



FY 2021 FINANCIAL RESULTS

CONFERENCE CALL

28 MARCH 2022

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Agenda

STAR7 2021
At a glance
Achievements
Financial results
Final remarks
Appendix



Today's presenting team



Lorenzo Mondo

Founder & Group CEO



Paolo Castagno

Chief Financial Officer



Matteo Gera

General Manager



STAR7 2021
AT A GLANCE

Company overview



Unique, in a global network

Presence in **3 continents**
with **16 offices**
and more than **700 people**

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

STAR7

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

>900 CLIENTS

Globally in more than

20 DIFFERENT INDUSTRIES



2021 - STAR7 leverages a broad range of drivers

Surfing again the megatrend waves that drove STAR7's growth before the pandemic:



- Sustainability
- Digital transformation
- Remotisation

Successfully up-selling and cross-selling our services to meet strong demand from customers, as they enrich and extend their offer



Cultivating our historic clients while developing new business relations by **entering new end-markets.**



Leveraging recent acquisitions to:

- Expand our capabilities
- Gain the trust of acquired key clients
- Broaden our service portfolio
- Penetrate strategic markets, (e.g. USA)





STAR7 2021
ACHIEVEMENTS

2021 Relevant events and achievements

JANUARY

Business consolidation

LUXOTTICA

Consolidation of the **Global Content** business

MARCH

M&A

Grafitec

Digital printing centre, specializing in **security classified printing** (Aerospace & Defence)

APRIL

M&A



American translation company enhancing STAR7's offering with specific know-how for the **Life Science** sector

MAY

Business consolidation

LEONARDO

Consolidation of the **Product Knowledge**



PIAGGIO

Consolidation of the business with **Product Knowledge** (crosse selling)

NOVEMBER

M&A

LOCAL EYES
Smart content powers progress

Irish company specialised in **content translation and localisation**, established in 1997 to support Apple in globalising its brand

New business

MONDADORI

STAR7 is contracted to provide **printing services**

CAMPARI

Beginning of collaboration, **Global Content** business

DECEMBER

STAR7 on EGM



New business

Costa

Supply agreement for **language services**

Business consolidation

Renewal of long-term contracts with a leading Italian **high-end automotive brand**



Consolidation of the **Engineering** business

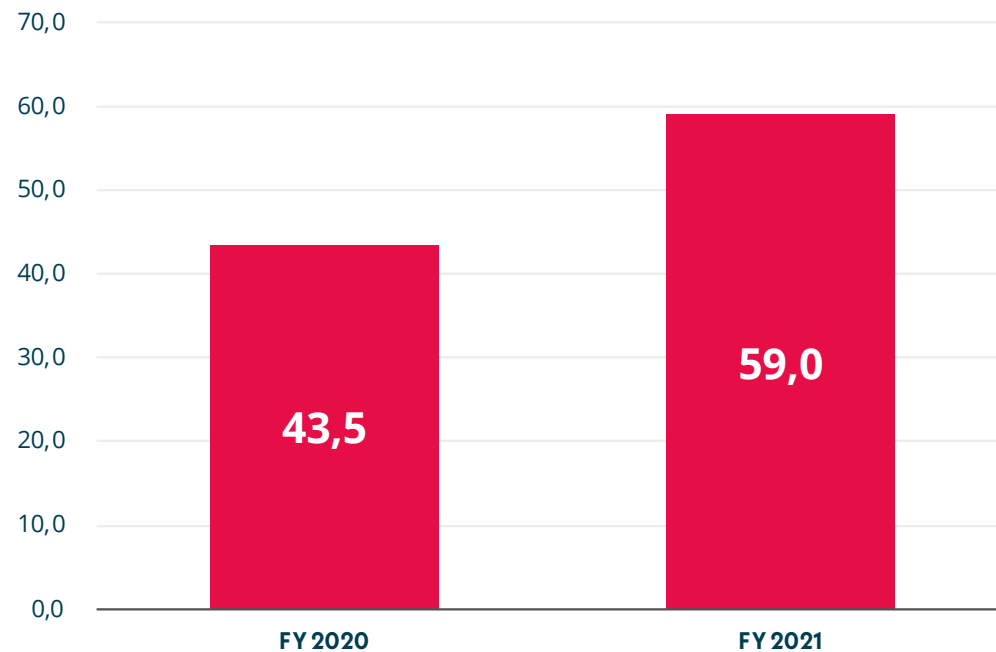


STAR7 2021

FINANCIAL RESULTS

FY 2021 key highlights

REVENUES (data in €m)



+36%

Change %

FY 2021 – FY 2020

Strong recovery after Covid impact with return to historic growth rate (**+10% vs 2019**)

