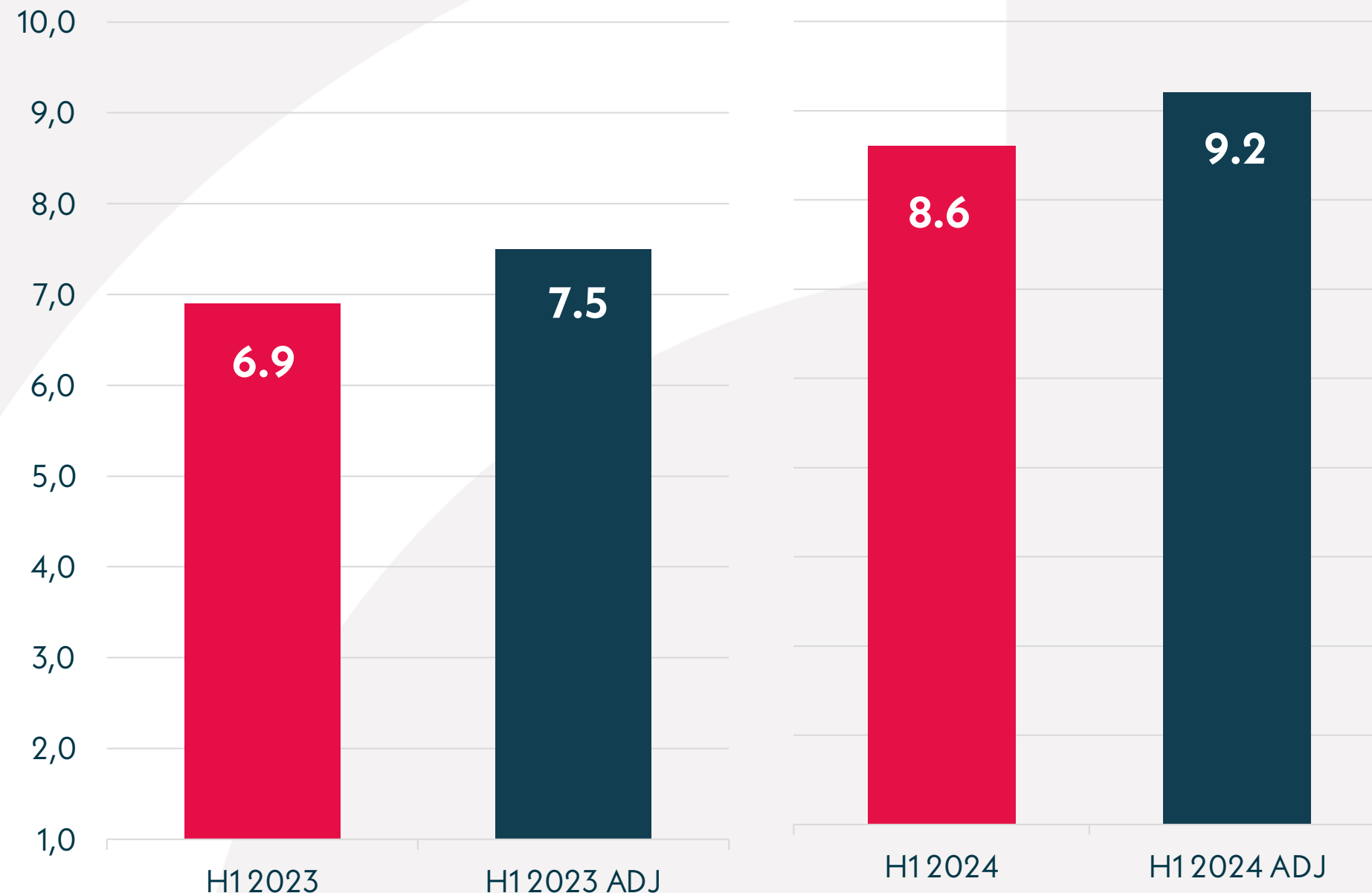
# Revenues breakdown by services

- Significant increase of group revenues thanks to high growth rate in Engineering services driven by **Brazil** and Product Knowledge services driven by the global business **contracts signed with Stellantis** (in partnership with leading international players)
- ⤴ Positive trend confirmed for Global Content activities, boosted by upselling to strategic client
- Well balanced sharing between services to enhance **Integrale<sup>7</sup>** approach and cross-selling



# H1 2024 EBITDA ADJ

EBITDA adjusted (data in €m)



