



2022 FINANCIAL RESULTS

CONFERENCE CALL

28 MARCH 2023

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Agenda

STAR7 2022

At a glance

Achievements

Financial results

Final remarks

Appendix

Today's presenting team



Lorenzo Mondo
Founder & Group CEO



Barbara Donadio
Chief Financial Officer



Matteo Gera
General Manager



STAR7 FY 2022

AT A GLANCE

Highlights 2022

REVENUES

€ 83.3 m

GROWTH
+14.3%
vs 2021 PF

EBITDA

€ 15.1 m

GROWTH
+18.1%
vs 2021 PF

EBITDA %

18.2 %

GROWTH
+600 bps
vs 2021 PF

NET DEBT

€ 35.1 m

D/E

2.3

Company overview



Unique, in a global network

Presence in **3 continents**
with **18 offices (21*)**
and more than **870 people (more than 1100*)**

Austria, Italy, Albania, USA,
France, Spain, Germany, Denmark,
Ireland, Finland, Sweden,
Netherlands, Serbia*, Brazil, Argentina.

STAR7

() After lease of CAAR/STI branch*

Company overview



- GLOBAL CONTENT**
Advanced language services
- PRINTING**
Printing, packaging and kitting services
- ENGINEERING**
Product and process engineering
- PRODUCT KNOWLEDGE**
Technical product expertise
- EXPERIENCE**
VR, AR, 3D and computer graphics

Proudly serving

>1000* CLIENTS

Globally in more than

20 DIFFERENT INDUSTRIES



NEW BUSINESS





STAR7 2022

ACHIEVEMENTS



M&A: Acquisition of 100% of Vertere

Strengthening the performance of the **STAR7 Global Content Service Line**

VERTERE

A **language service provider** renowned as the Italian pioneer in the use of **Computer Assisted Translation (CAT) systems** for workflow management, primarily serving SME customers.

Clear value-creation rationale and benefits

Another step to **fuel STAR7's growth in the Global Content business** with a **limited execution risk**.

Acquisition drives up STAR7's productivity through translation workflow optimisation, with pervasive implementation of Machine Translation (MT) and content localisation processes, expected to generate improved revenues and margins.

ACQUISITION DATE

26 July 2022

ACQUISITION COST

€ 0.8 m

2021 REVENUES

€ 1.3 m

2018-2021 AVERAGE EBITDA

€ 0.2 m

M&A: Lease of CAAR Group branch 1/3

Strengthening the performance of the STAR7 Engineering Service Line

CAAR GROUP

CAAR Group offers **engineering solutions** – mainly process engineering – to the **automotive, aerospace and defence, rail, agriculture, energy, logistics, infrastructure, and electronics** sectors.

Operating in **Italy, Brazil** and **Serbia**, the CAAR Group provides **industry-leading services** in sectors **also covered by STAR7**.

SIGNING DATE

31 December 2022

MAXIMUM ACQUISITION COST

€ 2.8 m

MAXIMUM TAKEOVER BANK DEBT

€ 3.2 m

2022 ESTIMATED REVENUES

€ 15.0 m

LEASE CONDITIONS

DURATION **6+6 months**

RENT **120,000 €/y**

Irrevocable purchase offer

M&A: Lease of CAAR Group branch 2/3

Strengthening the performance of the **STAR7 Engineering Service Line**

Major services offered

- Product Development
- Electric & Electronic engineering
- Circular economy and Battery management
- Manufacturing engineering
- Workshop and Special Tools

Workforce

More than **300 FTE** (mainly engineers)

International footprint

ITALY

Bari
Bolzano
Turin

BRAZIL

Belo Horizonte

SERBIA

Kragujevac

M&A: Lease of CAAR Group branch 3/3

Strengthening the performance of the STAR7 Engineering Service Line

Clear value-creation rationale

The CAAR Group's operating margins will improve through efficiencies and synergies, which we will implement straight away.

CAAR Group operating margins will improve through immediate efficiencies and synergies.

By moving higher up the product information value chain and **fully embracing strategic engineering activities**, STAR7 will **be able to draw further value from our Integrale⁷** approach, consolidating customer **partnerships** by acting as a **sole provider** of multiple linked services.