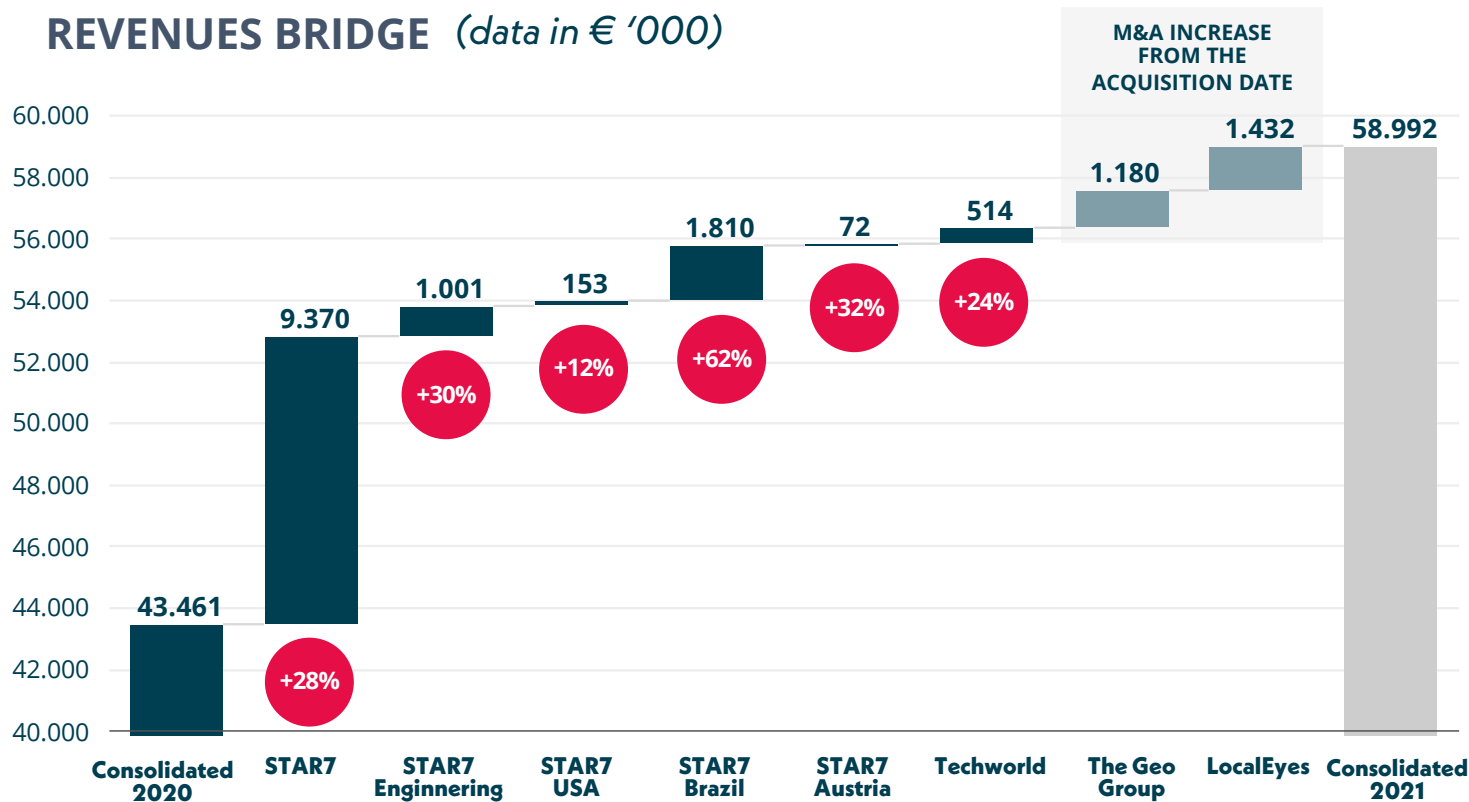
Organic growth driven by:

- Gaining new customers
- Successfully increasing cross-selling and upgrading the services offered to historic customers

M&A activity accounts only for **€2.6m** in 2021

FY 2021 key highlights

REVENUES BRIDGE (data in € '000)



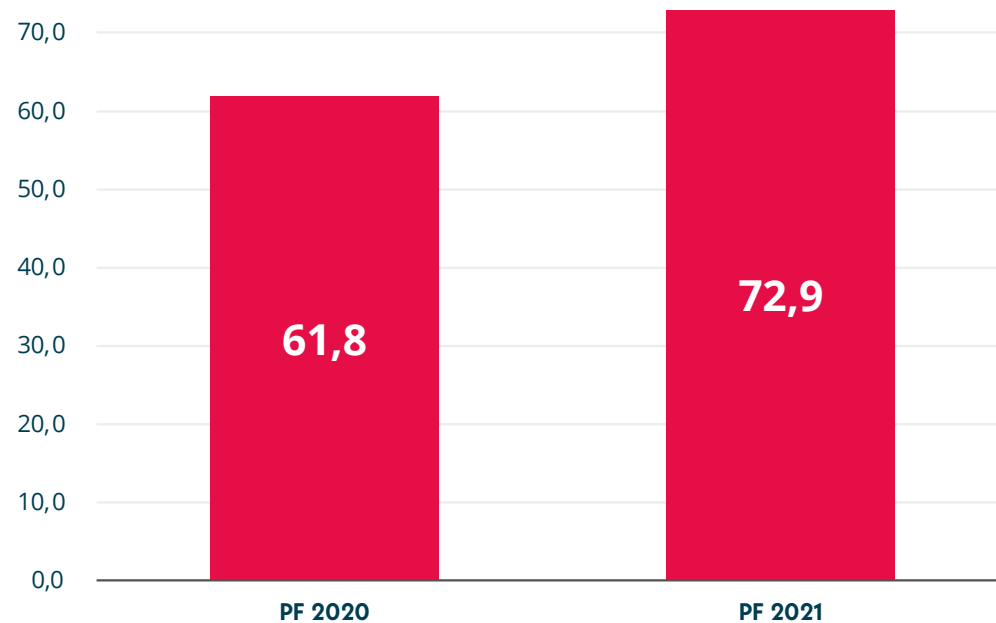
+36%
Change %
 FY 2021 – FY 2020

All Group companies posted a **double-digit growth rate**

The Revenues coming **from newly consolidated companies** accounted only for **€2.6 m** in 2021