**+23%**

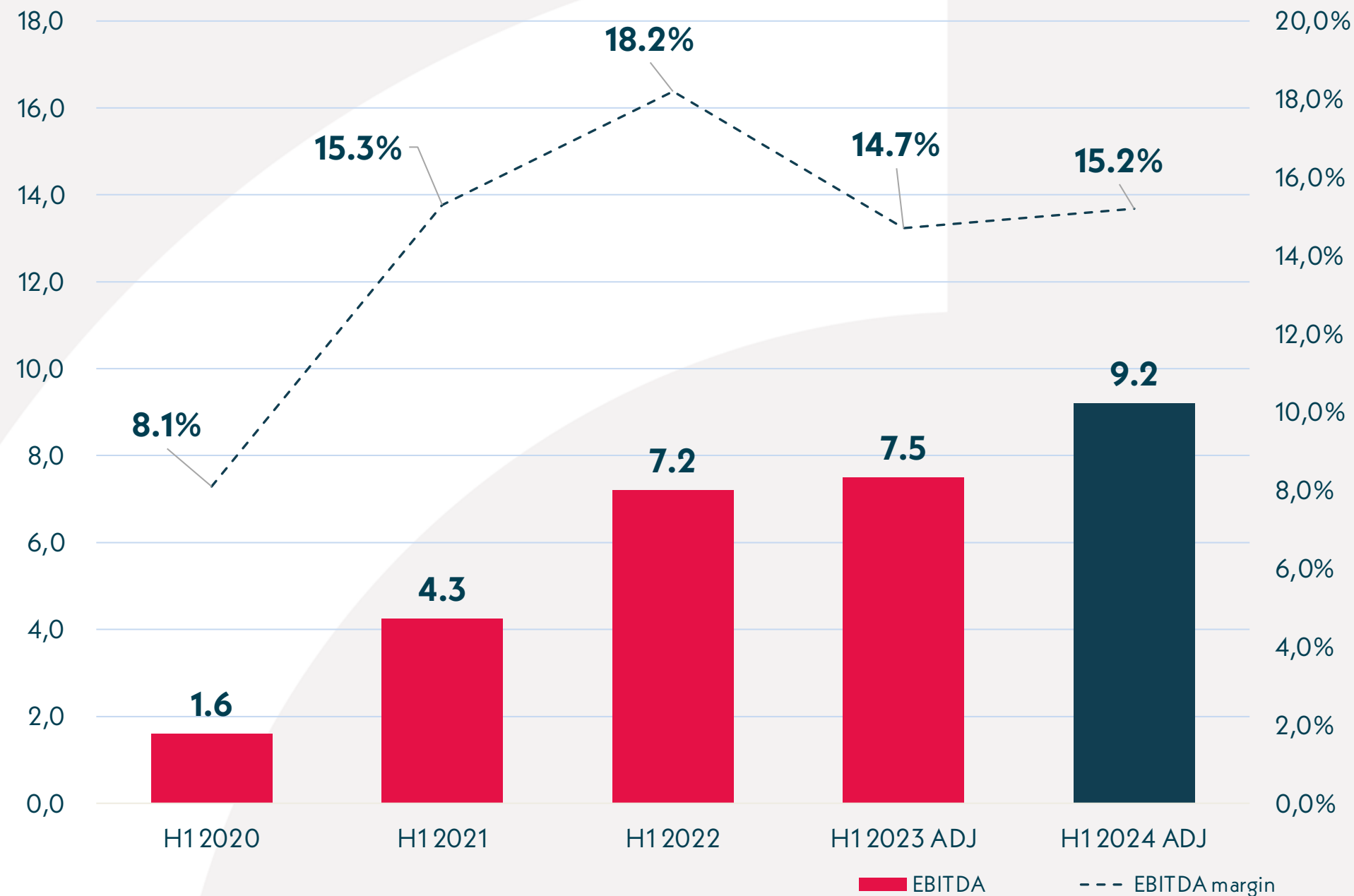
**Change %**

H1 2024 ADJ VS H1 2023 ADJ

**Recovering an upward trend driven by  
cost rationalisation**

# H1 2024 EBITDA margin

(data in €m)