Integration pillars

Already **achieved**:

- Stabilisation of client portfolio and order transfers
- ERP System integration
- Integration of staff functions
- Workload management
- New RFQ and opportunities generation

New business fostering cross selling

EUROPE



BRAZIL



NORTH AMERICA

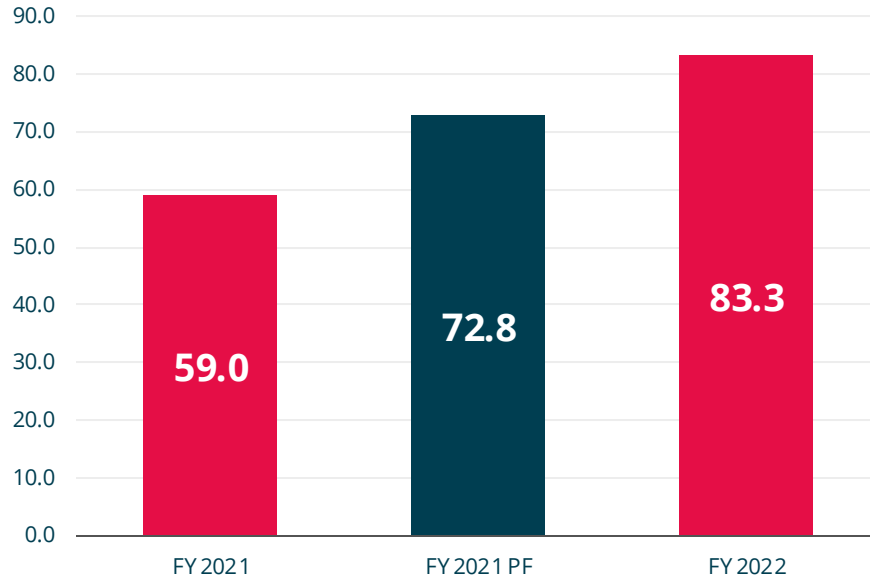


STAR7 2022

FINANCIAL RESULTS

2022 key highlights

REVENUES (data in €m)



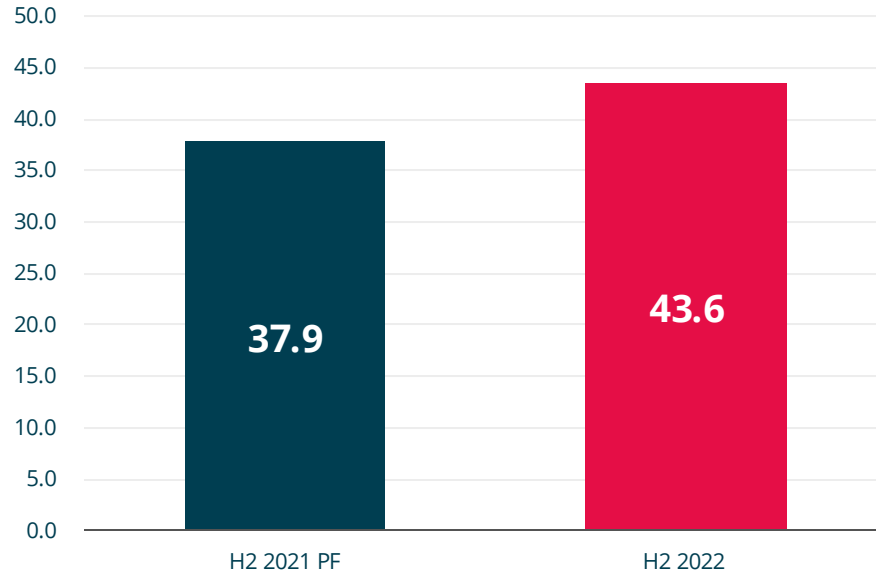
+14.3%
Change %
FY 2022 – PF 2021

Strong growth driven by :

- Organic growth** from new business and cross selling, driven by developing **new customers**, increasing **cross selling** and upgrading services offered to historic customers
- Acquisition** of Vertere (+€ 0.4 m since the acquisition date 27/07/2022)
- Positive exchange rate effect** (+€ 1.8 m) with both USD and BRL appreciating against EUR.