FY 2021 key highlights

PROFORMA REVENUES *(data in €m)*



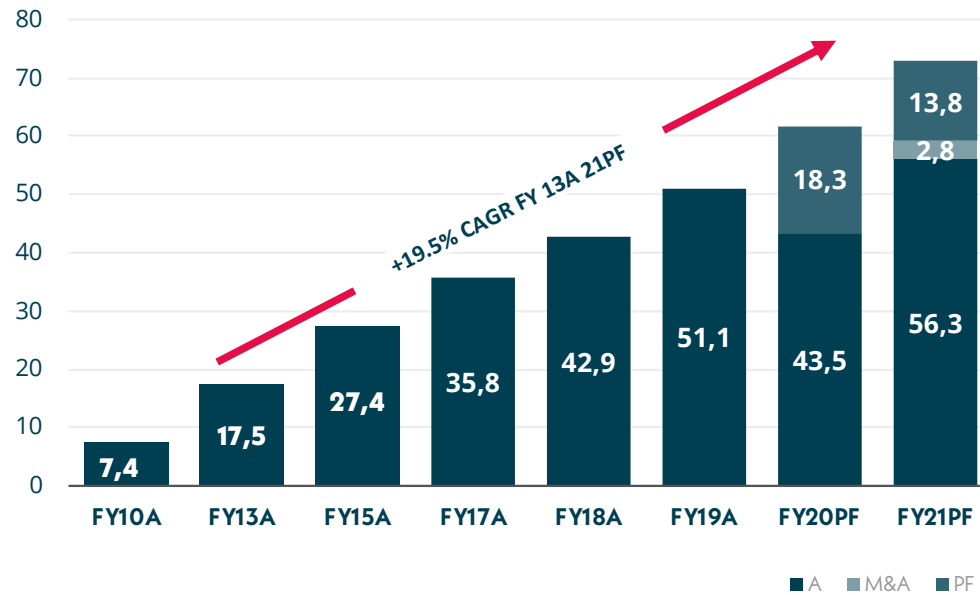
+18%
Change %
PF 2021 – PF 2020

Considering pro-forma data, i.e., a 12-month consolidation of the two acquisitions, revenues are up **18% (vs +36%)**, thus proving the **strong organic growth achieved**

The **contribution from M&A** also **fuelled the Group's growth**, bringing the 2013-2021 revenue CAGR back to the historic trend of c. 20%

Revenues

(data in €m)



+19,5%

CAGR

FY 2013 – FY 2021 PF

STAR7 successfully leverages **both organic growth and M&A** to achieve **continued expansion over time**

FY 2021 key highlights

EBITDA ADJUSTED (data in €m)

+105%

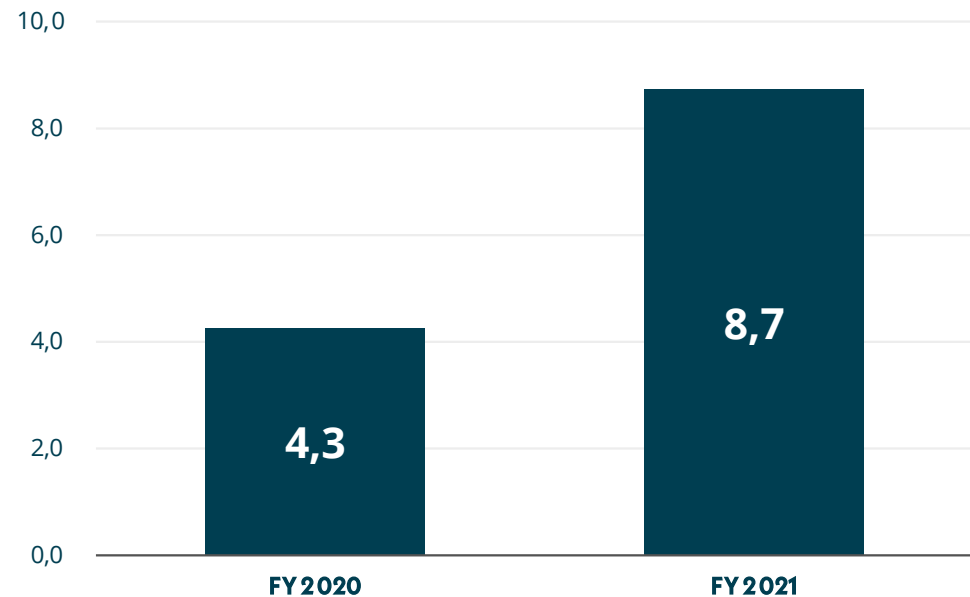
Change %

FY 2021 – FY 2020

The increase reflects the full effect of the **cost rationalisation programme** started in 2020