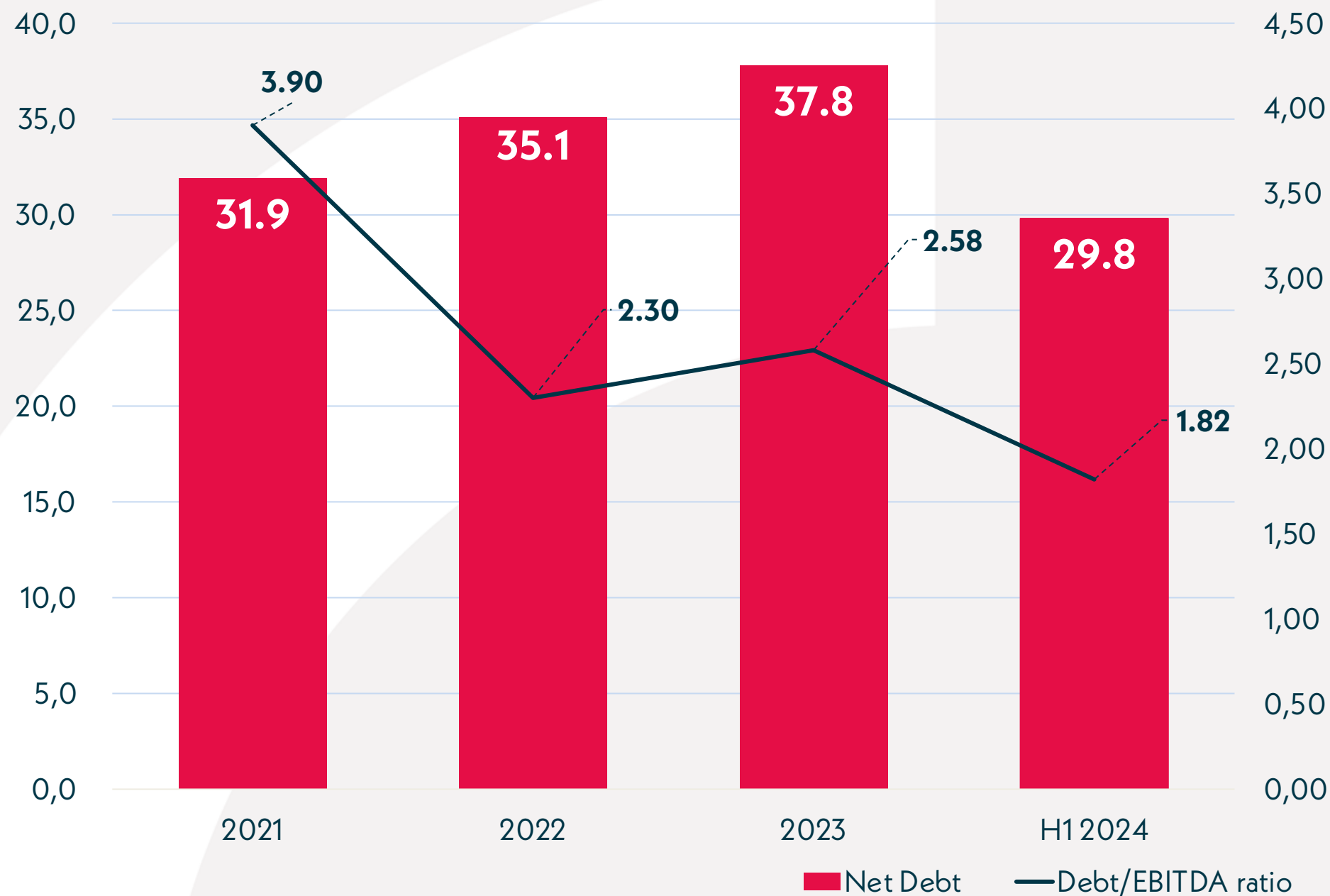


## H1 2024 recovery in EBITDA margin mainly driven by:

- Strengthened focus on increasing margins
- CAAR Group costs rationalisation strategy (excluded in Adjusted EBITDA) with efficiencies still to express full potential
- ◌ Offshoring in Albania (high operating leverage)