H2 2022 key highlights

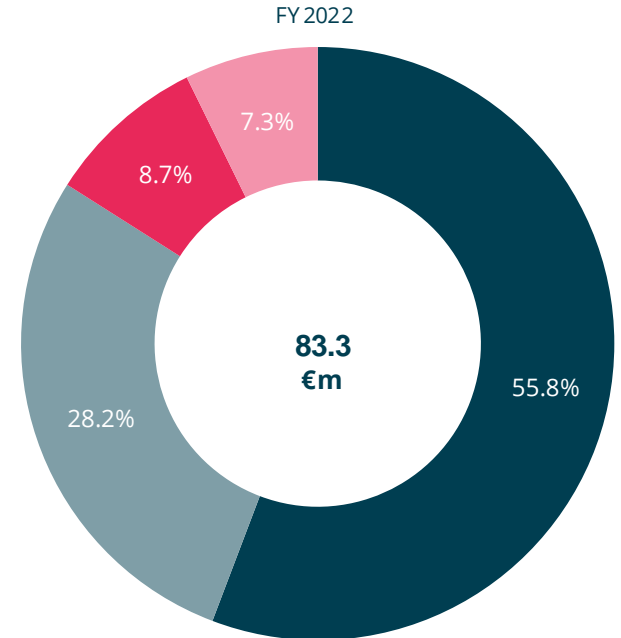
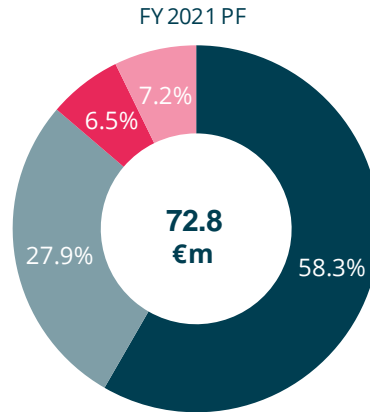
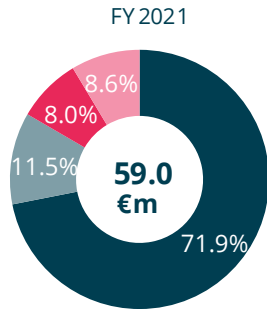
REVENUES *(data in €m)*



+15.1%
Change %
H2 2022 - H2 2021 PF

Continuous internationalisation process

€m	IT	US	BR	RoW
FY 2021	42.5	6.8	4.7	5.1
FY 2021 PF	42.5	20.4	4.7	5.3
FY 2022	46.4	23.5	7.3	6.1

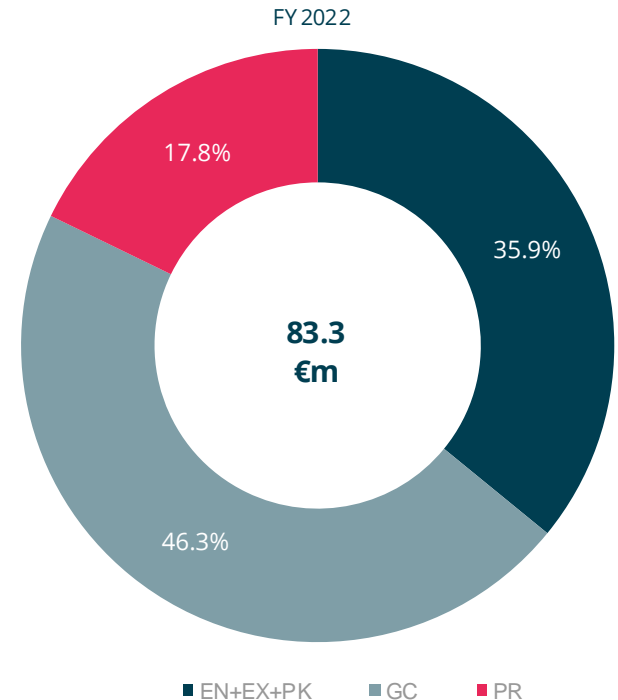
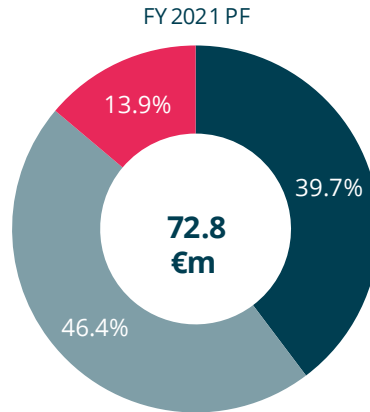
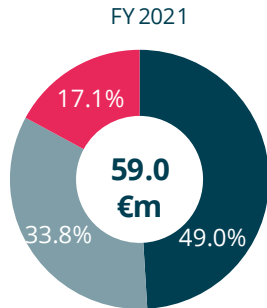