Offshoring activity in Albania continues to grow across all service lines

Impact of **M&A accounts** for only €0.4 m



FY 2021 key highlights

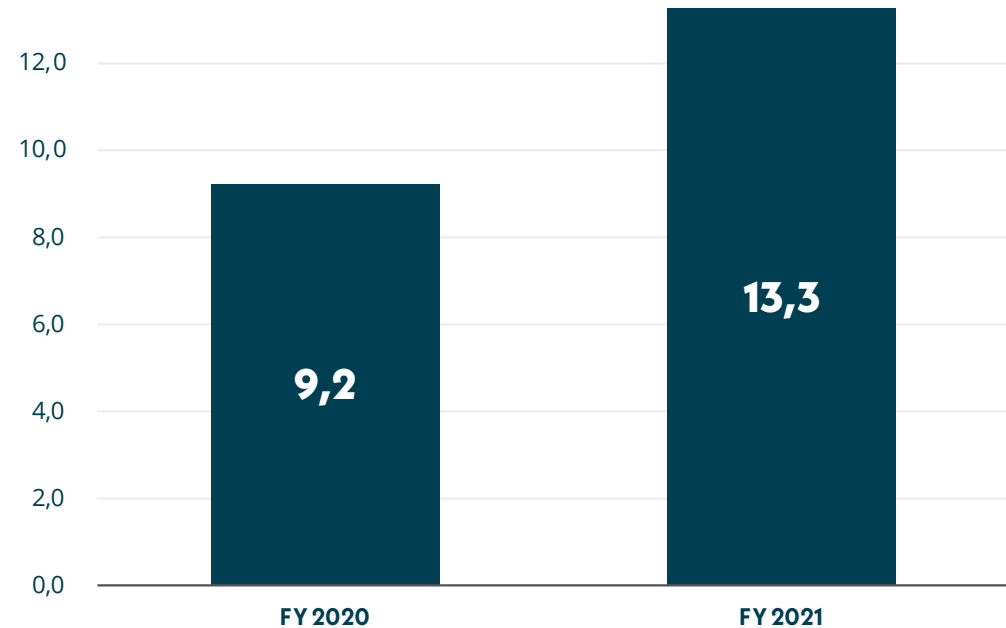
PROFORMA EBITDA ADJUSTED (data in €m)

+44%

Change %

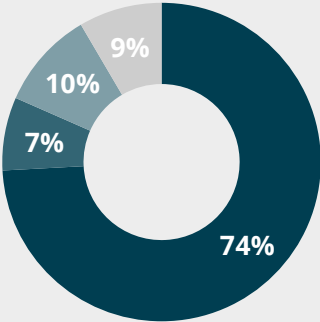
FY 2021 – FY 2020

The increase in pro-forma EBITDA reflects a substantial contribution from M&A deals in both years

