



# REPORT ON OPERATIONS

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Consolidated Half-Year Financial  
Report as at 30/06/2024

**STAR7 S.P.A.**

Via Alessandria 37B, 15122

Valle San Bartolomeo (AL) – Italy

Share capital € 599.340 fully paid up

Business Register 01255170050 - REA number AL - 208355

Tax ID code and VAT number 01255170050

## Dear Shareholders,

The Consolidated Half-Year Financial Report as at 30/06/2024 shows a profit of €1,498,563 (€989,276 at 30/06/2023) in what was a very complex period, characterised by ongoing high uncertainty.

Regardless, the results achieved are the best in recent years.

Sales amounted to €60.4 million, up 18.7% compared to the previous year, with an EBITDA of €8.6 million (14.2% of revenue).

The market has therefore rewarded STAR7's ability to ensure a high level of service in a highly complex global environment; the Group has succeeded in consolidating its market position

thanks to the quality and reliability of its services. The "fundamental" factors that characterise the Company's operations have proven to be crucial: breadth of professional skills; ability

to offer technologically advanced solutions; orientation towards efficiency with the right amount of

flexibility; wide range of services to meet market needs.

The results of this first half of 2024 confirm that our "Integrale7" business model continues to work effectively, offering us the ability to cross-sell additional services to newly acquired customers.

**Lorenzo Mondo**  
**Founder and Chief Executive Officer of STAR7 S.p.A.**



## Company situation

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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.

The Group has continued its programme to enhance its structure and reinforce the core values of the parent company, in line with the project initiated prior to listing. This includes strengthening and expanding the services provided, introducing innovative solutions, and promoting and encouraging its skilled workforce to adapt to a changing market, which is now leaning towards solutions that incorporate AI.

The research and development activities in the field of AI, adopting a technology-agnostic approach, have enabled continuous evaluation of leading, emerging, and promising technologies for the target markets. This has led to the development of a know-how that is conducive to creating flexible solutions, which are not tied to any particular platforms.

This strategy, alongside the development of demonstrative Proof of Concepts with leading industry clients, has resulted in the creation of a new suite of AI-driven services and applications (known as “7AI”), encompassing both language technologies and the generation and analysis of content.

This new suite of services enables the STAR7 Group to provide AI-based solutions that are natively multilingual in the areas of Virtual Assistants, Customer Support, and Academy Training.

In-house “human” capabilities used in training artificial intelligence, aimed at enhancing its reliability and responsiveness, are an asset in this new suite of services.

Research and development continues to focus on Virtual, Immersive and Augmented Reality by developing products and solutions that, with progressive improvements thanks to generative AI technologies, cater to the growing need for virtualisation within customer businesses.

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

## Operating Highlights

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The table “Adjusted reclassified consolidated income statement” shows the main adjusted earnings indicators of the STAR7 Group for the first half of 2024, compared with the equivalent values for the first half of 2023.

The adjusted measures are not sanctioned by the Italian Accounting Standards (IT GAAP) issued by the OIC. The Group believes that these adjusted measures provide useful information to management and investors to evaluate operating performance and compare it to companies operating in the same sector, while providing an additional view of the results.

In line with the Group's desire to provide additional disclosures and better comparability, the consolidated figures have been adjusted to take into account integration and restructuring costs mainly related to the C.A.A.R. S.p.A. and S.T.I. s.r.l. business units, as further specified in the following paragraphs.

Please also note that the statutory and management figures reflect the earnings of the C.A.A.R. S.p.A. and S.T.I. s.r.l. business units.

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

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

The above companies are strategic and complementary to the development of the engineering and defence business, with offices located both in Italy (Turin and Bolzano) and abroad (Brazil and Serbia). Given the financial situation of the two companies, a business leasing contract was used in order to minimise legal, financial and operational risks. Meanwhile, the judicial liquidation of both companies has been ordered and STAR7 has proposed an irrevocable offer for the purchase of both business units in a protected procedure scheduled for October 2024.

## Operating performance

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In the first half of the year, STAR7 achieved a growth in revenues of 18.7% that is extremely significant not only due to its scale but also its quality, considering the purely organic nature of the increase in revenues and the significant contribution offered by the Engineering and Product Knowledge segments, against a backdrop of significant progress in the most relevant Service Lines.

Behind these numerical results are some fundamental forward steps that have been made in recent months:

- the completion of the CAAR integration process: the clear benefits in terms of the increase in half-year revenues that have been achieved in the Engineering service line in Brazil are just part of the positive repercussions that STAR7 expects as a result of the finalised integration process.
- the internationalisation of the business: with a view to continued international expansion, STAR7 has opened its new operating office in India, in Hyderabad, enabling it to cover even more effectively the localisation services needs of one of its most important Global Content clients.

# Adjusted reclassified consolidated income statement

	30/06/2024	30/06/2023	Change	Change %
<b>Net revenues</b>	60,365,165	50,860,071	9,505,094	18.7%
EBITDA adjusted (*)	<b>9,163,586</b>	<b>7,476,430</b>	<b>1,687,156</b>	<b>22.6%</b>
<b>Adjusted EBITDA %</b>	15.2%	14.7%		
EBITDA	<b>8,589,438</b>	<b>6,932,005</b>	<b>1,657,433</b>	<b>23.9%</b>
<b>EBITDA %</b>	14.2%	13.6%		
EBIT	<b>4,499,662</b>	<b>3,106,965</b>	<b>1,392,697</b>	<b>44.8%</b>
<b>R.o.S. %</b>	7.5%	6.1%		
<b>Financial Management</b>	-1,632,337	-1,193,798	-438,539	36.7%
EBT	<b>2,867,325</b>	<b>1,913,167</b>	<b>954,157</b>	<b>49.9%</b>
<b>Taxes</b>	1,368,761	923,891	444,870	48.2%
Consolidated net income	<b>1,498,563</b>	<b>989,276</b>	<b>509,287</b>	<b>51.5%</b>
<b>Consolidated net income attributable to minority interests</b>	549,247	206,311	342,936	166.2%
<b>Consolidated net income attributable to the Group</b>	949,316	782,965	166,351	21.2%

\*Adjusted EBITDA is adjusted to remove the integration and restructuring costs of €574 thousand mainly related to the business units of C.A.A.R. S.p.A. and S.T.I. s.r.l.

**Group Revenues for the first half of 2024** amounted to **€ 60.4 million**, an **increase of approximately 18.7%** compared to of €50.9 million in the first half of 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.

STAR7 has also confirmed its ability to activate all available **organic growth** levers, through the continuous acquisition of new customers and an effective cross-selling and upselling process in the services offered to existing customers.

Service Lines as a % of Group Revenues	1H2024	1H2023	FY2023
Global Content	34.1%	35.9%	35.9%
Experience e Product Knowledge	34.1%	29.0%	29.0%
Printing	11.3%	16.7%	15.5%
Engineering	20.5%	18.4%	19.6%

The geographical distribution of Revenues for the first half of 2024 (with a weight of the international market equal to approximately 49%, compared to approximately 43% in the first half of 2023) is testament to the success of the strategy for the increasing internationalisation of STAR7.

Geographical breakdown of Group revenues	1H2024	1H2023	FY2023
ITALY	51.2%	57.2%	53.2%
USA	24.5%	21.6%	22.8%
BRASIL	18.1%	14.1%	17.1%
OTHERS	6.2%	7.2%	6.9%

## EBITDA

In the first half of 2024, STAR7 Group **EBITDA** was **€8.5 million** (**EBITDA Margin** stood at 14.2%), while **Adjusted EBITDA** (adjusted for integration and restructuring costs mainly related to the CAAR Group business unit) reached **€9.2 million** with **Adjusted EBITDA Margin** of 15.2% (+50 bps compared to 14.7% in the first half of 2023).

The results for the first half of 2024 were achieved thanks to a high-quality order book and efficiency initiatives to maximise the profitability of current orders.

## EBIT

The **EBIT** of the STAR7 Group amounted to **€4.5 million**, an increase of 45% compared to €3.1 million in the first half of 2023.

## Profit for the period

The STAR7 Group reported a **Net Profit** of **€1.5 million**, an increase of about 50% compared to €1 million in the first half of 2023.

The M&A transactions carried out to date have generated net goodwill as at 30 June 2024 in the amount of €28 million, resulting in amortisation of €2 million, as better detailed in the Notes to the Financial Statements. Gross of this amortisation, in line with the representation of the main international standards, the **Net Profit** for the first half of 2024 would have been **€3.5 million**.

## Consolidated balance sheet data

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

	30/06/2024	31/12/2023	Change	Change %
Net intangible fixed assets	36,113,112	38,215,878	-2,102,766	-5.5%
Net property, plant and equipment	8,781,775	9,194,650	-412,875	-4.5%
Equity investments and other financial fixed assets	536,273	277,808	258,465	93.0%
<b>Non-current 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 due from associated and unconsolidated subsidiaries	537,845	855,010	-317,164	-37.1%
Other receivables	7,719,190	6,149,817	1,569,373	25.5%
Accrued income 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%
Payables to associated companies and unconsolidated subsidiaries	-833,092	-442,162	-390,930	88.4%
Payments on account	-10,684	-39,885	29,202	0.0%
Tax and social security payables	-4,131,214	-3,907,864	-223,350	5.7%
Other payables	-5,472,450	-3,824,696	-1,647,754	43.1%
Accrued expenses 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>Working capital</b>	<b>23,458,620</b>	<b>29,349,755</b>	<b>-5,891,136</b>	<b>-20.1%</b>
Employee severance indemnity	-6,612,755	-6,368,713	-244,043	3.8%
Taxes and social security payables (after one year)	-	-	0	0.0%
Other medium- and long-term 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>
Net 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%
Medium/long-term net financial position	-27,200,925	-27,062,397	-138,528	0.5%
<b>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>



## NON-CURRENT ASSETS

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Non-current assets amounted to €45.4 million and decreased by a total of €2.3 million mainly due to:

- depreciation and amortisation (total €4.0 million); partially offset by
- investments in intangible assets (€1.1 million) and property, plant and equipment (€0.6 million);
- reclassification of financial derivative assets and other non-current financial assets (€0.3 million) that were not included in this macro-item as at 31-12-2023.

Net intangible assets amounted to €36.1 million and mainly included:

- Goodwill (€27.9 million), mainly related to Localey (€23.2 million);
- Industrial patents and intellectual property rights (€1.7 million);
- Other (€6.4 million): this item includes leasehold improvements (€2.0 million), listing costs (€0.9 million) and other expenses (€1.8 million) including the Smart7, Next, Recharge, projects etc., and the integration of CAAR and STI.