■ Italy ■ USA ■ Brazil ■ RoW

Revenues breakdown by service

Global Content's growth was lifted by the development of the US sales team and an increase in the group-wide customer portfolio.

Capex on new printing machines in Brazil had a major payoff, acquiring a significant market share in the education publishing market.



2022 key highlights

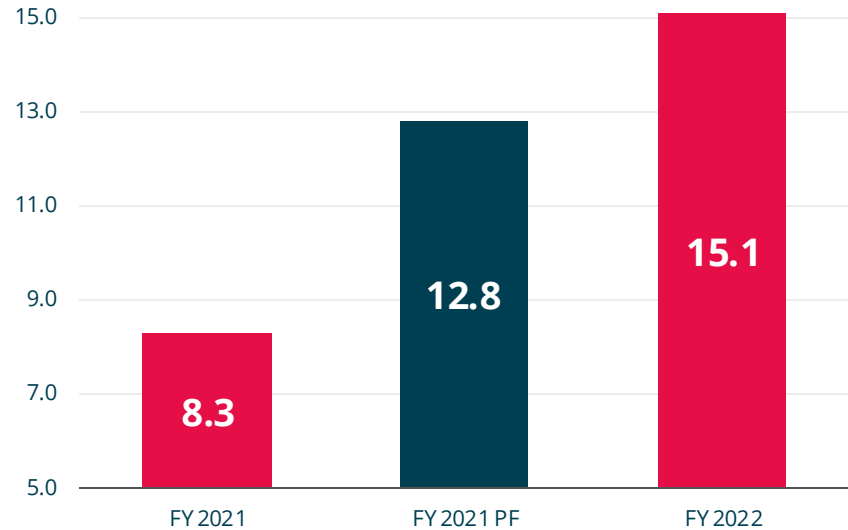
EBITDA (data in €m)