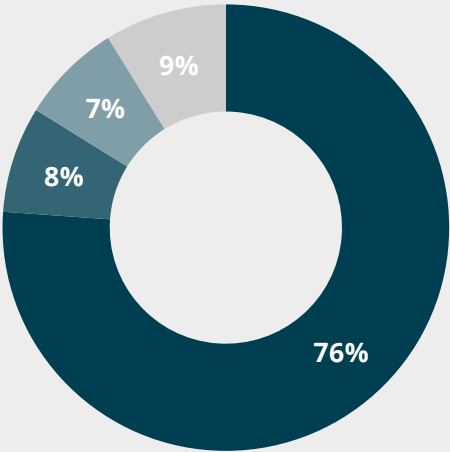


Clients' Revenues breakdown by region

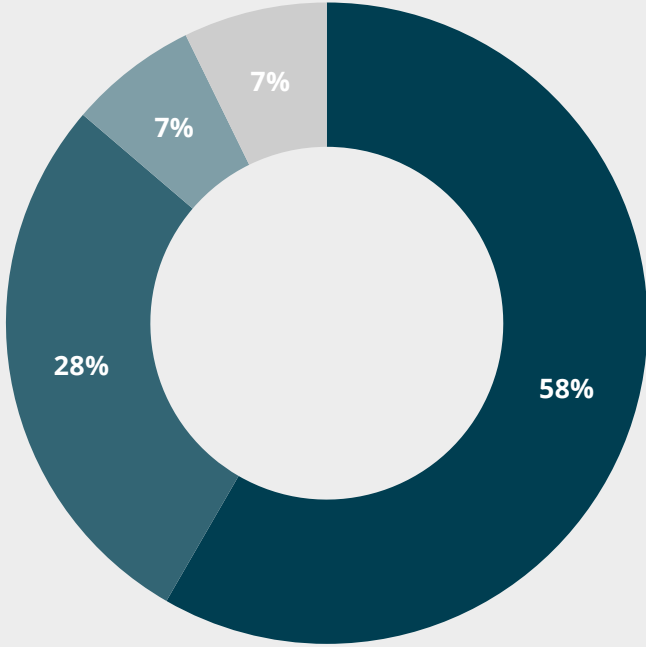
INTERNATIONALISATION PROCESS MOVING FASTER



FY 2019



FY 2020



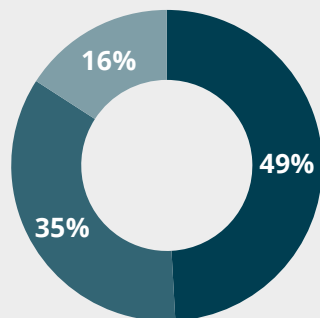
PF 2021

■ Italy ■ USA ■ Brazil ■ RoW

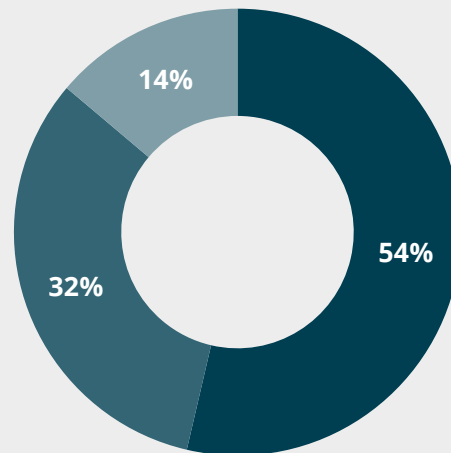
Revenues breakdown by service

The acquisition of **LocalEyes** has **increased** the share of the **Global Content** business in FY21 while opening up new opportunities for **cross selling**

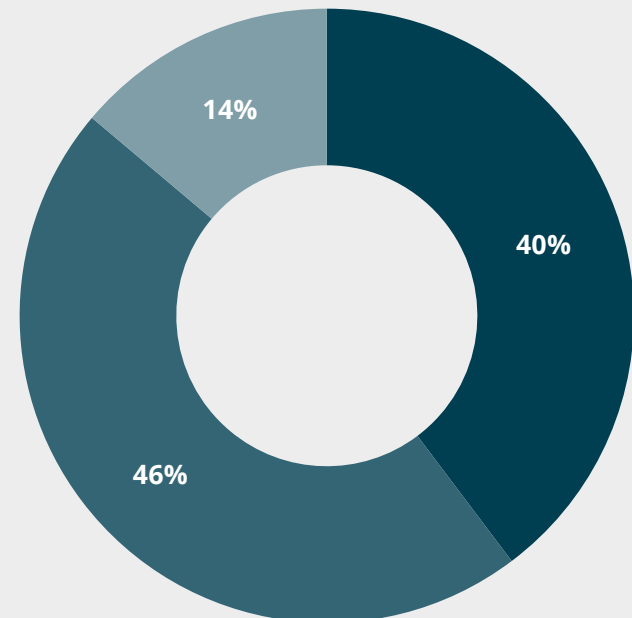
Cross selling activity is expected to **re-balance the service mix** over the coming years.