# Net Debt – Debt-to-EBITDA ratio

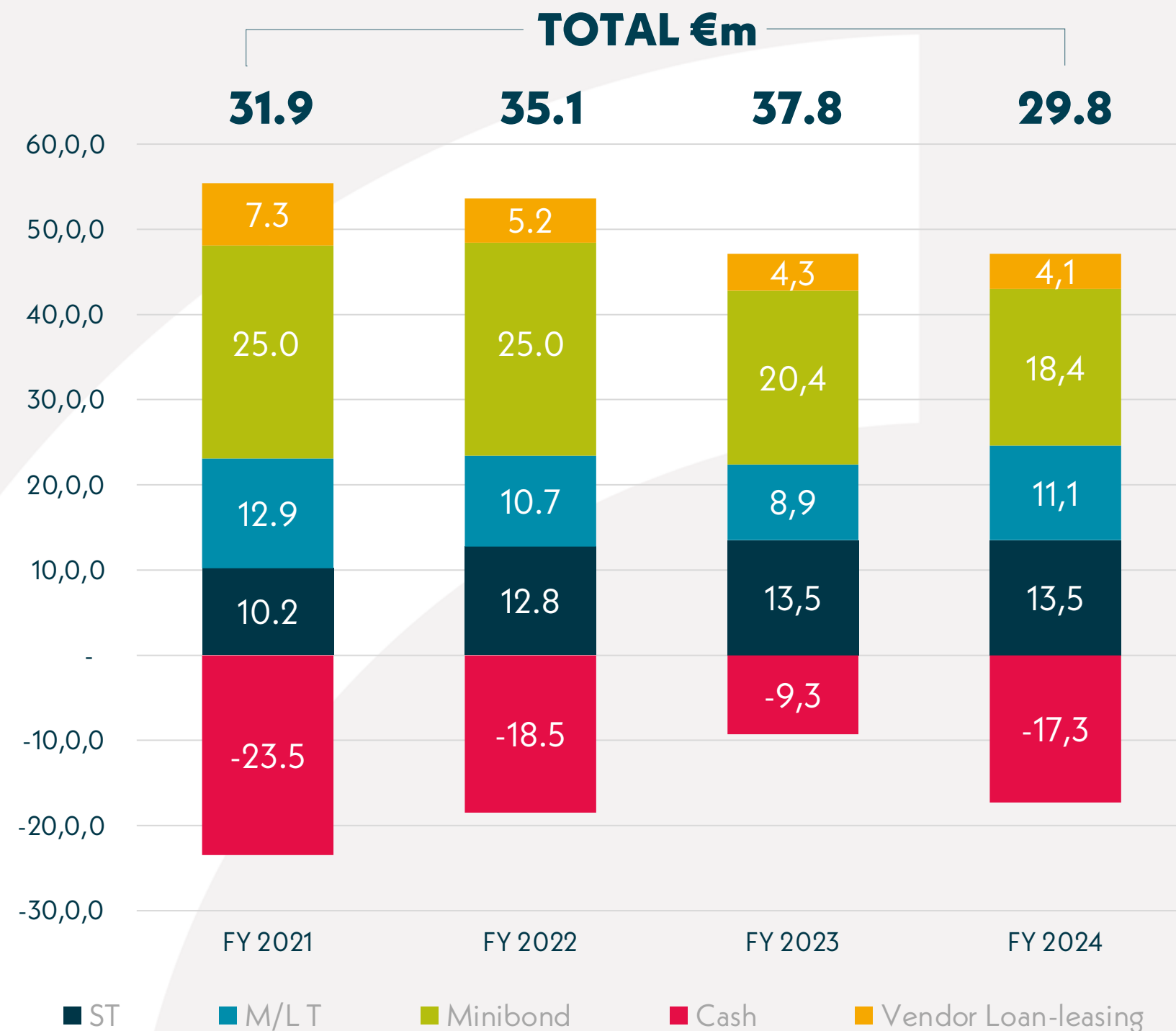
(data in €m)



**Strong deleveraging fueled by more disciplined management of NWC:**

- Net financial debt decreased to **€29.8m** as at 30 June 2024 (from €37.8m as at 2023YE) reflecting the successful management of net working capital
- The Debt-to-EBITDA ratio decreased from 2.6x (FY2023) to 1.8x based on LTM EBITDA

# Financial sustainability



- **The debt structure remains** well balanced between short and long term with the Minibond to be fully reimbursed by the end of 2028
- ◡ CAAR deal to be finalised in October already financed



STAR7 H1 2024

# **INNOVATION & SUSTAINABILITY**





The Future of Product Information

OCTOBER 2024

# Our first event for our top customers.

We will showcase STAR7's solutions to enable our clients to enter the world of generative artificial intelligence.

## 7AI Day: STAR7 AI solutions

### EXPERT-IN-THE-LOOP MODEL:

Combines AI with STAR7 human expertise, allowing an expert to train and refine the AI's engine. Balances automation with critical human input, enhancing outcomes and improving the AI's learning over time.



SMART7



GLOBAL7

Our AI-based solutions enable our clients to **enhance their products on a global scale**, making them **ready for every language and market**.

