ALANTRA
Italian Equity Research

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STAR7

Sector: Business Services

A world of information

BUY

New Coverage

TP 12.6

New Coverage

Target Price Upside 36%

STAR7 provides multi-lingual services through the entire product information cycle with the support of proprietary technologies. The group offers indirect exposure to product innovation of top global brands (Apple and Ferrari at 36% of 2020PF sales) and emerging trends in different sectors. STAR7 has a long track record of growth (mainly organic in Italy). The recent transformational deal, together with the proceeds of the IPO on EGM, should trigger expansion abroad and in new sectors. We initiate with BUY and TP of Eu12.6/share

- **Product information service provider with a portfolio of top loyal clients in different sectors.** Information is behind every product: from design, to production process engineering, user manuals, after-sales and maintenance. STAR7 creates and manages multilingual product content and information for corporates, covering the entire product cycle, with the support of proprietary technologies. The first client is Apple (23% of 2020PF sales), followed by Ferrari (13%). The client portfolio includes other prestigious brands, diversified in terms of sector and exposure to economic / product cycles. 83% of 2020PF sales came from multi-annual contracts and framework agreements. Churn rate is negligible
- **Reference market driven by product innovation.** The reference market is linked to product innovation and it is not dependent on the volumes sold by clients. Transition to EV, Industry 4.0 – IoT, Virtual and Augmented Reality, Globalization, International trade, E-commerce penetration, and Shift to Digital printing are supportive trends. Taking as a proxy of the "as is" growth of the reference market the weighted average top line of the main 6 clients (70% of 2020PF sales), we estimate a growth of 28% in 2021E (post-COVID rebound), 7% in 2022E and 5% in 2023E
- **Coverage of the entire product information cycle.** The broad offer of product content and information services of STAR7 is a differentiating element in the competitive landscape and triggers cross-selling opportunities (56% of sales from clients, which buy services from >1 of the 5 divisions). Proprietary and customized technologies (>6% R&D / Sales in the last 2Y) support the digital transformation of clients' product information cycles. This is an important barrier to entry, coupled with client loyalty (61% of top 20 clients active from >5 years); integration with customer's processes (high switching cost/risk); multiyear contracts and framework agreements
- **Upselling / cross-selling, new small clients, expansion into other geographies, and other M/L term options.** The newly established organization, the recent transformational M&A and the coverage of the entire product cycle pave the way for additional growth. We expect more cross-selling and a higher share of wallet of existing clients. Geographical expansion should boost the acquisition of new customers. New sector clusters, potential entrance of big names in the top client league and additional M&A can add further growth to our estimated 10% 2020PF-24E sales CAGR
- **High margin and fixed asset light business model as the key towards strong FCF generation.** With a fixed-asset light and high margin (EBITDA margin at around 20% from 2022E) business model, STAR7 should generate Eu31.5mn cumulated FCF in 2022E-24E (EBITDA to FCF conversion >55%) and deliver a relatively fast deleveraging process. We see Net Debt / EBITDA going from 2.6x in 2021PF (after the acquisition of LocalEyes) to 0.1x in 2024E. ROCE (incl. goodwill) was hit by the pandemic in 2020A, but it should exceed 15% from 2022E
- **We initiate with BUY and TP of Eu12.6/share**. Listed in Dec 2021, STAR7 is up 9% from its IPO and it has been resilient since the outbreak of the war in Ukraine. The group trades at 10% discount versus peers on 2022 EV/EBITDA and our DCF delivers a valuation of Eu14.7/share. We set a TP of Eu12.6/share based on the average of 2022E-23E EV/EBITDA of peers (70% weight) and DCF (30%). We highlight that the presence of the PAS gives investors high confidence on the achievement of 2022E numbers (our 2022E EBITDA is slightly above the key ceiling of Eu15mn) or protection in case of business underperformance.