The item under consideration decreased by €2.5 million as a result of depreciation and amortisation for the period totalling €4.0 million partially offset by investments of €1.1 million which mainly concerned the new Smart7, Next, and Recharge projects.

Net property, plant and equipment amounted to €8.8 million and included:

- property (€3.7 million);
- plant and machinery (€3.1 million);
- other assets (€1.9 million).

The item under consideration decreased by €0.4 million mainly due to the depreciation of €0.7 million for the current period, net of ordinary investments of €0.6 million and exchange rate conversion differences.

Equity investments and other financial fixed assets amounted to €0.5 million and included:

- positive mark-to-market of financial derivative assets (€0.2 million);
- security deposits (€0.2 million);
- investments in the associate IAM.DEV and other minor securities.

Working capital amounted to €23.5 million, down by €5.9 million.

The change is mainly attributable to the optimisation of working capital management:

- trade receivables were down €2.7 million (DSO improved from 131 at 31.12.2023 to 111 at 30.06.2024) and
- trade payables increased by €3.6 million (DPO improved from 68 at 31.12.2023 to 92 at 30.06.2024).

Other items in working capital mainly related to:

- Other receivables (€7.7 million) which include tax receivables for direct and indirect taxes (€2.6 million), deferred tax assets (€0.7 million), amounts advanced by STAR7 and to be recovered on closing of the future acquisitions of CAAR and TSI (€1.8 million of which €0.6 million as a security deposit to guarantee the competitive auction) and SDS (€0.5 million) as a deduction from the acquisition price.
- Accrued income and prepaid expenses (€2.8 million) increased by €1.1 million mainly as a result of early discounts granted to important customers in the Automotive sector against the renewal of multi-year contracts;
- Other payables (€5.5 million) related mainly to current and deferred salaries to employees (€5.0 million).
- Tax and social security payables (€4.1 million)
- Accrued expenses and deferred income (€1.9 million) decreased by €0.3 million due to lower advance revenues compared to 31/12/2023.

Non-current liabilities of €7.7 million relate to the provision for severance pay of €6.6 million and to various provisions for risks and expenses (provision for employees' leaving entitlement of €0.3 million, deferred tax fund of €0.3 million, other risk provisions of €0.5 million).

## Financial highlights

The net financial position as at 30/06/2024 was as follows (in Euro):

	30/06/2024	31/12/2023	Change
<b>Bank deposits</b>	17,299,102	8,077,810	9,221,292
<b>Cash and other valuables on hand</b>	9,072	1,209,615	-1,200,543
Cash on hand (a)	<b>17,308,174</b>	<b>9,287,425</b>	<b>8,020,749</b>
<b>Due to banks (within one year)</b>	-13,505,296	-13,678,433	173,137
<b>Payables due to other financial institutions (within one year)</b>	- 2,378,823	-2,267,614	-111,209
<b>Bonds (within one year)</b>	-4,047,151	-4,034,563	-12,588
Short-term financial liabilities (b)	<b>-19,931,270</b>	<b>-19,980,610</b>	<b>49,340</b>
Net short-term financial position (a-b)	<b>-2,623,096</b>	<b>-10,693,185</b>	<b>8,070,089</b>
<b>Due to banks (beyond the next financial year)</b>	-11,068,237	-8,936,946	-2,131,290
<b>Due to other financial institutions (after one year)</b>	-1,755,314	-2,001,845	246,531
<b>Bonds (after one year)</b>	-14,377,374	-16,404,602	2,027,228
<b>Financial receivables</b>	-	280,997	- 280,997
Medium and long-term net financial position	<b>-27,200,925</b>	<b>-27,062,397</b>	<b>-138,528</b>
Net financial position (a-b-c)	<b>-29,824,021</b>	<b>-37,755,582</b>	<b>7,931,561</b>

The net financial position as at 30 June 2024 was €29.8 million (€37.8 million at 31 December 2023). This result confirms the effectiveness of the strategies

implemented by management to improve working capital management and reflects the sales results achieved by the Group in the first half of 2024. Gross debt stood at €47.1 million (€47.3 million at 31/12/2023). The Net Debt/EBITDA ratio as at 30 June 2024 (1.83 as per the table below), was down from 2.6 at 31 December 2023 and 2.22 at 30 June 2023.

The Group's liquidity includes €4 million of cash from a Credem loan linked to the acquisition of the C.A.A.R. S.p.A. and S.T.I. s.r.l. business units, scheduled for competitive auction on 22 October 2024.

It should be noted that the composition of the net financial position as at 30/06/2024 has been modified compared to that indicated in the Consolidated Financial Statements as at 31/12/2023 because financial derivative assets and other financial assets recognised under non-current assets have been excluded (improvement effect as at 31/12/2023 of €0.3 million).

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

	30/06/2024	30/06/2023
ROE	4.8%	3.3%
ROI	7.4%	4.9%

	30/06/2024	31/12/2023	30/06/2023
Gross financial debt / Net equity	1.50	1.48	
Net financial debt / Net equity	0.95	1.19	
EBITDA/net financial expense	5.26	4.94	5.81
Gross financial debt / EBITDA	2.90	3.24	3.31
Net financial debt / EBITDA	1.83	2.60	2.22
DSO	111	131	117
DPO	92	68	81

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

## Operating conditions and business development

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

Spezia and Bolzano.

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

Name	Registered office	Currency	Share capital in currency	Shareholding	Share Held in %	Interest in %	Assets
<b>STAR7 PRINTING S.R.L.</b>	Asti - Italy	Euro	10,000	Direct	60%	60%	Printing
<b>STAR COMUNICAÇÃO E SERVIÇOS LTDA</b>	Belo Horizonte - Brazil	Real	1,448,205	Direct	75%	75%	Printing, Product Knowledge
<b>CAL COMUNICAÇÃO LTDA</b>	Belo Horizonte - Brazil	Real	500,000	Direct	75%	75%	Printing
<b>STAR USA LLC</b>	Rochester Hills – Michigan - U.S.A.	USD	3,000	Direct	100%	100%	Global Content, Product Knowledge
<b>STAR7 ALBANIA SHPK</b>	Tirana - Albania	Lek	500,000	Direct	100%	100%	Global Content, Product Knowledge
<b>STAR7 GMBH</b>	Linz - Austria	Euro	35,000	Direct	100%	100%	Global Content, Product Knowledge
<b>LOCALEYES LTD</b>	Cork - Ireland	Euro	-	Direct	100%	100%	Global Content, Product Knowledge
<b>LOCALEYES TIRANA</b>	Tirana - Albania	Lek	-	Indirect	100%	100%	Global Content, Product Knowledge
<b>LOCALEYES MADRID</b>	Madrid - Spain	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
<b>LOCALEYES AMSTERDAM</b>	Amsterdam - Netherlands	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
<b>LOCALEYES HELSINKI</b>	Helsinki - Finland	Euro	-	Indirect	100%	100%	Global Content, Product Knowledge
<b>LOCALEYES USA</b>	San Francisco - California - U.S.A.	USD	-	Indirect	100%	100%	Global Content, Product Knowledge

In view of the business unit lease agreement, the results of the following companies controlled by C.A.A.R S.p.A. were included in the consolidated financial statements as at 30/06/2024, 31/12/2023 and 30/06/2023:

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

The new 100% owned subsidiary company "Star7 Technology India Private Limited" was established on 13 August 2024, with headquarters in Hyderabad (India).

For the scope of consolidation, please refer to the Notes to the Financial Statements.

## Research and development activities

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The following disclosures are made pursuant to article 2428, paragraph 3, number 1 of the Italian Civil Code.

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

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

## Environmental and personnel information

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

### ***Environment***

The Group companies do not carry out polluting industrial processes.

### ***Staff***

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

During the year, there were no serious 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.

## Investments

During the first half of 2024, investments were made in the following categories of property, plant and equipment:

Fixed assets	Acquisitions during the year
Land and buildings	1,077
Plant and machinery	222,829
Industrial and commercial equipment	40,253
Other assets	337,112
Assets under development/construction and payments on account	0
<b>TOTAL</b>	<b>601,271</b>

These are ordinary investments for renewals and/or equipment for employees.

## Relations with associated, parent and sister companies

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

	Trade receivables 30/06/2024	Other receivables 30/06/2024	Trade payables 30/06/2024	Other payables 30/06/2024	Trade costs 30/06/2024	Trade revenues 30/06/2024
Star AG	29,377		175,112		229,886	100,738
Star Deutschland GmbH	26,499				40	39,233
Star Software, Translation, Artwork, Recording GmbH	78,731					20,090
Star Paris	10,741		2,670		770	24,106
Star Technology Solutions	6,030		119		10,318	4,884
Star Japan Co., LTD	7		25,251		53,811	2,802
Star UK Limited	-75		6,343		9,699	581
Star SA	1,780		35			19,399
Star Group Scandinavia AB	1,980		240		254	4,497
Grafica e Editora Starcom Ltda			-1,408			
Star Czech S.R.O.	62		34,391		77,655	2,081
Star Hungary KFT			14,489		28,193	
Dante srl			60,596		101,168	
Star Prevajalske Storitve D.O.O Ljubljana	-411		54,291		129,327	
Star Poland			32,211		67,718	

IAMDEV S.t.p. S.r.l.	50,385					
Star Servicios Linguisticos LDA	51,405			75,680		
Star Information Engineering S.L.	4,735			8,276		
Star Software Shanghai Co. LTD	26,656			40,753		
Star Egitto Middle East Ltd Cairo	5,218			6,523		
Star Information Services & Tools S.R.L.	22,356			41,781		
Star Korea AG	19,942			32,648		
Star SPB - Russia				-562		
Star Translation & Software Thailand Co., Ltd	218			76		
Star AG Taiwan Branch	1,689			1,681		
Star do Brasil Localizacao E Tecnologia Ltda	1,187			1,178		
Star Software Indonesia	151			354		
Star Turchia Inf.Services Ltd Sti	22,623			22,707		
Star J&M Finland OY	1,639			1,972		
Star Co.,Ltd	666					
Star Servicios Linguisticos SLU	1,541			1,599		
Star Group America, LLC	-707					49
Star Vietnam Translation & Software Co., LTD.				875		
SCP's	2,531					
Shareholders of CAAR do Brasil		47,102		218,342		
Toth Comunicação e Logistica Ltda		203,683				
	<b>156,546</b>	<b>250,785</b>	<b>614,750</b>	<b>218,342</b>	<b>944,379</b>	<b>218,460</b>

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

# Information on risks and uncertainties

pursuant to art. 2428, paragraph 3, point 6-bis of the Italian Civil Code

## Credit Risk

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

## Liquidity risk

Note:

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

## Market risk

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

- interest rate risk
- price risk
- exchange rate risk

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



## Information on own shares

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

## Outlook

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The operating and financial results achieved in the first half of 2024, combined with the solid trend in sales activity, allow us to take a positive view of the second half of the year. The Group will also continue to increase its focus on cash generation and consequent debt reduction.