# Sustainability as a competitive edge

We are well on track to ensure compliance and turn our ESG efforts into a competitive advantage over our peers

## Why STAR7 is in a privileged position to gain a lasting competitive advantage from ESG:

- ESG awareness is a key factor that top customers consider in their suppliers and will increasingly look at.
- For the past 2 years, STAR7 has been preparing to meet the sustainability demands of its top customers (although this only becomes mandatory in FY 2025) with 2 Sustainability Reports already published.
- We have already set and are working on 10 SDGs and continue to monitor and improve our performance.
- We are also working to align with the new CSRD requirements, and we will be ready for 2024 reporting.

STAR7 H1 2024

# FINAL REMARKS



# STAR7's next steps

Laying the foundations for higher margins and stronger cash flow generation in 2025 and beyond

- Back on track with healthy fundamentals after the full integration of CAAR achieved in 1H 2024.
- Getting the most out of the cost rationalisation measures undertaken.
- Fully leveraging the offshoring structure in place in Albania.
- Testing additional expansion opportunities in India, having opened a new frontier there.
- Enhancing the service offering through new AI solutions that we expect will boost volumes, especially in the Product Knowledge, Global Content, and Experience businesses.

**2024**

Back on track, with **organic growth, margin recovery** and **deleveraging**



**2025**

Stronger focus on **increasing margins** and **cash conversion**



**2026**

**Aiming** at **double-digit growth** and **M&A** while keeping **high margins** and **sound leverage**



STAR7 H1 2024

# APPENDIX



# Income statement

(data in €)

	30/06/2024	30/06/2023	Change	Change %
Net Revenues	60,365,165	50,860,071	9,505,094	18.7%
Other revenues	442,626	713,669	-271,043	-38.0%
Change in inventories and increases in fixed assets	-231,836	51,929	-283,765	-546.4%
External costs	-25,626,279	-23,172,895	-2,453,384	10.6%
<b>Added Value</b>	<b>34,949,676</b>	<b>28,452,774</b>	<b>6,496,902</b>	<b>22.8%</b>
Personnel costs	-26,360,238	-21,520,769	-4,839,469	22.5%
<b>EBITDA</b>	<b>8,589,438</b>	<b>6,932,005</b>	<b>1,657,433</b>	<b>23.9%</b>
Depreciation, writedowns and other provisions	-4,089,777	-3,825,040	-264,737	6.9%
<b>EBIT</b>	<b>4,499,662</b>	<b>3,106,965</b>	<b>1,392,697</b>	<b>44.8%</b>
Net financial income	-1,632,337	-1,193,797	-438,540	36.7%
<b>Profit before taxes</b>	<b>2,867,325</b>	<b>1,913,167</b>	<b>954,157</b>	<b>49.9%</b>
Income taxes	-1,368,761	-923,891	-444,870	48.2%
<b>Net profit</b>	<b>1,498,563</b>	<b>989,276</b>	<b>509,287</b>	<b>51.5%</b>

# Balance sheet

(data in €)

	30/06/2024	31/12/2023	Change	Change %
Net intangible assets	36,113,112	38,215,878	-2,102,766	-5.5%
Net tangible assets	8,781,775	9,194,650	-412,875	-4.5%
Equity holdings and other financial investments	536,273	277,808	258,465	93.0%
<b>Fixed assets</b>	<b>45,431,159</b>	<b>47,688,336</b>	<b>-2,257,177</b>	<b>-4.7%</b>
Inventories	2,554,312	2,541,276	13,036	0.5%
Trade receivables	34,488,258	37,172,859	-2,684,601	-7.2%
Receivables from associates and related parties	537,845	855,010	-317,164	-37.1%
Other receivables	7,719,190	6,149,817	1,569,373	25.5%
Accruals and prepaid expenses	2,810,325	1,714,080	1,096,245	64.0%
<b>Current assets</b>	<b>48,109,930</b>	<b>48,433,042</b>	<b>-323,112</b>	<b>-0.7%</b>
Trade payables	-12,274,865	-8,678,976	-3,595,889	41.4%
Other payables to associates and related parties	-833,092	-442,162	-390,930	88.4%
Advance payments	-10,684	-39,885	29,202	0.0%
Outstanding tax and social security debts	-4,131,214	-3,907,864	-223,350	5.7%
Other payables	-5,472,450	-3,824,696	-1,647,754	43.1%
Accruals and deferred income	-1,929,005	-2,189,703	260,699	-11.9%
<b>Current liabilities</b>	<b>-24,651,310</b>	<b>-19,083,287</b>	<b>-5,568,024</b>	<b>29.2%</b>
<b>Net working capital</b>	<b>23,458,620</b>	<b>29,349,755</b>	<b>-5,891,136</b>	<b>-20.1%</b>
Severance pay indemnity	-6,612,755	-6,368,713	-244,043	3.8%
Tax and social security debts (beyond the following fiscal year)	-	-	0	0.0%
Other non-current liabilities	-1,076,727	-1,040,398	-36,330	3.5%
<b>Non-current liabilities</b>	<b>-7,689,483</b>	<b>-7,409,110</b>	<b>-280,372</b>	<b>3.8%</b>
<b>Invested Capital</b>	<b>61,200,296</b>	<b>69,628,981</b>	<b>-8,428,685</b>	<b>-12.1%</b>
Shareholders' Equity	-31,376,275	-31,873,399	497,124	-1.6%
Short-term Net Financial Position	-2,623,096	-10,693,185	8,070,089	-75.5%
MLT Net Financial Position	-27,200,925	-27,062,397	-138,528	0.5%
<b>Net equity and Net financial debt</b>	<b>-61,200,296</b>	<b>-69,628,981</b>	<b>8,428,685</b>	<b>-12.1%</b>