FY 2019



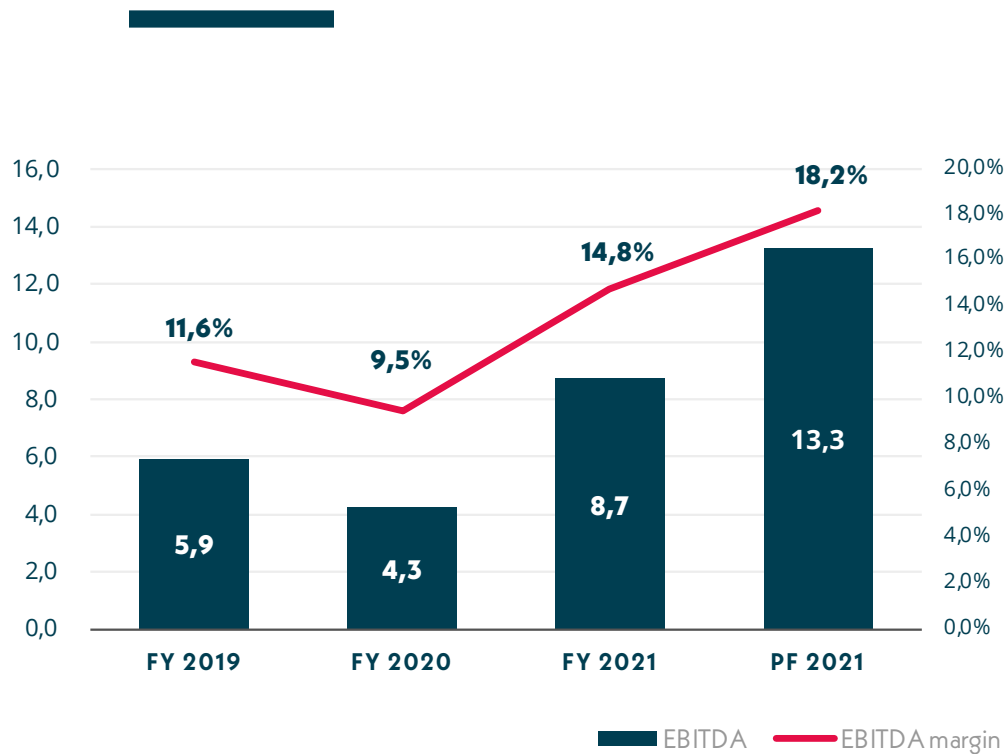
FY 2020



PF 2021

■ EN+EX+PK ■ GC ■ PR

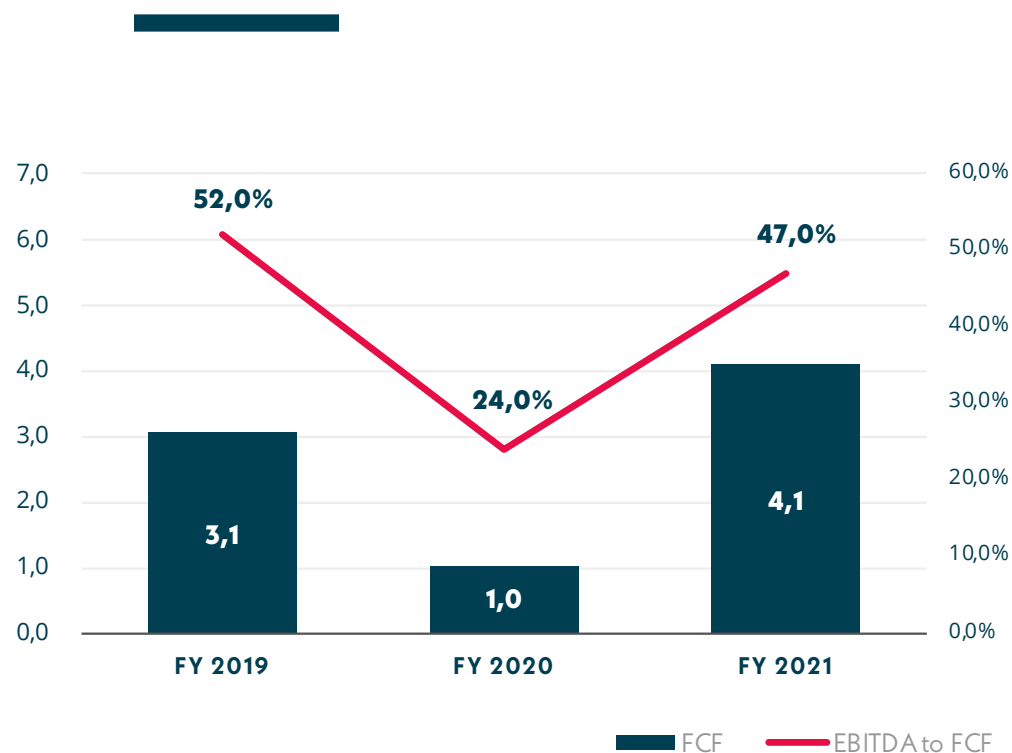
EBITDA margins



The **EBITDA proforma expected** at the time of the IPO has been **achieved**.

The comparison of FY2021 with PF2021 data proves that the LocalEyes acquisition has **increased** both **the size** and **the profitability profile** of STAR7.

Cash Flow



47%

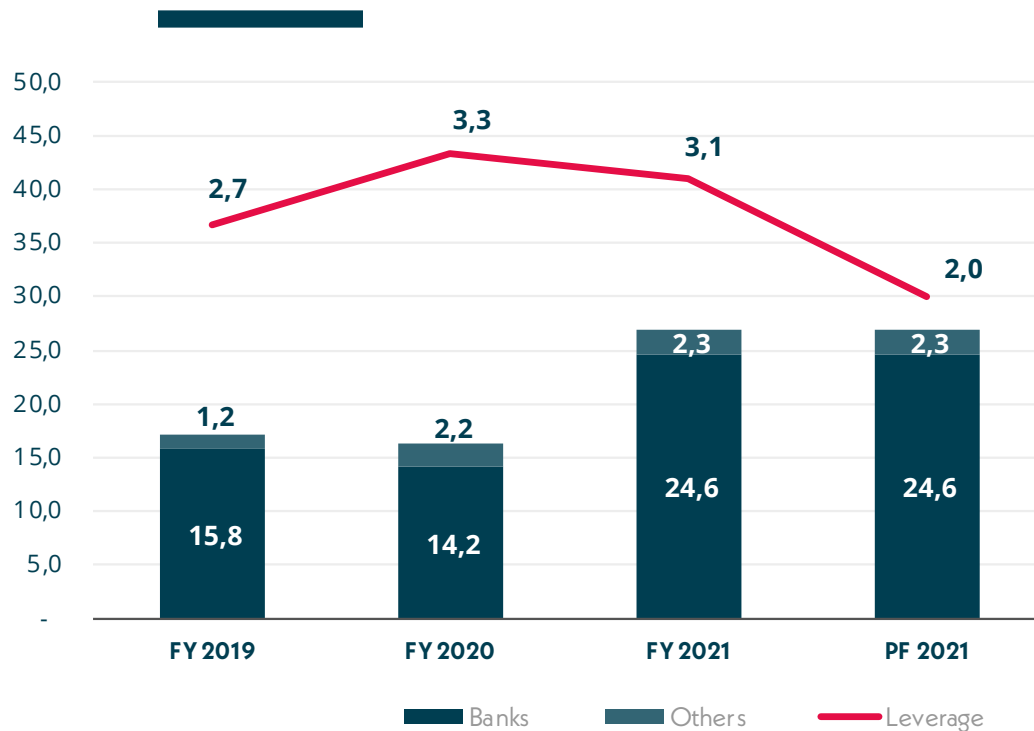
EBITDA-to-FCF conversion

Free Cash Flow (Operating Cash Flow less CapEx excluding M&A) increased and recovered the 2019 level.