The current international tensions and unpredictable developments in the geopolitical landscape are creating widespread macroeconomic uncertainty, which could impact the attainment of business goals.

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

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

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

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

Valle San Bartolomeo (Alessandria), 27 September 2024  
Chairman of the Board of Directors

**Lorenzo Mondo**



# **CONSOLIDATED FINANCIAL STATEMENTS**

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as at 30/06/2024

# Consolidated Balance Sheet (figures in Euros)

BALANCE SHEET	30/06/2024	31/12/2023
<b>Assets</b>		
<b>B) Fixed assets</b>		
<b>I - Intangible assets</b>		
1) Start-up and expansion costs	713,334	836,129
4) Industrial patents and intellectual property rights	1,720,647	1,865,431
5) Goodwill	27,942,504	29,710,394
6) Assets under development/construction and payments on account	545,103	493,651
7) Others	5,191,524	5,310,273
<b>Total intangible assets</b>	<b>36,113,112</b>	<b>38,215,878</b>
<b>II - Tangible assets</b>		
1) Land and buildings	3,748,273	3,799,469
2) Plant and machinery	3,127,955	3,566,185
3) Industrial and commercial equipment	53,923	18,227
4) Other assets	1,694,485	1,658,809
5) Assets under development/construction and payments on account	157,138	151,960
<b>Total property, plant and equipment</b>	<b>8,781,775</b>	<b>9,194,650</b>
<b>III - Financial fixed assets</b>		
<b>1) Equity investments in</b>		
a) subsidiaries	0	0
b) associated companies	130,500	130,500
<b>Total equity investments</b>	<b>130,500</b>	<b>130,500</b>
<b>2) Receivables</b>		
<b>d bis) from others</b>		
due within the next financial year		
due after the next financial year	164,965	147,308
Total receivables from others	164,965	147,308
<b>Total receivables</b>	<b>164,965</b>	<b>147,308</b>
3) other instruments	57,115	57,115
4) financial derivative instrument assets	183,693	223,882
<b>Total financial fixed assets</b>	<b>536,273</b>	<b>558,805</b>
<b>Total fixed assets (B)</b>	<b>45,431,159</b>	<b>47,969,333</b>
<b>C) Current assets</b>		
<b>I - Inventory</b>		
1) Raw and ancillary materials and consumables	1,568,064	1,433,269
3) Orders-in-progress	574,943	574,342
4) Finished products and goods	215,184	455,360
5) Payments on account	196,121	78,305
<b>Total inventories</b>	<b>2,554,312</b>	<b>2,541,276</b>

<b>II - Receivables</b>		
<b>1) from customers</b>		
due within the next financial year	34,488,258	37,172,859
Total trade receivables	34,488,258	37,172,859
<b>2) from subsidiaries</b>		
due within the next financial year	130,514	128,249
Total receivables from subsidiaries	130,514	128,249
<b>3) from associates</b>		
due within the next financial year	407,331	726,761
Total receivables from associated companies	407,331	726,761
<b>5-bis) tax receivables</b>		
due within the next financial year	2,603,531	2,855,792
Total tax receivables	2,603,531	2,855,792
5-ter) Deferred tax assets/liabilities	671,498	653,828
<b>5-quater) from others</b>		
due within the next financial year	4,444,161	2,640,197
Total receivables from others	4,444,161	2,640,197
<b>Total receivables</b>	<b>42,745,293</b>	<b>44,177,685</b>
<b>IV - Cash and banks</b>		
1) Bank and postal deposits	17,299,102	8,077,810
3) Cash and cash equivalents	9,072	1,209,615
<b>Total cash and cash equivalents</b>	<b>17,308,174</b>	<b>9,287,425</b>
<b>Total current assets (C)</b>	<b>62,607,779</b>	<b>56,006,386</b>
D) Prepayments and accrued income	2,810,325	1,714,080
<b>Total Assets</b>	<b>110,849,263</b>	<b>105,689,800</b>

<b>BALANCE SHEET</b>	<b>30/06/2024</b>	<b>31/12/2023</b>
<b>Liabilities</b>		
<b>A) Equity attributable to owners of the group</b>		
I - Capital	599,340	599,340
II - Share premium reserve	11,728,160	11,728,160
IV - Legal reserve	119,868	119,868
<b>VI - Other reserves, indicated separately</b>		
Extraordinary reserve	13,339,515	12,725,340
Capital contributions	2,846	2,846
Merger surplus reserve	1,105,814	1,105,814
Consolidation reserve	1,333,179	944,174
Reserve from translation differences	-468,195	-7,747
Misc. other reserves	409,324	409,324
<b>Total other reserves</b>	<b>15,722,484</b>	<b>15,179,751</b>
VII - Reserve for transactions to hedge expected cash flows	139,190	168,861
IX - Profit (loss) for the year	949,316	1,812,709

<b>Total equity attributable to owners of the parent</b>	<b>29,258,358</b>	<b>29,608,690</b>
<b>Minority interests</b>		
Capital and reserves attributable to minority interests	1,568,670	1,845,705
Profit (loss) attributable to minority interests	549,247	419,004
<b>Total equity attributable to minority interests</b>	<b>2,117,917</b>	<b>2,264,709</b>
<b>Total consolidated net equity</b>	<b>31,376,275</b>	<b>31,873,399</b>
<b>B) Provisions for contingencies and charges</b>		
1) For pensions and similar obligations	314,930	282,930
2) For taxes, including deferred taxes	277,395	273,065
4) others	484,402	484,402
<b>Total provisions for risks and charges</b>	<b>1,076,727</b>	<b>1,040,398</b>
<b>C) Employee severance indemnity</b>	<b>6,612,755</b>	<b>6,368,713</b>
<b>D) Payables</b>		
<b>1) Bonds</b>		
due within the next financial year	4,047,151	4,034,563
due after the next financial year	14,377,374	16,404,602
Total bonds	18,424,525	20,439,165
<b>4) Borrowings from banks</b>		
due within the next financial year	13,505,296	13,678,433
due after the next financial year	11,068,237	8,936,946
Total due to banks	24,573,533	22,615,379
<b>5) Borrowings from other lenders</b>		
due within the next financial year	2,378,823	2,267,614
due after the next financial year	1,755,314	2,001,845
Total borrowings from other lenders	4,134,137	4,269,459
<b>6) payments on account</b>		
due within the next financial year	10,684	39,885
Total advances	10,684	39,885
<b>7) Trade payables</b>		
due within the next financial year	12,274,865	8,678,976
Total trade payables	12,274,865	8,678,976
<b>10) Payables to associated companies</b>		
due within the next financial year	833,092	442,162
Total payables to associated companies	833,092	442,162
<b>12) Tax payables</b>		
due within the next financial year	2,234,689	2,012,102
Total taxes payable	2,234,689	2,012,102
<b>13) Due to social security institutions</b>		
due within the next financial year	1,896,525	1,895,762
Total payables to social security institutions	1,896,525	1,895,762
<b>14) Other payables</b>		
due within the next financial year	5,472,450	3,824,696
Total other payables	5,472,450	3,824,696
<b>Total debt</b>	<b>69,854,500</b>	<b>64,217,587</b>
E) Accruals and deferrals	1,929,005	2,189,703
<b>Total Liabilities</b>	<b>110,849,263</b>	<b>105,689,800</b>

# Consolidated Income Statements (figures in Euros)

INCOME STATEMENT	30/06/2024	30/06/2023
<b>A) Value of production</b>		
1) revenues from sales and services	60,365,165	50,860,071
2) Change in inventories of work in progress, semi-finished and finished products	-220,456	0
3) Changes in contract work in progress	-11,380	51,929
<b>5) Other revenues and income</b>		
grants related to income	343,163	302,527
others	99,463	411,142
Total other revenues and income	442,626	713,669
<b>Total Value of Production</b>	<b>60,575,955</b>	<b>51,625,669</b>
<b>B) Costs of production</b>		
6) raw and ancillary materials, consumables and goods	2,496,348	2,745,441
7) for services	21,200,428	18,522,007
8) leases and rentals	1,400,247	1,177,941
<b>9) personnel</b>		
a) wages and salaries	19,710,804	16,266,841
b) social security contributions	5,200,340	4,070,669
c) employees' leaving entitlement	653,476	660,525
e) other costs	795,618	522,734
<b>Total personnel costs</b>	<b>26,360,238</b>	<b>21,520,769</b>
<b>10) Amortisation, depreciation and write-downs</b>		
a) amortisation	3,296,054	3,038,593
b) depreciation	722,367	750,386
d) write-downs of receivables included in current assets and of cash and cash equivalents	39,355	4,062
<b>Total amortisation, depreciation and write-downs</b>	<b>4,057,777</b>	<b>3,793,041</b>
11) changes in inventories of raw, ancillary and consumable materials and goods	-54,525	58,685
12) Provisions for risks	32,000	32,000
14) Sundry operating expenses	583,780	668,820
<b>Total Costs of Production</b>	<b>56,076,293</b>	<b>48,518,704</b>
<b>Difference between value and cost of production (A - B)</b>	<b>4,499,662</b>	<b>3,106,965</b>
<b>C) Financial income and expenses</b>		
<b>16) Other financial income</b>		
<b>d) income other than the above</b>		
others	40,943	66,772
Total income other than the above	40,943	66,772
Total other financial income	40,943	66,772
<b>17) Interest and other financial expenses</b>		
others	1,720,047	1,306,476
Total interest and other financial expenses	1,720,047	1,306,476

Consolidated Financial Statements as at 30/06/2024

17-bis) exchange gains and losses	46,767	45,907
<b>Total financial income and expense (15 + 16 - 17 + - 17-bis)</b>	<b>-1,632,337</b>	<b>-1,193,797</b>
<b>Profit (loss) before tax (A - B + - C + - D)</b>	<b>2,867,324</b>	<b>1,913,168</b>
<b>20) Current, deferred and prepaid income taxes for the period</b>		
current taxes	1,369,973	925,970
Deferred tax assets and liabilities	-1,212	-2,079
<b>Total current and deferred income tax assets and liabilities</b>	<b>1,368,761</b>	<b>923,891</b>
<b>21) Consolidated net income (loss) for the year</b>		
<b>21) Consolidated net income (loss) for the year</b>	<b>1,498,563</b>	<b>989,277</b>
Result attributable to the group	949,316	782,965
Profit (loss) attributable to minority interests	549,247	206,312