+18.1%

Change %

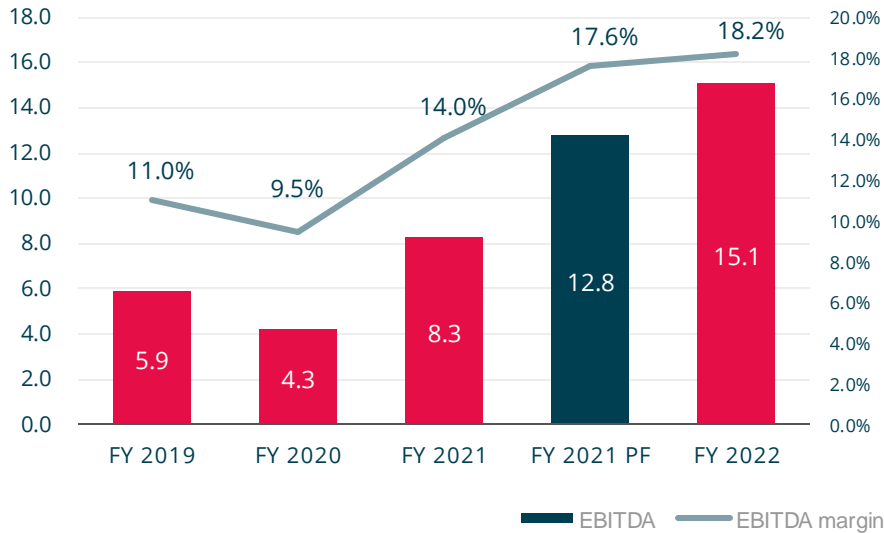
FY 2022 – FY 2021 PF

EBITDA exceeded target of **15 million** and reached the PAS guidance



EBITDA margin

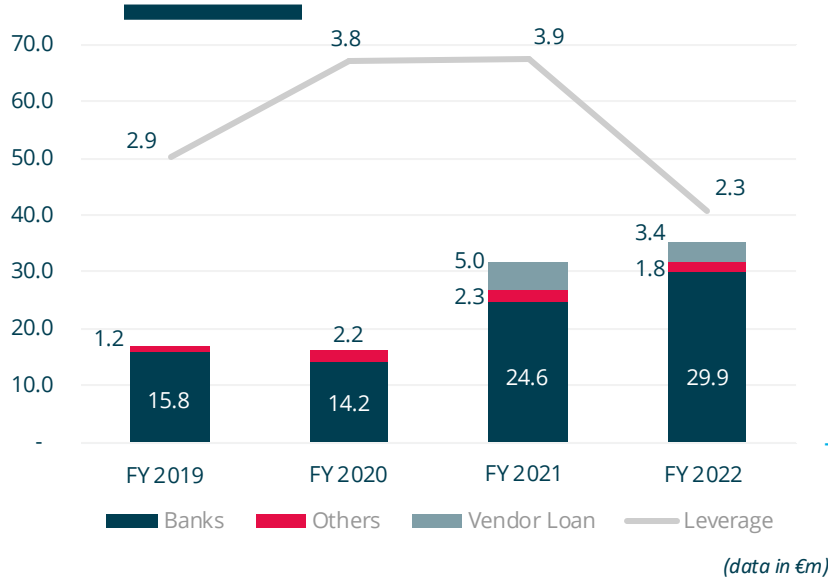
(data in €m)



STAR7 achieved high operating margins in 2022 despite unexpected challenges in the macro scenario (inflation, energy costs, shortage of supply chain components, raw materials, etc). This was driven by **relentless focus** on:

- **cost efficiency**
- **offshoring**
- **integration strategies**
- **process automation and service-line globalisation**
- **widespread AI introduction**

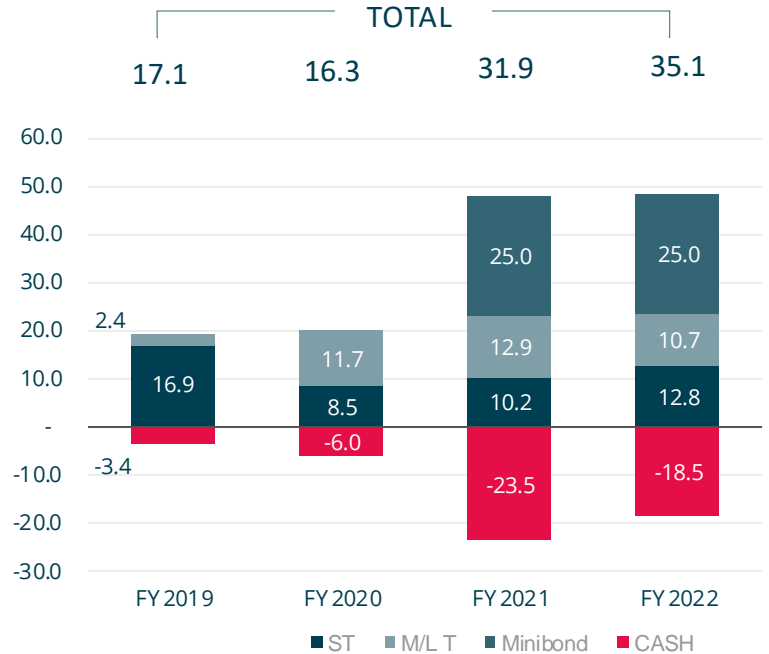
Net financial position



Net financial debt was €35.1m including the vendor loan of €3.4m for the LocalEyes and Vertere deal.

The increase of NFP is mainly due to non-recurring expenses including IPO costs, the first instalment of the LocalEyes vendor loan, acquisition of Vertere and the purchasing of its own shares from STAR AG.

The **Debt-to-EBITDA ratio fell to 2.3x** in line with consensus estimates.



The **debt structure** remains **well balanced between short and long term**. The increase in short-term debt is linked to instalments of medium/long-term loans falling due.