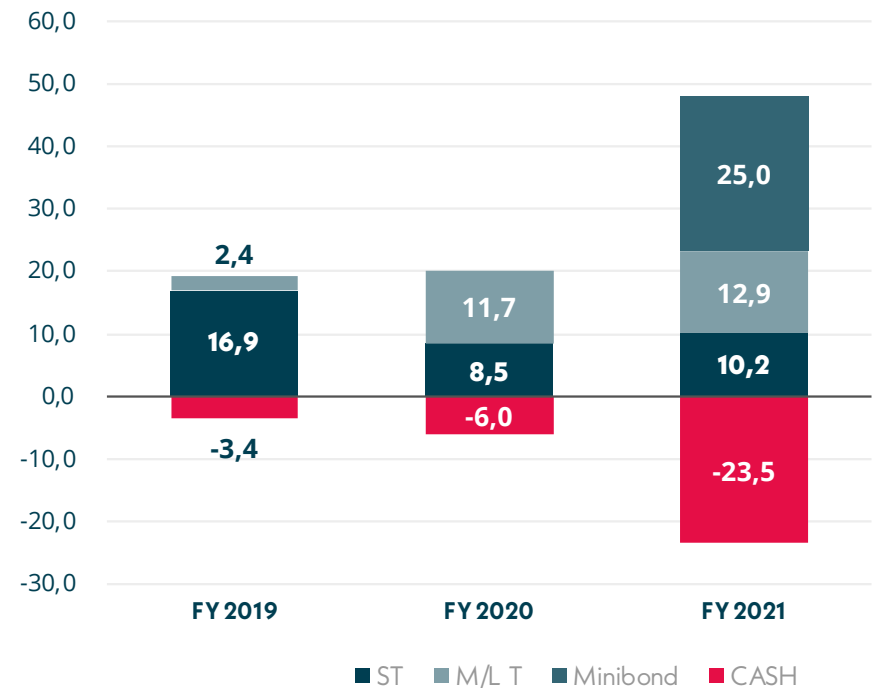
The **EBITDA-to-FCF conversion** reached **47%**, thus returning to a sound level, which does not reflect the positive effect of the LocalEyes acquisition yet.

The **Cash Conversion Ratio** (Operating Cash Flow vs Net Earnings) rose to **3.9x**.

Net financial position



Following the IPO, Net Financial Debt reached €26.9m. The **Debt-to-EBITDA ratio fell to 3.1x**. Considering the **proforma EBITDA**, the leverage dropped even more, reaching **2x**.



Bank indebtedness is well structured over the next 7 years. STAR7 can rely on **€23.5 m of cash available** for future **M&A deals**.



STAR7 2021
FINAL REMARKS

STAR7's commitment

2021 results are a first milestone

2021 growth proves that STAR7 is delivering on strategy.

We aim to establish a consistent track record of quality results also as a listed company.

We target organic growth through a selective approach

Supply chain disruptions and geopolitical crises might affect the pace at which customers launch new products on the market. **We are monitoring the scenario to focus our efforts where growth is more visible, like in the US, where we have a number of diversified opportunities.**

Ready for new M&A opportunities

We are experiencing a seamless integration of LocalEyes. **Such a fluid process encourages us to explore new M&A opportunities to deliver further value.**

FY21 evidence indicates that effective strategy execution bears healthy returns. **We confirm the commitment made at the time of the IPO:**

Achieve FY22 EBITDA of €15 million



STAR7 2021
APPENDIX

Income statement

	31.12.2021	31.12.2020	Change	Change %
Net Revenues	58,992,426	43,460,628	15,531,798	35.7%
Other revenues	1,003,507	1,349,637	-346,130	-25.6%
Change in inventories and increases in fixed assets	28,824	- 205,116	233,940	-114.1%
External costs	-28,767,306	-24,286,991	-4,480,315	18.4%
Added Value	31,257,451	20,318,158	10,939,293	53.8%
Personnel costs	-22,977,581	-15,936,832	-7,040,749	44.2%
EBITDA	8,279,870	4,381,326	3,898,544	89.0%
Depreciation, writedowns and other provisions	- 4,289,087	- 1,856,612	-2,432,475	131.0%
EBIT	3,990,783	2,524,714	1,466,069	58.1%
Net financial income	- 632,967	- 317,711	-315,256	99.2%
Ordinary income	3,357,816	2,207,003	1,150,813	52.1%
Gain (losses) on investments	751	- 73,589	74,340	-101.0%
Profit before taxes	3,358,567	2,133,414	1,225,153	57.4%
Income taxes	- 887,647	- 448,296	-439,351	98.0%
Net profit	2,470,920	1,685,118	785,802	46.6%