## Consolidated Cash flow

### Statement indirect method

#### (figures in Euros)

<b>CASH FLOW STATEMENT</b>	<b>30/06/2024</b>	<b>30/06/2023</b>
<b>A) Cash flow from operating activities (indirect method)</b>		
Profit (loss) for the year	1,498,563	989,276
Income Taxes	1,368,761	923,891
Interest expense/(income)	1,679,104	1,239,705
(Gains)/Losses from disposal of assets	-8,960	
<b>1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal</b>	<b>4,537,468</b>	<b>3,152,872</b>
<b>Adjustments for non-cash items that did not have a balancing entry in net working capital</b>		
Provisions	708,091	701,368
Depreciation/amortisation of fixed assets	4,018,421	3,788,978
Value adjustments to financial assets and liabilities of derivative financial instruments not involving monetary movements	9,645	47,201
Other adjustments up/(down) for non-cash items	-403,384	-25,391
<b>Total adjustments for non-monetary items that did not have a balancing entry in 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>Change in net working capital</b>		
Decrease/(Increase) in inventories	-13,036	-196,348
Decrease/(Increase) in trade receivables	2,684,601	-540,620
Increase/(Decrease) in trade payables	3,595,889	1,192,353
Decrease/(Increase) in accrued income and prepaid expenses	-1,096,245	-482,415
Increase/(Decrease) in accrued expenses and deferred income	-258,789	-789,622
Other decreases/(Other increases) in net working capital	-472,044	1,809,034
<b>Total change 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>

Consolidated Financial Statements as at 30/06/2024

<b>Other adjustments</b>		
Interest received/(paid)	-1,681,014	-1,239,705
(Income taxes paid)	-747,784	-923,891
(Use of provisions)	-18,285	
Other income/(payments)	-409,434	-432,675
<b>Total 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>
<b>B) Cash flow from investing activities</b>		
<b>Property, plant and equipment</b>		
(Investments)	-601,271	-2,686,664
Divestments	78,441	
<b>Intangible fixed assets</b>		
(Investments)	-1,099,557	-1,674,274
<b>Financial fixed assets</b>		
(Investments)	-17,657	-135,612
Divestments	0	
(Acquisition of subsidiaries net of cash and cash equivalents)		-79,836
<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>Loan funds</b>		
Increase/(Decrease) in short-term payables to banks	-1,310,063	-1,435,362
Financing	6,119,144	3,267,995
(Repayment of loans)	-5,000,890	-5,346,454
<b>Own funds</b>		
(Dividends and interim dividends paid)	-565,750	
<b>Cash flow from financing activities (C)</b>	<b>-757,559</b>	<b>-3,513,821</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>8,056,501</b>	<b>-2,029,067</b>
Exchange rate effect on cash and cash equivalents	-35,752	29,389
<b>Cash and cash equivalents at beginning of year</b>		
Bank and postal deposits	8,077,810	18,475,779
Cash and cash equivalents	1,209,615	10,533
<b>Total cash and cash equivalents at beginning of year</b>	<b>9,287,425</b>	<b>18,486,312</b>
Of which restricted	0	0
<b>Cash and cash equivalents at end of year</b>		
Bank and postal deposits	17,299,102	16,477,831
Cash and cash equivalents	9,072	8,803
<b>Total cash and cash equivalents at end of year</b>	<b>17,308,174</b>	<b>16,486,634</b>
Of which restricted	0	0



**STAR7 S.P.A.**

Via Alessandria 37B, 15122

Valle San Bartolomeo (AL) – Italy

Share capital € 599.340 fully paid up

Business Register 01255170050 - REA number AL - 208355

Tax ID code and VAT number 01255170050

Business Register AL-01255170050  
Administrative Economic Index (REA) AL- 208355

# NOTES TO THE CONSOLIDATED HALF- YEAR FINANCIAL REPORT AS AT 30/06/2024

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## Introduction

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The STAR7 Group's Consolidated Half-Year Financial Report as at 30 June 2024 includes the interim financial statements of the parent company, STAR7 S.P.A., and of the Group companies directly or indirectly controlled by it.

## Activities performed

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The STAR7 Group 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.

During the first half of 2024, 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.

These Notes to the Financial Statements illustrate the items in the financial statements, while the Report on Operations illustrates in detail the operations, including those of an extraordinary nature, that took place in the first half of 2024.

## Research and development activities

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

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

## Significant events during the first half of the year

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

judicial liquidation proceedings, with judgments of the Court of Turin issued on 6 March and 30 April 2024, respectively.

At the end of June 2024, STAR7 submitted an irrevocable offer for the purchase of both business units in a protected procedure scheduled for October 2024.

These companies are active in the same market in which STAR7 operates but specialise in important complementary but strategic segments.

## Basis of presentation

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

In addition to the attachments required by law, reconciliations are provided between the net profit and shareholders' equity of the parent company and the respective amounts reported in the Consolidated Half-Year Financial Report.

The criteria used in the preparation of the Consolidated Half-Year Financial Report as at 30/06/2024 and in the valuations take into account the changes introduced into the national legislation by Legislative Decree 139/2015, through which Directive 2013/34/EU was implemented.

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

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

## Scope and methods of consolidation

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The Consolidated Half-Yearly Financial Report includes the individual interim 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 interim financial statements of the following subsidiaries have been consolidated on a line-by-line basis:

Name	Registered office	Currency	Share capital in currency	Shareholding	Share held in %	Interest in %	Assets
STAR7 PRINTING S.R.L.	Asti - Italy	Euro	10,000	Direct	60%	60%	Printing
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	Rochester Hills - Michigan - U.S.A.	USD	3,000	Direct	100%	100%	Global Content, Product Knowledge
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

There were no changes in the scope of consolidation compared to the previous year. For completeness of information, please note the following:

- Vertere s.r.l. was merged by incorporation into the Parent Company in December 2023, but with retroactive effect from 01/01/2023 (the merger by incorporation is neutral for consolidation purposes);
- Star USA LLC, Techworld Language Services Inc. and The Geo Group Corporation were merged into Star7 LLC effective 01/01/2024.

In addition, by virtue of the business unit lease agreement that began on 01/01/2023 and was subsequently extended, the figures of the following 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 Kragujevac" based in Kragujevac - Miloja Pavlovica 9 (Serbia).

LocalEyes Ltd has prepared its own consolidated financial statements, containing the subsidiaries indicated in the previous table. For consolidation purposes, these sub-consolidated financial statements have been used.

The financial statements of each subsidiary were used for consolidation purposes, adjusted if necessary to bring them into line with the Parent Company's accounting policies ("Italian GAAP" issued by the OIC").

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 new 100% owned subsidiary company "Star7 Technology India Private Limited" was established on 13 August 2024, with headquarters in Hyderabad (India).

## Reporting date

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In compliance with art. 30 of Legislative Decree no. 127/1991, the reporting date of the Consolidated Half-Year Financial Report coincides with the date of the Parent Company's financial statements as at 30/06/2024. All the companies included in the scope of consolidation have fiscal years that coincide with the calendar year, and their interim financial statements are all closed at 30/06/2024, like the consolidating parent company.

## Consolidation principles and criteria

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

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

The difference, at the date of acquisition of control, between the book value of the investee company and the corresponding portion of shareholders' equity, which are eliminated, if positive, is posted to the higher value of the consolidated assets of the investee company, including goodwill, if this is justified by the substance of the transaction, otherwise it is deducted from the consolidation reserves under liabilities. If the difference is negative, it is posted to the

shareholders' equity item "Consolidation reserve" or to a specific "Consolidation reserve for future risks and charges", in compliance with the criterion set out in Art. 33, paragraph 3 of Legislative Decree 127/91. The difference is charged to this provision when losses or liabilities are expected from the consolidated investee.

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

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

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

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

Interim financial statements denominated in currencies other than the Euro are converted:

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

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

The exchange rates used are listed in the table below:

	Spot rate		Average exchange rate first half-year	
	30/06/2024	31/12/2023	30/06/2024	30/06/2023
<b>US Dollar to 1 Euro</b>	1,0705	1,1050	1,0812	1,0811
<b>Brazilian Real to 1 Euro</b>	5,8915	5,3618	5,4946	5,4833
<b>Albanian Lek to 1 Euro</b>	100,3700	103,7900	102,2850	112,8433
<b>Serbian Dinar for 1 Euro</b>	117,1052	116,9841	117,1400	117,3002

## 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 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 financial statements in the various periods.

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

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

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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**

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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 30/06/2024 is shown:

<b>BALANCE SHEET</b>	<b>WITHOUT DEROGATION</b>	<b>WITH DEROGATION</b>	<b>DIFFERENCE</b>
Intangible fixed assets	35,972,905	36,113,112	-140,207
Property, plant and equipment	8,501,671	8,781,775	-280,104
Financial fixed assets	536,273	536,273	-
<b>NON-CURRENT ASSETS</b>	<b>45,010,848</b>	<b>45,431,159</b>	<b>-420,311</b>
<b>CURRENT ASSETS</b>	<b>62,607,779</b>	<b>62,607,779</b>	<b>-</b>
<b>ACCRUED INCOME AND PREPAID EXPENSES</b>	<b>2,810,325</b>	<b>2,810,325</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>110,428,952</b>	<b>110,849,263</b>	<b>-420,311</b>
Share capital	599,340	599,340	-
Reserves	27,451,724	27,709,702	-257,978
Net profit (loss) attributable to owners of the Parent	949,316	949,316	-
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE GROUP</b>	<b>29,000,380</b>	<b>29,258,358</b>	<b>-257,978</b>
Capital and reserves attributable to minority interests	1,487,888	1,568,670	-80,782
Net profit (loss) attributable to minority interests	549,247	549,247	-
<b>MINORITY INTERESTS</b>	<b>2,037,135</b>	<b>2,117,917</b>	<b>-80,782</b>
<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>995,176</b>	<b>1,076,727</b>	<b>-81,551</b>
<b>PROVISIONS FOR SEVERANCE</b>	<b>6,612,755</b>	<b>6,612,755</b>	<b>-</b>
<b>PAYABLES</b>	<b>69,854,500</b>	<b>69,854,500</b>	<b>-</b>
<b>ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>1,929,005</b>	<b>1,929,005</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>110,428,952</b>	<b>110,849,263</b>	<b>-420,311</b>

<b>INCOME STATEMENT</b>	<b>WITHOUT DEROGATION</b>	<b>WITH DEROGATION</b>	<b>DIFFERENCE</b>
Value of production	60,575,955	60,575,955	-
Cost of production	-56,076,293	-56,076,293	-
<b>Difference between value and cost of production</b>	<b>4,499,662</b>	<b>4,499,662</b>	<b>-</b>
Financial income and charges	-1,632,337	-1,632,337	-
<b>Profit before tax</b>	<b>2,867,325</b>	<b>2,867,325</b>	<b>-</b>
Taxes for the year	-1,368,761	-1,368,761	-
<b>Net profit (loss)</b>	<b>1,498,563</b>	<b>1,498,563</b>	<b>-</b>
attributable to owners of the Parent	949,316	949,316	-
attributable to minority interests	549,247	549,247	-

## Changes in accounting policies

There have been no changes in accounting policies.