# Cash Flow Statement

(data in €)

	30/06/2024	30/06/2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit (loss)</b>	1,498,563	989,276
Income taxes	1,368,761	923,891
Financial charges/(income)	1,679,104	1,239,705
Losses (gains) from assets disposal	-8,960	-
<b>1. Profit (loss) for the year before taxes, financial charges, dividends and losses (gains) from asset disposals</b>	<b>4,537,468</b>	<b>3,152,872</b>
<b>Adjustments for non-cash items that had no impact on net working capital</b>		
Provisions	708,091	701,368
Depreciation/amortization of fixed assets	4,018,421	3,788,978
Financial instruments	9,645	47,201
Others upward/(downward) adjustments for non-cash items	-403,384	-25,391
<b>Adjustments for non-cash items that had no impact on net working capital</b>	<b>4,332,774</b>	<b>4,512,156</b>
<b>2. Cash flow before changes in net working capital</b>	<b>8,870,243</b>	<b>7,665,028</b>
<b>Changes in net working capital</b>		
Decrease/(increase) of inventories	-13,036	-196,348
Decrease/(increase) of trade receivables	2,684,601	-540,620
Decrease/(increase) of trade payables	3,595,889	1,192,353
Decrease/(increase) of accrued income and prepaid expenses	-1,096,245	-482,415
Decrease/(increase) of accrued charges and deferred income	-258,789	-789,622
Other variations of net working capital	-472,044	1,809,034
<b>Changes in net working capital</b>	<b>4,440,377</b>	<b>992,382</b>
<b>3. Cash flow after changes in net working capital</b>	<b>13,310,620</b>	<b>8,657,410</b>
<b>Other adjustments</b>		
Interest received/(paid)	-1,681,014	-1,239,705
(Income taxes paid)	-747,784	-923,891
(Decrease of severance provisions)	-427,719	-432,675
<b>3. Cash flow after other adjustments</b>	<b>-2,856,518</b>	<b>-2,596,271</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>10,454,102</b>	<b>6,061,139</b>

	30/06/2024	30/06/2023
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Tangible assets</b>		
(Additions)	-601,271	-2,686,664
Disposals	78,441	-
<b>Intangible assets</b>		
(Additions)	-1,099,557	-1,674,274
Disposals	-	-
<b>Financial assets</b>		
(Investments)	-17,657	-215,448
Disposals	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-1.640.043</b>	<b>-4.576.386</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Third parties</b>		
Increase/(decrease) of short term loans	-1,310,063	-1,435,362
Increase/(decrease) of long term loans	6,119,144	3,267,995
Loans repayment	-5,000,890	-5,346,454
<b>Operation on Shareholders' Equity</b>		
Dividends	-565,750	-
Subscription of capital	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-757,559</b>	<b>-3,513,821</b>
<b>INCREASE/(DECREASE OF CASH AND CASH EQUIVALENTS (A+B+C))</b>	<b>8,056,501</b>	<b>-2,029,068</b>
Exchange rate variation of cash and cash equivalents	-35,752	29,389
<b>Cash and cash equivalents as of January 1st</b>	<b>9,287,425</b>	<b>18,486,312</b>
<b>Cash and cash equivalents as of June 30</b>	<b>17,308,174</b>	<b>16,486,634</b>

**THANK YOU**

**STAR7**