Mini-bond repayment plans are spread equally over the next six years. STAR7 has **€18.5m cash available** to fund future **M&A deals**, with the **reduced leverage** leaving **financial firepower**.



STAR7 FY 2022

FINAL REMARKS



STAR7's next steps

Early 2023 signs show a continuation of 2022 performance drivers

Sticking to our strategies

We continue to pursue our growth drivers:

- Internationalisation
- Diversification
- Integrale⁷ approach

New M&A opportunities

Significant and well-structured portfolio of opportunities.

Product Knowledge target:

- Packaging sector (Italy)
- Agricultural sector (U.S.A.)

Global Content target:

- Fashion and Pharma (Italy)

Embracing disruptive technologies

- Entering generative AI (e.g. Chat GPT) with a service development roadmap
- New generation of services
- New market opportunities



STAR7 FY 2022

APPENDIX

Income statement

	31/12/2022	31/12/2021	Change	Change %	31/12/2021 PF	Change	Change %
Net Revenues	83,251,178	58,992,426	24,258,752	41.1%	72,837,095	10,414,083	14.3%
Other revenues	1,588,134	1,003,507	584,627	58.3%	1,341,415	246,719	18.4%
Change in inventories and increases in fixed assets	145,499	28,824	116,675	404.8%	28,824	116,675	404.8%
External costs	-40,614,344	-28,767,306	-11,847,038	41.2%	-35,366,984	-5,247,360	14.8%
Added Value	44,370,467	31,257,451	13,113,016	42.0%	38,840,350	5,530,117	14.2%
Personnel costs	-29,258,658	-22,977,581	-6,281,077	27.3%	-26,044,990	-3,213,668	12.3%
EBITDA	15,111,809	8,264,052	6,847,757	82.9%	12,795,360	2,316,449	18.1%
Depreciation, writedowns and other provisions	-7,782,533	-4,273,269	-3,509,264	82.1%	-7,282,226	-500,307	6.9%
EBIT	7,329,275	3,990,783	3,338,492	83.7%	5,513,133	1,816,142	32.9%
Net financial income	-2,298,841	-632,967	-1,665,874	263.2%	-1,599,318	-699,523	43.7%
Ordinary income	5,030,434	3,357,816	1,672,618	49.8%	3,913,815	1,116,620	28.5%
Gain (losses) on investments	-	751	-751	-100.0%	751	-751	-100.0%
Profit before taxes	5,030,434	3,358,567	1,671,867	49.8%	3,914,566	1,115,869	28.5%
Income taxes	-1,946,632	-887,647	-1,058,985	119.3%	-1,163,635	-782,998	67.3%
Net profit	3,083,802	2,470,920	612,882	24.8%	2,750,931	332,871	12.1%

Balance sheet

	31/12/2022	31/12/2021	Change	Change %
Net intangible assets	39,146,910	41,085,421	-1,938,512	-4.7%
Net tangible assets	6,894,087	6,468,229	425,858	6.6%
Equity holdings and other financial investments	751,110	229,283	521,827	227.6%
Fixed assets	46,792,107	47,782,933	-990,827	-2.1%
Inventories	2,418,351	1,414,322	1,004,029	71.0%
Trade receivables	29,395,493	23,990,540	5,404,952	22.5%
Receivables from associates	683,938	1,569,324	-885,386	-56.4%
Other receivables	5,763,610	4,705,448	1,058,162	22.5%
Accruals and prepaid expenses	1,998,114	1,632,214	365,900	22.4%
Current assets	40,259,506	33,311,848	6,947,658	20.9%
Trade payables	-8,574,855	-7,388,534	-1,186,321	16.1%
Other payables to associates	-669,672	-564,804	-104,868	18.6%
Advance payments	-	-	0	0.0%
Outstanding tax and social security debts	-2,278,916	-2,481,535	202,619	-8.2%
Other payables	-2,995,946	-5,503,030	2,507,084	-45.6%
Accruals and deferred income	-2,437,357	-3,343,496	906,139	-27.1%
Current liabilities	-16,956,746	-19,281,398	2,324,652	-12.1%
Net working capital	23,302,759	14,030,450	9,272,310	66.1%
Severance pay	-4,716,159	-3,900,178	-815,981	20.9%
Tax and social security debts (beyond the following fiscal year)	-	-	0	0.0%
Other non-current liabilities	-1,132,021	-499,892	-632,129	126.5%
Non-current liabilities	-5,848,180	-4,400,070	-1,448,110	32.9%
Invested Capital	64,246,686	57,413,313	6,833,373	11.9%
Shareholders' Equity	-29,151,676	-25,505,057	-3,646,618	14.3%
Short-term Net Financial Position	-366,809	10,813,184	-11,179,993	-103.4%
MLT Net Financial Position	-34,728,201	-42,721,439	7,993,238	-18.7%
Net equity and Net financial debt	-64,246,686	-57,413,313	-6,833,373	11.9%