## Comparability and adjustment issues

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

## Measurement criteria applied

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

## Fixed assets

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### *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

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

## Trade

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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

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Cash and cash equivalents at the end of the fiscal year are valued at face value, which reasonably approximates fair value. Holdings denominated in foreign currencies are converted at the exchange rate at the end of the administrative period.

## Accruals and deferrals

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

## Provisions for risks and charges

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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

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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

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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

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Monetary assets and liabilities denominated in currencies other than the Euro are translated in the balance sheet at the official exchange rate at the end of the reporting period; 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 period, 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

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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

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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.

## Employment figures

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

COMPANY	No. of employees as at 30/06/24	Executives	Middle managers	Office workers	Manual workers	No. of employees as at 31/12/23	Executives	Middle managers	Office workers	Manual workers
STAR7 S.P.A.	594	9	11	567	7	566	10	14	534	8
STAR7 PRINTING SRL	42			13	29	46			12	34
STAR7 GMBH	6			6		5			5	
STAR ALBANIA	120			120		119			119	
STAR7 LLC	53			53		46			46	
LOCALEYES	109			109		101			101	
STAR COMUNICACAO	225			45	180	160			21	139
CAL COMUNICACAO	0					0				
C.A.A.R. do BRASIL	283			5	278	212			226	
ABACAAR	15			15		14			14	
<b>TOTAL</b>	<b>1,447</b>	<b>9</b>	<b>11</b>	<b>933</b>	<b>494</b>	<b>1,269</b>	<b>10</b>	<b>14</b>	<b>1,078</b>	<b>181</b>

## B) Fixed assets

### I. I. Intangible fixed assets

Balance as at 30/06/2024	Balance as at 31/12/2023	Change
36,113,112	38,215,878	-2,102,766

Changes in this item were as follows:

Description	31/12/23	Increases	Amortisation/ depreciation	Reclassifications	Changes in scope of consolidation	Exchange rate delta	30/06/2024
Start-up and expansion costs	836,130	0	-122,796	0	0	0	713,334
Industrial patents and intellectual property rights	1,865,431	151,014	-301,502	0	0	5,705	1,720,647
Goodwill	29,710,394	119,144	-1,974,020	0	0	86,985	27,942,504
Assets under construction/development	493,651	51,452	0	0	0	0	545,103
Others	5,310,273	777,947	-897,737	0	0	1,042	5,191,525
Total intangible assets	38,215,878	1,099,557	-3,296,054	0	0	93,733	36,113,112

Foreign exchange changes mainly relate to goodwill recorded in Star7 LLC related to Techworld Language Services Inc. and The Geo Group Corporation.

The composition of the items as of 31/12/2023 was as follows:

	Historical cost	Accumulated amortisation/depreciation	Value
Start-up and expansion costs	2,562,895	-1,726,766	836,129
Industrial patents and intellectual property rights	5,464,330	-3,598,899	1,865,431
Goodwill	39,560,476	-9,850,082	29,710,394
Assets under construction/development	493,651	0	493,651
Others	9,542,031	-4,231,758	5,310,273
	57,623,383	-19,407,505	38,215,878



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

	31/12/2023	Increases/ decreases	Amortisation/ depreciation	Exchange rate delta	30/06/24
Localeyes Ltd (2021)	31,497,612				31,497,612
Accumulated amortisation/depreciation	-6,696,479		-1,574,881		-8,271,360
	24,801,133	0	-1,574,881	0	23,226,252
Techworld Language Services Inc. (2019)	3,361,240				3,361,240
Accumulated amortisation/depreciation	-1,499,625		-147,110	58,526	-1,588,209
	1,861,614	0	-147,110	58,526	1,773,030
The Geo Group Corporation (2021)	1,192,027				1,192,027
Accumulated amortisation/depreciation	-292,088		-54,277	28,460	-317,905
	899,938	0	-54,277	28,460	874,121
ramo d'azienda acquisito da Dante s.r.l. (2020 - inizio ammortamento nel 2021)	1,286,356				1,286,356
Accumulated amortisation/depreciation	-385,283		-64,318		-449,601
	901,073	0	-64,318	0	836,755
Vertere s.r.l. (2022)	894,521	119,144			1,013,665
Accumulated amortisation/depreciation	-126,725		-67,562		-194,287
	767,796	119,144	-67,562	0	819,378
RES s.r.l. (2018)	816,481				816,481
Accumulated amortisation/depreciation	-488,640		-40,261		-528,901
	327,841	0	-40,261	0	287,580
STAR U.S.A. (2018)	287,889				287,889
Accumulated amortisation/depreciation	-211,760		-14,394		-226,154
	76,129	0	-14,394	0	61,735
STAR7 GmbH (2016)	164,350				164,350
Accumulated amortisation/depreciation	-131,481		-8,218		-139,699
	32,869	0	-8,218	0	24,651
Accumulated amortisation/depreciation	60,000				60,000
Accumulated amortisation/depreciation	-18,000		-3,000		-21,000
	42,000	0	-3,000	0	39,000
	29,710,394	119,144	-1,974,020	86,985	27,942,503

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;
- Techworld Language Services Inc.: company acquired by STAR7 LLC on 15 July 2019; goodwill originates when the financial statements of STAR7 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 STAR7 LLC on 24 April 2021; the goodwill originates when the financial statements of STAR7 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 2024 depending on the final price adjustment, as provided for in the contract;
- 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 recognised in the Consolidated Half-Year Financial Report because it is only recognised for statutory purposes and has no tax relevance.

During the first half of 2024, increases in the other categories, other than goodwill, mainly related to:

- licences, trademarks and similar rights: software for an e-commerce web environment for major automotive customers (€ 79,588), Global7 machine translation software (€ 42,700);
- assets under construction/development: professional consultancy in preparation for new company acquisitions (€50,900);
- other intangible fixed assets: leasehold improvements (€83,802) relating to buildings in Valle San Bartolomeo, Maranello, Grugliasco, Asti; other expenses for C.A.A.R. and STI (€244,400), Smart7 project (€307,803), Next project (€30,800) and other minor.

Several investments are focused on AI (artificial intelligence) applications.

There are no indicators of impairment of intangible fixed assets at 30/06/2024.

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.

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

### II. Property, plant and equipment

Balance as at 30/06/2024	Balance as at 31/12/2023	Change
8,781,775	9,194,650	-412,875

Changes in this item were as follows:

Description	31/12/2023	Increases	Decreases	Reclassifications /other changes	Amortisation/ depreciation	Changes in scope of consolidation	Exchange rate delta	30/06/2024
Land and buildings	3,799,469	1,077	0	1,944	-54,217	0	0	3,748,273
Plant and machinery	3,566,185	222,829	-65,277	0	-390,267	0	-205,515	3,127,955
Industrial and commercial equipment	18,227	40,253	0	0	-4,556	0	0	53,923
Other assets	1,658,809	337,112	-4,205	5,554	-273,326	0	-29,459	1,694,485
Assets under development/construction and payments on account	151,960	0	0	0	0	0	5,178	157,138
	9,194,650	601,271	-69,481	7,498	-722,367	0	-229,796	8,781,775

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 increases in the various categories mostly concern printing systems, electronic machines and hardware: these are ordinary renewals of tangible assets or new equipment for use by employees.

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 €1,872,707.

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

There are no indicators of the impairment of property, plant and equipment at 30/06/2024.

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

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

Therefore, depreciation for a total of €280,104 was suspended in 2020, but deducted for tax purposes, and the related deferred taxes of €78,149 were recorded (theoretical tax rate of 27.9%). In subsequent years, Group companies no longer made use of this option.

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

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

### **III. Financial fixed assets**

Balance as at 30/06/2024	Balance as at 31/12/2023	Change
536,273	558,805	-22,532

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

## Equity investments

Description	30/06/2024	31/12/2023	Change
Starcom Argentina S.A.S.	-	-	-
Total subsidiaries	-	-	-
IAMdev S.t.p. s.r.l.	130,500	130,500	-
Total associates	130,500	130,500	-
Total equity investments	130,500	130,500	-

Equity investments in subsidiary undertakings refer exclusively to "Starcom Argentina S.A.S.", 100% owned, recorded in the financial statements of "STAR Comunicacao e Servicos Ltda" at zero, and not consolidated on a line-by-line basis due to the immateriality of the amounts.

Investments in associated companies refer exclusively to 'IAMdev S.t.p. s.r.l.'.

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 %	Net equity pro-rata in €	Book value or corresponding receivable
IAMdev S.t.p. s.r.l.	Pisa	02173930500	10,000	9,499	107,115	33%	35,348	130,500

## Long-term receivables

Long-term receivables are broken down as follows:

Description	30/06/2024	31/12/2023	Change	of which	<12 months	After 12 months
From others	164,965	147,308	17,657		-	164,965
	164,965	147,308	17,657		-	164,965

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

Description	30/06/2024	31/12/2023	Change
Italy	128,805	120,149	8,656
EU	6,804	6,804	-
Non EU	9,509		9,509
North America	11,174	10,825	349
South America	8,673	9,530	-857
Total	164,965	147,308	17,657

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

## Bonds

This item, unchanged from 31/12/2023, relates to an insurance policy to partially cover the provision for severance indemnities from the absorbed company Vertere s.r.l. (€57,115).