Ticker (BBG, Reut)	STAR7 IM	STAR7 MI
Share price Ord. (Eu)		9.3
N. of Ord. shares (mn)		9.0
Total N. of shares (mn)		9.0
Market cap (Eu mn)		84
Total Market Cap (EU mn)		84
Free Float Ord. (%)		16.6%
Free Float Ord. (Eu mn)		14
Daily AVG liquidity Ord. (Eu k)		119

	1M	3M	12M
Absolute Perf.	-3%	na	na
Rel.to FTSEMidCap	10%	na	na
52 weeks range		8.6	9.8

	FY20A	FY21E	FY22E
Sales	45	56	78
EBITDA adj.	4.3	9.0	15.2
Net profit adj.	1.5	3.3	8.0
EPS adj.	0.220	0.395	0.886
DPS - Ord.	0.000	0.000	0.000
EV/EBITDA adj.		13.6x	7.6x
P/E adj.		25.0x	10.5x
Dividend yield		0.0%	0.0%
FCF yield		3.0%	10.8%
Net debt/(Net cash)	16.3	33.6	24.7
Net debt/EBITDA	3.8x	3.7x	1.6x

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Summary Financials

P&L account (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Total Revenues	53.7	44.6	55.9	78.0	85.4
First margin	na	na	na	na	na
EBITDA reported	6.0	4.3	9.0	15.2	17.0
D&A	(1.7)	(1.7)	(3.6)	(5.9)	(5.9)
EBIT reported	4.2	2.5	5.4	9.3	11.1
Net financial charges	(0.2)	(0.4)	(1.3)	(1.8)	(1.6)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	4.0	2.1	4.1	7.5	9.4
Taxes	(1.5)	(0.4)	(1.1)	(2.1)	(2.6)
Minorities	(0.2)	(0.2)	(0.2)	(0.5)	(0.6)
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	2.3	1.5	2.7	5.0	6.2
EBITDA adjusted	**5.9**	**4.3**	**9.0**	**15.2**	**17.0**
EBIT adjusted	**4.2**	**2.5**	**6.3**	**13.5**	**15.3**
Net profit adjusted	**2.3**	**1.5**	**3.3**	**8.0**	**9.3**

Margins (%)	FY19A	FY20A	FY21E	FY22E	FY23E
First margin	na	na	na	na	na
EBITDA margin	11.2%	9.6%	16.1%	19.5%	19.9%
EBITDA margin (adj)	11.0%	9.6%	16.1%	19.5%	19.9%
EBIT margin	7.8%	5.6%	9.7%	12.0%	13.0%
EBIT margin (adj)	7.8%	5.6%	11.2%	17.4%	17.9%
Pre-tax margin	7.4%	4.7%	7.3%	9.6%	11.1%
Net profit margin	4.3%	3.4%	4.8%	6.4%	7.3%
Net profit margin (adj)	4.3%	3.4%	6.0%	10.2%	10.8%

Growth rates (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	25.2%	-16.9%	25.4%	39.4%	9.5%
EBITDA		-28.3%	109.3%	69.0%	11.7%
EBITDA adjusted		-27.1%	109.3%	69.0%	11.7%
EBIT		-40.5%	116.0%	72.9%	18.6%
EBIT adjusted		-40.5%	151.0%	115.7%	12.8%
Pre-tax		-47.5%	95.2%	83.1%	25.8%
Net profit		-34.8%	80.4%	83.1%	25.8%
Net profit adjusted		-34.8%	122.4%	139.1%	16.0%

Per share data	FY19A	FY20A	FY21E	FY22E	FY23E
Shares	5.747	7.872	9.000	9.000	9.000
N. of shares AVG	5.747	6.810	8.436	9.000	9.000
N. of shares diluted AVG	5.747	6.810	8.436	9.000	9.000
EPS	**0.400**	**0.220**	**0.321**	**0.550**	**0.692**
EPS adjusted	**0.400**	**0.220**	**0.395**	**0.886**	**1.028**
DPS - Ord.	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	1.890	1.511	2.940	3.307	3.999