Cash Flow Statement

31/12/2022 31/12/2021

A. CASH FLOW FROM OPERATIONS (INDIRECT METHOD)

Profit (loss) for the year	3,083,802	2,470,920
Income taxes	1,946,632	887,647
Financial charges/(income)	2,300,519	632,581
(Capital gains)/losses from assets disposal	-77,121	-2,167
1. Profit (loss) for the year before taxes, financial charges, dividends and capital gains/losses from disposals	7,253,833	3,988,981

Adjustments for non-cash items that had no impact on net working capital

Provisions	592,582	64,000
Depreciation/amortisation of fixed assets	7,718,533	4,209,269
Severance provisions	1,369,942	947,769
Others	207,121	
Financial instruments	-473,499	4,085
Others upward/(downward) adjustments for non-cash items	446,849	-201,221
2. Cash flow before changes in net working capital	17,115,361	9,012,883

Changes in net working capital

Decrease/(increase) in inventories	-1,004,030	-679,471
Decrease/(increase) of trade receivables	-5,796,146	-22,032
Increase/(decrease) in trade payables	1,358,206	1,634,614
Decrease/(increase) in accruals and prepaid expenses	-365,900	-758,815
Increase/(decrease) in accrued charges and deferred income	-686,944	1,931,668
Other variations of net working capital (receivables)	-221,097	112,173
Other variations of net working capital (payables)	-2,644,340	
3. Cash flow after changes in net working capital	7,755,109	11,231,020

Other adjustments

Interest received/(paid)	-2,300,519	-473,164
(Income taxes paid)	-1,966,851	-486,293
(Use of severance provisions)	-785,948	-401,158
4. Cash flow after other adjustments	2,701,791	9,870,405

CASH FLOW FROM OPERATING ACTIVITIES (A) **2,701,791** **9,870,405**

31/12/2022 31/12/2021

B. CASH FLOW FROM INVESTING ACTIVITIES

Tangible assets (Investments)	-1,760,320	-2,105,553
Disposals	243,502	90,162
Intangible Assets (Investments)	-2,100,465	-3,857,573
Disposals	-2,100,465	-3,857,573
Financial assets (Investments)	-4,195	276,053
Disposals	-4,195	-3,178
Acquisitions	0	279,231
Acquisitions	-2,156,077	-31,630,496

CASH FLOW FROM INVESTING ACTIVITIES (B) **-6,021,057** **-37,317,569**

C. CASH FLOW FROM FINANCING ACTIVITIES

Third parties		
Increase/(decrease) in long term bank loans	3,911,856	35,127,990
Loans repayment	-8,284,741	-2,010,873
Increase/(decrease) in short term bank loans	2,560,415	-42,275
Proper financing		
Sales/(purchase) own shares	0	11,827,500

CASH FLOW FROM FINANCING ACTIVITIES (C) **-1,812,470** **44,902,342**

Exchange rate effect on cash and cash equivalents 132,510 33,841

INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) **-5,131,735** **17,455,178**

Cash and cash equivalents at 1 January 2022 **23,485,538** **5,996,519**

Cash and cash equivalents at 31 December 2022 **18,486,312** **23,485,538**

THANK YOU

The image features a solid red background. On the right side, there is a large, white, curved shape that resembles a thick, stylized letter 'C' or a partial circle. The text 'THANK YOU' is centered on the left side of the image in a bold, white, sans-serif font.