## Financial derivative assets

This item, which amounted to €223,882 as at 31 December 2023, is broken down as follows:

Counterpart	Type	Purpose	Date of execution	Maturity date	Notional value	30/06/2024		
						Mark-to market	Deferred IRES	Equity Reserve
Intesa San Paolo	Interest rate swap	Hedging	29/01/2021	31/12/2026	3,000,000	70,711	16,971	53,740
Unicredit	Interest rate swap	Hedging	18/11/2020	30/09/2026	1,900,000	36,104	8,665	27,439
Credit Agricole	Interest rate swap	Hedging	05/10/2020	05/10/2026	2,250,000	67,034	16,088	50,946
Banco BPM	Collar cap-floor	Hedging	26/01/2024	31/12/2026	2,000,000	8,474	2,034	6,440
Intesa San Paolo	Interest rate swap	Hedging	03/02/2020	31/01/2025	850,000	1,370	329	1,041
						183,693	44,086	139,607

**I. Inventory**

This item consists of the following:

Description	30/06/2024	31/12/2023	Change
Raw and consumable materials	1,568,064	1,433,269	134,795
Orders in progress	574,943	574,342	601
Finished products and goods	215,184	455,360	-240,176
Payments on account	196,121	78,305	117,816
	2,554,312	2,541,276	13,036

Orders in progress relates to ongoing orders placed by Localeyes on behalf of major customers worldwide.

**II. Receivables**

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

Description	Saldo 30-06-2024			Total	Balance as at 31/12/2023	Change
	Within 12 months	After 12 months	Over 5 years			
From customers	34,488,258			34,488,258	37,172,859	-2,684,601
To/from subsidiaries not consolidated on a line-by-line basis	130,514			130,514	128,249	2,265
From associates	407,331			407,331	726,761	-319,430
For tax receivables	2,603,531			2,603,531	2,855,792	-252,261
Deferred tax assets/liabilities	671,498			671,498	653,828	17,670
From others	4,444,161			4,444,161	2,640,197	1,803,964
	42,745,293	-	-	42,745,293	44,177,685	-1,432,392

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, which changed as follows:

<b>Balance as at 31/12/2023</b>	441,246
Uses	-
<b>Accruals</b>	39,355
Balance as at 30/06/2024	480,601

Receivables from subsidiaries not fully consolidated as at 30/06/2024 and 31/12/2023 are entirely attributable to Starcom Argentina S.A.S.

Receivables due from associated undertakings break down as follows:

	Balance as at 30-06-2024			Balance as at 31/12/2023	Change
	Trade	Other	TOTAL		
Star AG	29,377		29,377	31,078	-1,701
Star Deutschland GmbH	26,499		26,499	40,038	-13,539
Star Technology Solutions	6,030		6,030	5,970	60
Star Software, Translation, Artwork, Recording GmbH	78,731		78,731	59,441	19,290
Star Paris	10,741		10,741	10,026	715
Star Group America, LLC	-707		-707	-777	70
Star SA	1,780		1,780	4,706	-2,926
Star Group Scandinavia AB	1,980		1,980	4,691	-2,711
Star Czech S.R.O.	62		62	-118	180
Star Japan Co., LTD	7		7	1,625	-1,618
Dante srl			-	404	-404
Star Prevajalske Storitve D.O.O Ljubljana	-411		-411	27,410	-27,821
Star Servicios Linguisticos SLU			-	30	-30
Star UK LIMITED	-75		-75	-154	79
Star Hungary KFT			-	223	-223
Shareholders of CAAR do Brasil		47.102	47,102	96,236	-49,135
SCP's	2,531		2,531	2,781	-250
Toth Comunicação e Logística Ltda		203.683	203,683	443,150	-239,467
	156,546	250.785	407,331	726,761	-319,429

Tax receivables are broken down as follows:

	30/06/2024	31/12/2023	Change
-			
VAT account	870,084	640,552	229,532
Tax credits for:			
Research and Development	1,009,107	1,069,142	-60,036
Industry 4.0	137,306	137,306	-
other minor	3,468	7,147	-3,680
Income tax paid on account	269,195	917,219	-648,024
Other minor and foreign tax credits	314,372	84,425	229,947
	2,603,531	2,855,792	-252,261

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.



The following table shows the details of deferred tax assets:

	Taxable				Deferred tax assets					
	31/12/2023	Increases	Returns	Exchange rate delta	30/06/2024	31/12/2023	Increases	Returns	Exchange rate delta	30/06/2024
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%)	1,766,009	220,213	-218,663		1,767,559	423,842	52,851	-52,479	-	424,214
Star7 Printing and Car Leasing (27.9%)	268,621	53,100			321,721	74,945	14,815	-	-	89,760
Other from Localeyes Ltd and Localeyes Espana	328,376	19,865			348,241	41,047	2,483	-	-	43,530
	2,837,980	293,178	-218,663	-	2,912,495	653,828	70,149	-52,479	-	671,498

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.

Receivables from others mainly include:

- €1,273,118 relating to liabilities of CAAR S.p.A. and STI s.r.l., the payment of which was advanced by STAR7 (provision for severance indemnities and other deferred employee compensation, for the portion accrued as of 31/12/2022 and paid to employees discharged in 2023 and 2024), to be recovered in the future from the judicial liquidation proceedings of the two companies, to be offset against the purchase price of the business units; the amount has not changed since 31/12/2023;
- €576,138 for bank drafts paid on 28/06/2024 to CAAR S.p.A. and STI s.r.l. as security deposit for participation in the competitive auction, following the entry into judicial liquidation proceedings of both companies in March and April 2024, respectively;
- €536,061 related to the provision for severance pay for 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. the company was declared bankrupt on 3 March 2022 by the Civil Court of La Spezia; at the end of the lease of the business unit and in case of return of the same to the company SDS .s.r.l, the amounts will be offset;
- €313,408 related to receivables from employees for holidays/paid leave taken by them in June 2024 but settled and recovered by the Group with the July 2024 payroll, as recognised by the payroll procedure the following month;
- €215,591 for NRRP contribution - Competence Industry Manufacturing 4.0 call;

- £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	UE	Non UE	TOTAL
Trade receivables	22,763,610	2,663,339	9,061,309	34,488,258
Receivables from subsidiaries			130,514	130,514
Receivables from associated companies		123,632	283,699	407,331
Tax receivables	2,133,516	82,905	387,110	2,603,531
Deferred tax assets	627,968	43,530		671,498
Receivables due from others	3,262,644	14,277	1,167,240	4,444,161
Total receivables	28,787,738	2,927,683	11,029,872	42,745,293

### III. Cash on hand

This category is broken down as follows:

Description	30/06/2024	31/12/2023	Change
Bank and postal deposits	17,299,102	8,077,810	9,221,292
Cash and other valuables on hand	9,072	1,209,615	-1,200,543
	17,308,174	9,287,425	8,020,749

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 s.r.l.: the cheque was withdrawn and unpaid in early 2024.

# Accrued income and prepaid expenses

These represent the liaison items for the financial year calculated on an accruals basis and consist mainly of prepaid expenses. As at 30/06/2024 they are composed as follows:

Description	30/06/2024	31/12/2023	Change
<b>ACCRUED INCOME</b>			
Others	31,549	18,916	12,633
	31,549	18,916	12,633
<b>PREPAID EXPENSES</b>			
Multi-year prepaid expenses	798,918	-	798,918
Other deferrals	1,979,858	1,695,164	284,694
	2,778,776	1,695,164	1,083,612
<b>TOTAL ACCRUED INCOME AND PREPAID EXPENSES</b>	<b>2,810,325</b>	<b>1,714,080</b>	<b>1,096,245</b>

Prepaid expenses mainly relate to lease/rental fees (of buildings, motor vehicles, other assets), scheduled maintenance, software use, etc., which are brought forward on an accrual basis.

Multi-year prepaid expenses refers to discounts granted to major customers operating in the Automotive sector, recognised in advance to them at multi-year renewal of supply contracts.

As of 30/06/2024 there are no prepaid expenses with a duration of more than five years.

# Net equity and liabilities

## A) Net equity

Balance as at 30/06/2024	Balance as at 31/12/2023	Change
31,376,275	31,873,400	-497,125

The following table shows changes during the first half of 2024:

Description	31/12/2023	Allocation of previous year's result		Other changes		Profit (loss) for the period	30/06/2024
		Allocation of dividends	Allocation to reserve	Increases	Decreases		
Share capital	599,340						599,340
Share premium reserve	11,728,160						11,728,160
Legal reserve	119,868						119,868
Special reserve	12,725,340		614,174				13,339,515
Capital contributions	2,846						2,846
Merger surplus	1,105,814						1,105,814
Consolidation reserve	944,174		1,198,535		-809,531		1,333,179
Reserve for foreign exchange translation differences	-7,747				-460,448		-468,195
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	168,861				-29,671		139,190
Profit (loss) for the year	1,812,709		-1,812,709			949,316	949,316
Total equity attributable to owners of the parent	29,608,691	-	-	-	-1,299,649	949,316	29,258,358
Capital and reserves attributable to minority interests	1,845,705	-565,750	419,004		-130,289		1,568,670
Profit (loss) attributable to minority interests	419,004		-419,004			549,247	549,247
Total equity attributable to minority interests	2,264,709	-565,750	0	0	-130,289	549,247	2,117,917
<b>Total Owners' Equity</b>	<b>31,873,400</b>	<b>-565,750</b>	<b>0</b>	<b>0</b>	<b>-1,429,938</b>	<b>1,498,563</b>	<b>31,376,275</b>

The decrease in total net equity, despite the profit for the period, was mainly due to:

- change in the exchange rate translation reserve (€460,448 attributable to the Group and €71,503 to minority interests);
- allocation to the opening balance (hence to the Consolidation Reserve) of current income taxes pertaining to the previous year, settled after the closing of the 2023 consolidated annual accounts (€596,778);
- dividends collected from third-party shareholders (€565,750);
- the change in Reserve for transactions to hedge expected cash flows

The consolidation reserve includes:

- the reserves for past profits and losses 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), deriving from the revaluation carried out in 2020 on certain electronic printing systems and automatic operating machinery owned by Star7 Printing;
- the Reserve from suspended depreciation (pursuant to art. 60 of Law 126/2020) of 280,104 euros for the portion of depreciation pertaining to 2020 suspended on certain advanced printing machinery of Star7 Printing.

The Parent Company 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 reinstated 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 was approved, reserved for the Kairos investment fund, with a simultaneous share 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 (as at 30/06/2024, there remains the last instalment of €1.5 million 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.

“Minority interests” includes the minority interests of Star7 Printing s.r.l., Star Comunicacao e Servicos Ltda, Cal Comunicacao Ltda, C.A.A.R. do Brasil Consultoria Tecnica Ltda and Abacaar Doo Kragujevac, the latter two consolidated by virtue of the lease of a business unit of C.A.A.R. S.p.A. but whose capital is also held by third parties.