Balance sheet

	31/12/21	31/12/20	Change	Change %
Net intangible assets	41.085.421	8.305.500	32.779.921	394,7%
Net tangible assets	6.468.229	5.387.641	1.080.588	20,1%
Equity holdings and other financial investments	229.283	511.857	-282.574	-55,2%
Fixed assets	47.782.933	14.204.998	33.577.935	236,4%
Inventories	1.414.322	734.851	679.471	92,5%
Trade receivables	23.990.540	23.577.315	413.225	1,8%
Receivables from associates	1.569.324	371.187	1.198.137	322,8%
Other receivables	4.705.448	2.664.266	2.041.182	76,6%
Accruals and prepaid expenses	1.632.214	873.399	758.815	86,9%
Current assets	33.311.848	28.221.018	5.090.830	18,0%
Trade payables	- 7.388.534	- 5.582.035	-1.806.499	32,4%
Other payables to associates	- 564.804	- 1.110.143	545.339	-49,1%
Advance payments	-	-	0	0,0%
Outstanding tax and social security debts	- 2.481.535	- 1.423.984	-1.057.551	74,3%
Other payables	- 5.503.030	- 1.956.470	-3.546.560	181,3%
Accruals and deferred income	- 3.343.496	- 1.192.633	-2.150.863	180,3%
Current liabilities	- 19.281.398	- 11.265.265	-8.016.133	71,2%
Net working capital	14.030.450	16.955.753	-2.925.303	-17,3%
Severance pay	- 3.900.178	- 3.280.750	-619.428	18,9%
Tax and social security debts (beyond the following fiscal year)	-	-	0	0,0%
Other non-current liabilities	- 499.892	- 534.426	34.534	-6,5%
Non-current liabilities	- 4.400.070	- 3.815.176	-584.894	15,3%
Invested Capital	57.413.313	27.345.575	30.067.738	110,0%
Shareholders' Equity	- 25.505.057	- 11.023.143	-14.481.914	131,4%
MLT Net Financial Position	10.813.184	- 2.832.702	13.645.886	-481,7%
Short-term Net Financial Position	- 42.721.439	- 13.489.730	-29.231.709	216,7%
Net equity and Net financial debt	- 57.413.313	- 27.345.575	- 30.067.738	110,0%

Cash Flow Statement

	31 Dec. 2021	31 Dec. 2020		
A) Cash flow from operations (indirect method)			B) Cash flow from investment activities	
Profit (loss) for the fiscal year	2,470,920	1,685,118	Tangible assets	
Income taxes	887,647	448,296	(Investments)	(2,195,715) (1,974,827)
Financial charges/(income)	632,581	315,909	Disposals	90,162 621,645
(Capital Gains)/Losses from asset disposal	(2,167)	30,953	Intangible assets	
1) Profit (loss) for the fiscal year before taxes, financial charges, dividends, and gains/losses from disposals	3,988,981	2,480,276	(Investments)	(3,857,573) (3,822,507)
Adjustments for non-cash items that had no impact on net working capital			Disposals	
Provisions	1,011,769	838,697	Financial assets	
Depreciation of fixed assets	4,209,269	1,686,620	(Investments)	311,277 (394,154)
Value adjustments to financial assets and liabilities of financial derivatives with no cash impact	4,085	73,590	Disposals	287,500
Other upward/(downward) adjustments for non-cash items	(224,950)		(Acquisitions of subsidiaries net of cash)	(31,536,450)
Total adjustments for non-cash items that had no impact on net working capital	5,000,173	2,598,907	Cash flow from investment activities (B)	(37,188,299) (5,282,343)
2) Cash flow before changes in net working capital	8,989,154	5,079,183	C) Cash flow from financing activities	
Changes in net working capital			Third parties	
Decrease/(Increase) in inventories	(679,471)	(76,284)	Increase/(Decrease) in short-term bank loans	(42,275) (7,581,713)
Decrease/(Increase) of trade receivables	(48,091)	2,208,143	Loans taken	35,127,990 10,370,470
Increase/(Decrease) in trade liabilities	1,441,365	(80,112)	(Loans repayment)	(2,010,873) (966,855)
Decrease/(Increase) in accruals and prepaid expenses	(758,815)	(86,144)	Equity	
Increase/(Decrease) in accrued charges and deferred income	2,150,863	920,382	Capital increase in payment	11,827,500
Other decrease/(Other increase) of net working capital	93,344	(639,159)	Cash flow from financing activities (C)	44,902,342 1,821,902
Total changes in net working capital	2,199,195	2,246,826	Increase (decrease) of cash (A ± B ± C)	17,455,177 2,819,567
3) Cash flow after changes in net working capital	11,188,349	7,326,009	Foreign exchange effect on cash holdings	33,841 (235,651)
Other adjustments			Cash and cash equivalents at the beginning of the fiscal year	
Interests received/(paid)	(632,581)	(315,909)	Bank and postal deposits	5,991,502 3,402,622
(Income taxed paid)	(486,293)	(448,296)	Cash and cash in hand	5,017 9,981
(Use of funds)	(328,341)	(281,796)	Total cash and cash equivalent at the beginning of the fiscal year	5,996,519 3,412,603
Total amount of other adjustments	(1,447,215)	(1,046,001)	Cash and cash equivalent at the end of the fiscal year	
Cash flow from operations (A)	9,741,134	6,280,008	Bank and postal deposits	23,478,324 5,991,502
			Cash and cash in hand	7,214 5,017
			Total cash and cash equivalent at the end of the fiscal year	23,485,538 5,996,519

THANK YOU