## 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
<b>Total</b>	<b>409,324</b>

## 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:

	Net Equity at 31-12-2023	Dividends	Changes in the scope of consolidation	Other changes	Profit/loss for the period	Net Equity at 30-06-2024
<b>STAR7 S.P.A.</b>	<b>27,471,794</b>	-	-	<b>-28,362</b>	<b>3,596,573</b>	<b>31,040,006</b>
Operating results of pro-rata subsidiaries	6,828,198			-6,828,198	3,446,401	<b>3,446,401</b>
Intercompany dividends	-2,475,149			2,475,149	-4,266,232	<b>-4,266,232</b>
Pro-quota reserves of subsidiary companies' profits	4,841,357			3,571,881		<b>8,413,238</b>
Amortisation of goodwill	-7,959,677				-1,681,276	<b>-9,640,953</b>
Reversal of intercompany profits net of tax effect	-8,480				2,120	<b>-6,360</b>
Leasing accounting with the financial method	198,913				29,932	<b>228,845</b>
Alignment of intercompany costs / revenues	-29,979				-111,390	<b>-141,369</b>
STAR USA LLC (USA) Rebranding	435,100				-66,812	<b>368,288</b>
Writeback under Italian Decree-Law 104/2020	145,500					<b>145,500</b>
Reserve for transactions to hedge expected cash flows	168,861			-29,671		<b>139,190</b>
Exchange rate differences on	-7,747			-460,448		<b>-468,195</b>

Consolidated Financial Statements as at 30/06/2024

<b>CONSOLIDATED FINANCIAL STATEMENTS - GROUP SHARE</b>	29,608,691	-	-	-1,299,649	949,316	29,258,358
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## B) Provisions for risks and charges

Balance as at 30/06/2024	Balance as at 31/12/2023	Change
1,076,727	1,040,398	36,329

The breakdown of this item is as follows.

Description	31/12/2023	Accruals	Uses	Other changes	30/06/2024
Pensions and similar obligations	282,930	32,000			314,930
Provision for taxes, including deferred taxes	273,065	22,615	-9,645	-8,640	277,394
Financial derivative liabilities	0				0
Others	484,403				484,403
	1,040,398	54,615	-9,645	-8,640	1,076,727

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 relating to derivative contracts hedging the risk of changes in interest rates; 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 liabilities					
	31/12/2023	Increases	Other changes	Returns	30/06/2024	31/12/2023	Increases	Other changes	Returns	30/06/2024
Suspended amortisation Article 60 Decree Law 104/2020 (conv. Law 126/2020) (27.9%)	12,195				12,195	3,402	-		-	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%)	457,916	81,059		538,975	127,759	22,615	-	150,374		
Financial derivative assets (24%)	223,882	-40,189		183,693	53,732	-	-9,645	44,086		
Leaving incentives (24%)	36,000	-36,000		-	8,640	-	-8,640	-		
5% dividends to be received from Star Comunicacao Ltda (24%)	5,761			5,761	1,383	-	-	1,383		
	1,015,858	81,059	-40,189	-36,000	1,020,728	273,065	22,615	-9,645	-8,640	277,395

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

Other provisions 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;
- 3) staff leaving incentives of €106,000.

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 30/06/2024	Balance as at 31/12/2023	Change
6,612,755	6,368,713	244,042

The provision represents the actual amount payable as at 30/06/2024 to employees at that date in accordance with the law and labour contracts, considering all forms of remuneration of an ongoing nature, net of advances paid. The change was as follows:

Balance as at 31/12/2023	6,368,713
Accruals	653,476
Uses	-409,434
Other changes	-
Balance as at 30-06-2024	6,612,755

The provision corresponds to the total of individual indemnities accrued up to 30/06/2024 in favour of employees at the end of the reporting period, net of



advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment on that date.

The 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 item contains the severance indemnity of employees of C.A.A.R. S.p.A. and S.T.I. s.r.l., acquired by STAR7 by virtue of the business unit lease (€1,273,118).

## D) Payables

The breakdown of payables is as follows:

	Balance as at 30-06-2024				Balance as at 31/12/2023	Change
	Within 12 months	Within 5 years	Over 5 years	Total		
Bonds	4,047,151	14,377,374		18,424,525	20,439,165	-2,014,640
Borrowings from banks	13,505,296	11,068,237		24,573,533	22,615,379	1,958,154
Borrowings from other lenders	2,378,823	1,357,781	397,533	4,134,137	4,269,459	-135,322
Payments on account	10,684			10,684	39,885	-29,201
Trade payables	12,274,865			12,274,865	8,678,976	3,595,889
Payables to associated companies	833,092			833,092	442,162	390,930
Tax payables	2,234,689			2,234,689	2,012,102	222,587
Payables to social security institutions	1,896,525			1,896,525	1,895,762	763
Other payables	5,472,450			5,472,450	3,824,696	1,647,754
	42,653,576	26,803,392	397,533	69,854,500	64,217,587	5,636,914

The most relevant payables as at 30/06/2024 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; the payable was measured according to the amortised cost criterion;

- 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 Group 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 S.p.A. 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 price adjustment to the previous shareholders of Vertere s.r.l. (€385,000), already paid at the date of this Consolidated Financial Report;

3) payables to leasing companies (€2,249,137), of which €397,533 is due after 5 years);

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:

-	30/06/2024	31/12/2023	Change
Income Taxes	777,406	167,479	609,927
VAT account	241,257	177,175	64,082
Withholding substitute taxes	765,897	1,129,955	-364,058
Other minor and foreign taxes	450,129	537,493	-87,364
	2,234,689	2,012,102	222,587

The balance of other payables mainly includes current and deferred salaries and wages of employees (€4,989,145).

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 S.p.A. in favour of Cubic Venture S.A.

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 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	MEDIOCREBITO
Banca Sella	1,000,000	1,000,000	-	Innovfin Guarantee	FEI FUND
Intesa San Paolo	1,650,000	1,320,000	52,245	Guarantee Fund Law 662/96	MEDIOCREBITO
BPM	500,000	450,000	17,811	Guarantee Fund Law 662/96	MEDIOCREBITO
BPM	1,500,000	1,200,000	47,495	Guarantee Fund Law 662/96	MEDIOCREBITO
Intesa San Paolo	3,000,000	2,700,000	-	Article 1 Decree Law 23/2020	SACE

Intesa San Paolo	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
<b>TOTAL</b>	<b>14,600,000</b>	<b>12,990,000</b>	<b>230,209</b>		

Payables to associated companies may be broken down as follows:

	Balance as at 30-06-2024			Balance as at 31-12-2023			Change
	Trade	Other	TOTAL	Trade	Other	TOTAL	
Star AG	175,112		175,112	48,856		48,856	126,256
Star Deutschland GmbH				10,669		10,669	-10,669
Star Paris	2,670		2,670	9,600		9,600	-6,930
Star Technology Solutions	119		119	223		223	-104
Star Japan Co., LTD	25,251		25,251	24,483		24,483	768
Star UK Limited	6,343		6,343	10,039		10,039	-3,696
Star SA	35		35	35		35	0
Star Group Scandinavia AB	240		240	174		174	66
Grafica e Editore Starcom Ltda	-1,408		-1,408				-1,408
Star Czech S.R.O.	34,391		34,391	35,499		35,499	-1,107
Star Hungary KFT	14,489		14,489	15,513		15,513	-1,024
Dante srl	60,596		60,596	2,600		2,600	57,996
Star Prevajalske Storitve D.O.O Ljubljana	54,291		54,291	79,412		79,412	-25,121
Star Polonia	32,211		32,211	23,259		23,259	8,952
IAMDEV S.t.p. S.r.l.	50,385		50,385	22,323		22,323	28,062
Star Servicios Linguisticos LDA	51,405		51,405	44,192		44,192	7,212
Star Information Engineering S.L.	4,735		4,735	5,321		5,321	-586
Star Software Shanghai Co. LTD	26,656		26,656	23,462		23,462	3,194
Star Egitto Middle East Ltd Cairo	5,218		5,218	1,461		1,461	3,757
Star Information Services & Tools S.R.L.	22,356		22,356	15,821		15,821	6,535
Star Korea AG	19,942		19,942	4,894		4,894	15,048
Star SPB - Russia				562		562	-562
Star Translation & Software Thailand Co., Ltd	218		218	164		164	54
Star AG Taiwan Branch	1,689		1,689	2,360		2,360	-671
Star do Brasil Localizacao E Tecnologia Ltda	1,187		1,187	1,431		1,431	-244
Star Software Indonesia	151		151	1,453		1,453	-1,302
Star Turchia Inf.Services Ltd Sti	22,623		22,623	8,513		8,513	14,110
Star J&M Finland OY	1,639		1,639	1,687		1,687	-48
Star Co.,Ltd	666		666	257		257	409
Star Servicios Linguisticos SLU	1,541		1,541	0		0	1,541
Shareholders of CAAR do Brasil		218,342	218,342	0	47,899	47,899	170,443
	614,750	218,342	833,092	394,263	47,899	442,162	390,930

Payables are broken down by geographical area as follows:

	Italy	UE	Non UE	Total
Bonds	18,424,525			18,424,525
Borrowings from banks	24,454,942	5,101	11,490	24,573,533
Borrowings from other lenders	2,634,137		1,500,000	4,134,137
Payments on account			10,684	10,684
Trade payables	7,912,189	2,485,403	1,877,273	12,274,865
Payables to associated companies	110,982	220,088	502,023	833,092
Tax payables	893,748	473,830	867,111	2,234,689
Payables to social security institutions	1,700,655		195,870	1,896,525
Other payables	3,871,243	304,635	1,296,573	5,472,450
	60,002,420	3,489,057	6,363,023	69,854,500

### ***E) Accrued expenses and deferred income***

These represent the liaison items for the financial year calculated on an accruals basis.

The item breaks down as follows:

Description	30/06/2024	31/12/2023	Change
Accrued expenses	1,090,815	375,593	715,222
Deferred income	838,190	1,814,109	-975,919
Total	1,929,005	2,189,702	-260,697

The most significant amounts of accrued expenses include accrued interest on bonds/minibonds (€138,089), on loans and leasing contracts, expenses incurred on credit cards in June but charged to the current account in the following month, employee expense accounts, and other minor items.

Deferred income relates to invoices issued in advance in 30/06/2024 but related to activities that will be performed at a later time.

As of 30/06/2024 there are no accruals or deferrals with a duration of more than five years.

# Income statement

## A) Value of production

The details are as follows:

	30/06/2024	30/06/2023	Change
Revenues from sales and services	60,365,165	50,860,071	9,505,094
Change in inventories of work in progress, semi-finished and finished products	0	0	0
Change in contract work in progress	-231,836	51,929	-283,765
Internal work capitalised	0	0	0
Other revenues and income:			
grants related to income	343,163	302,527	40,636
others	99,463	411,142	-311,679
Total other revenues and income	442,626	713,669	-271,043
<b>Total</b>	<b>60,575,955</b>	<b>51,625,669</b>	<b>8,950,286</b>

The change is closely related to what is described in the Report on Operations. Revenues include those from the leasing of the business units of C.A.A.R. S.p.A. and STI s.r.l. (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:

Revenue category	30/06/2024	30/06/2023	Change
Product knowledge, Engineering and Experience	32,830,966	24,089,856	8,741,110
Global content	20,581,340	18,155,824	2,425,516
Printing	6,851,089	8,473,248	-1,622,159
Other services	101,770	141,143	-39,373
<b>Total</b>	<b>60,365,165</b>	<b>50,860,071</b>	<b>9,505,094</b>

The breakdown of revenues by geographical area is as follows:

Geographical area	30/06/2024	30/06/2023	Change
Italy	30,907,816	29,019,978	1,887,838
UE	2,646,417	2,499,077	147,340
Non UE	26,810,932	19,341,016	7,469,916
<b>Total</b>	<b>60,365,165</b>	<b>50,860,071</b>	<b>9,505,094</b>

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

	STAR7 S.p.A.	STAR7 Printing s.r.l.	TOTAL

Competence Industry Manufacturing 4.0 (PNRR)	172,205		172,205
Industry 4.0 goods tax credit	54,960	75,385	130,345
Fondimpresa	26,745		26,745
Ecobonus		13,868	13,868
	253,911	89,252	343,163

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

Revenues recognised from related parties are as follows:

Associated company	30/06/2024 Trade	30/06/2023 Trade	Change
Star AG	100,738	101,078	-340
Star Deutschland GmbH	39,233	70,366	-31,133
Star Group America LLC	49	55,413	-55,364
Star Paris	24,106	33,523	-9,417
Star Software, Translation, Artwork, Recording GmbH	20,090	32,638	-12,548
Star SA	19,399	27,552	-8,153
Star Japan Co., LTD	2,802	10,707	-7,905
Star Technology Solutions	4,884	7,268	-2,384
Star Group Scandinavia AB	4,497	6,524	-2,027
Star Czech S.R.O.	2,081	6,063	-3,982
Star Servicios Linguisticos SLU	-	1,099	-1,099
Star UK Limited	581	639	-58
Dante srl	-	79	-79
	218,460	352,949	-134,489

## B) Costs of production

Costs of production are all inherent in the generation of revenues and accrued during the year. As with revenues, costs also include those related 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	30/06/2024	30/06/2023	Change
Raw and ancillary materials and goods	2,496,348	2,745,441	-249,093
Services	21,200,428	18,522,007	2,678,421
Leased assets	1,400,247	1,177,941	222,306
Personnel costs:	19,710,804	16,266,841	3,443,963
Wages and salaries	5,200,340	4,070,669	1,129,671
Social security contributions	653,476	660,525	-7,049

Employees' leaving entitlement	795,618	522,734	272,884
<b>Total personnel costs:</b>	<b>26,360,238</b>	<b>21,520,769</b>	<b>4,839,469</b>
Amortisation	3,296,054	3,038,593	257,461
Depreciation	722,367	750,386	-28,019
Other write-downs of fixed assets	-	-	-
Write-downs of receivables in current assets	39,355	4,062	35,293
Total amortisation, depreciation and write-downs	4,057,777	3,793,041	264,736
	-54,525	58,685	-113,210
Change in inventories Raw materials	32,000	32,000	-
Provisions for risks	583,780	668,820	-85,040
<b>Total</b>	<b>56,076,293</b>	<b>48,518,704</b>	<b>7,557,589</b>

## 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	30/06/2024 Trade	30/06/2023 Trade	Change
Dante srl	101,168	262,968	-161,800
Star AG	229,886	27,600	202,286

Star AG Taiwan Branch	1,681	7,466	-5,785
Star Czech S.R.O.	77,655	67,712	9,943
Star Deutschland GmbH	40	-	40
Star do Brasil Localizacao E Tecnologia Ltda	1,178	2,682	-1,504
Star Egitto Middle East Ltd Cairo	6,523	2,436	4,087
Star Group Scandinavia AB	254	174	80
Star Hungary KFT	28,193	34,027	-5,834
Star Information Engineering S.L.	8,276	31,686	-23,410
Star Information Services & Tools S.R.L.	41,781	24,254	17,527
Star J&M Finland OY	1,972	4,289	-2,317
Star Japan Co., LTD	53,811	63,677	-9,867
Star Korea AG	32,648	13,287	19,361
Star Polonia	67,718	96,343	-28,625
Star Prevajalske Storitve D.O.O Ljubljana	129,327	76,677	52,650
Star Servicios Linguisticos LDA	75,680	34,301	41,379
Star Servicios Linguisticos SLU	1,599	2,631	-1,032
Star Software Indonesia	354	8,087	-7,734
Star Software Shanghai Co. LTD	40,753	20,253	20,500
Star Spb - Russia	-562	-	-562
Star Technology Solutions	10,318	363	9,955
Star Translation & Software Thailand Co., Ltd	76	306	-230
Star Turchia Inf.Services Ltd Sti	22,707	4,327	18,380
Star UK Limited	9,699	21,629	-11,930
Star Paris	770	-	770
Star Vietnam Translation & Software Co., LTD.	875	-	875
Star Co.,Ltd	-	138	-138
	944,379	807,313	137,066

### C) Financial income and expenses

Balance as at 30/06/2024	Balance as at 30/06/2023	Change
-1,632,337	-1,193,797	-438,540

## Financial income

	30/06/2024	30/06/2023	Change
Other financial income	40,943	66,772	-25,829
Total financial income	40,943	66,772	-25,829

Most of the financial income (€33,151) is attributable to the Brazilian subsidiaries.



## Breakdown of interest and other financial expense by type of debt

	30/06/2024	30/06/2023	Change
Interest expenses on current accounts, advances, hot money	286,547	170,786	115,761
Interest expenses on bonds/minibonds	553,827	588,560	-34,733
Interest expenses on loans (net of hedging flows)	339,253	143,056	196,197
Factoring charges	31,124	48,449	-17,324
Sace commissions	38,203	25,902	12,301
Interest payable on leases	47,663	59,784	-12,121
Interest due to suppliers and other charges	3,597	3,011	586
Financial expenses of foreign companies	62,162	36,617	25,545
Cash discounts for advance payments from customers	357,669	230,311	127,358
Total financial expenses	1,720,047	1,306,476	413,571

Starting in December 2022, interest expenses increased greatly, mainly due to the sharp rise in interest rates by the European Central Bank (ECB), which intervened six times, raising the rate for main refinancing operations from 2.50% at the end of 2022 to 4.50% at the end of 2023. June 2024 saw the first decrease of 25 basis points.

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.

## Current, deferred and prepaid income taxes for the year

Description	30/06/2024	30/06/2023	Change
Current taxes: IRES - IRAP - other taxes	1,369,973	925,970	444,003
Prior year taxes	-	-	-
(Deferred) tax assets	-1,212	-2,079	867
	1,368,761	923,891	444,870

Taxes pertaining to the first half of 2024 have been recognised.

Taxes relating to previous years concern differences between the taxes settled in tax returns filed after the closure of the annual accounts and those allocated in the relevant financial statements.

## Deferred tax assets/liabilities

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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.

## Cashflow statement

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With regard to the Cash Flow Statement, there is no significant information to report.

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

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In the first half of 2024, the following remuneration was recorded for the members of the Board of Directors and the Board of Statutory Auditors of the Parent Company:

	Administrators	Statutory auditors
Fees	433,340	14,875

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

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In accordance with the law, the fees for the first half of 2024 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	9,500
Total fees payable to the statutory auditor or the auditing firm	9,500

## 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).

Stocks/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: nominal value	not indicated
Closing amount of shares: number	8,999,752
Closing amount of shares: nominal 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 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 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	Fair value negative
Intesa San Paolo	Interest rate swap	Hedging	29/01/2021	31/12/2026	3,000,000	70,711	-
Unicredit	Interest rate swap	Hedging	18/11/2020	30/09/2026	1,900,000	36,104	-

<b>Credit Agricole</b>	Interest rate swap	Hedging	05/10/2020	05/10/2026	2,250,000	67,034	-
<b>Banco BPM</b>	Collar cap-floor	Hedging	26/01/2024	31/12/2026	2,000,000	8,474	-
<b>Intesa San Paolo</b>	Interest rate swap	Hedging	03/02/2020	31/01/2025	850,000	1,370	-
						183,693	-

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

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

## Information on transactions carried out with related parties (ref. art. 38, first paragraph, 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 first half of 2024, only commercial transactions at market conditions were conducted exclusively with the associated companies Dante S.r.l. and STAR AG. The costs for services rendered by DANTE S.r.l. amounted to €101,168 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**

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

## **Information on significant events occurring after 30/06/2024**

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No significant events occurred after 30/06/2024 that could have significant balance-sheet, income or cash-flow effects on the Consolidated Half-Year Financial Report for the first half of 2024.

As of the date of this Consolidated Half-Year Financial Report, there were no significant new developments in relation to the judicial liquidation proceedings of CAAR S.p.A. and STI s.r.l. for which the Parent Company has submitted an irrevocable offer to purchase as already illustrated in the notes on significant events in the first half of 2024 and commentary on current assets.

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

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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 related to the guarantees obtained by Sace/Mediocredito on loans payable, please refer to the specific table set forth in the Notes to the Payables.

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

# Business outlook for the financial year 2024

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The operating and financial results achieved in the first half of 2024, combined with the solid trend in sales activity, allow us to take a positive view of the second half of the year. The Group will also continue to increase its focus on cash generation and consequent debt reduction.

The current international tensions and unpredictable developments in the geopolitical landscape are creating widespread macroeconomic uncertainty, which could impact the attainment of business goals.

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

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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

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This Consolidated Half-Year Financial Report, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Accounts, provides a true and fair view of the Company's financial position and results of operations for the first half of 2024, and corresponds to the accounting records of the Parent Company and the information provided by the companies included in the scope of consolidation.

Valle San Bartolomeo (Alessandria), 27 September 2024  
Chairman of the Board of Directors

**Lorenzo Mondo**