Enterprise value (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Share price Ord. (Eu)	na	na	9.3	9.3	9.3
Market cap			83.5	83.5	83.5
Net debt/(Net cash)	16.8	16.3	33.6	24.7	14.2
Adjustments	0.0	0.0	5.5	7.7	8.9
Enterprise value			122.6	115.9	106.6

Source: Company data, Alantra estimates from 2021

Cash flow (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBITDA reported	6.0	4.3	9.0	15.2	17.0
Net financial charges	(0.2)	(0.4)	(1.3)	(1.8)	(1.6)
Cash taxes	0.0	0.0	(1.1)	(2.1)	(2.6)
Ch. in Working Capital	(7.7)	2.2	(2.3)	(2.1)	(1.9)
Other Op. items	(1.1)	(0.1)	0.9	1.8	0.6
Operating cash flow	**(3.0)**	**6.0**	**5.1**	**11.0**	**11.4**
Capex	(2.2)	(5.3)	(2.6)	(2.0)	(1.0)
FCF	**(5.2)**	**0.7**	**2.5**	**9.0**	**10.4**
Disposals/Acquisitions	(3.1)	0.0	(31.7)	0.0	0.0
Changes in Equity	0.0	0.0	11.8	0.0	0.0
Others	0.0	(0.2)	0.0	0.0	0.0
Dividends	(0.8)	0.0	0.0	0.0	0.0
Ch. in NFP	**(9.1)**	**0.5**	**(17.3)**	**9.0**	**10.4**

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Capex/Sales	**4.1%**	**11.9%**	**4.6%**	**2.6%**	**1.2%**
Capex/D&A	1.3x	3.1x	0.7x	0.3x	0.2x
FCF/EBITDA	-86.7%	16.3%	28.2%	59.2%	61.2%
FCF/Net profit	-226.1%	46.7%	93.8%	181.6%	166.9%
Dividend pay-out	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

Balance sheet (Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital	19.9	16.7	19.0	21.1	23.0
Fixed assets	10.5	14.2	44.9	41.0	36.1
Provisions & others	(2.7)	(3.6)	(4.5)	(6.3)	(6.9)
Net capital employed	**27.7**	**27.3**	**59.4**	**55.8**	**52.2**
Net debt/(Net cash)	**16.8**	**16.3**	**33.6**	**24.7**	**14.2**
Equity	10.9	10.3	24.8	29.8	36.0
Minority interests	0.0	0.7	1.0	1.4	2.0

Ratios (%)	FY19A	FY20A	FY21E	FY22E	FY23E
Working capital/Sales	**37.0%**	**37.4%**	**34.0%**	**27.0%**	**26.9%**
Net debt/Equity	**154.7%**	**158.5%**	**135.7%**	**82.8%**	**39.6%**
Net debt/EBITDA	**2.8x**	**3.8x**	**3.7x**	**1.6x**	**0.8x**

Valuation	FY19A	FY20A	FY21E	FY22E	FY23E
EV/CE			**1.9x**	**1.9x**	**1.8x**
P/BV			3.4x	2.8x	2.3x
EV/Sales			2.2x	1.5x	1.2x
EV/EBITDA			13.6x	7.6x	6.3x
EV/EBITDA adjusted			**13.6x**	**7.6x**	**6.3x**
EV/EBIT			22.7x	12.4x	9.6x
EV/EBIT adjusted			**19.5x**	**8.6x**	**7.0x**
P/E			30.9x	16.9x	13.4x
P/E adjusted			**25.0x**	**10.5x**	**9.0x**
ROCE pre-tax	27.7%	8.2%	13.2%	21.5%	25.2%
ROE	**21.2%**	**14.6%**	**13.4%**	**26.8%**	**25.7%**
EV/FCF			48.3x	12.9x	10.3x
FCF yield			**3.0%**	**10.8%**	**12.5%**
Dividend yield			**0.0%**	**0.0%**	**0.0%**

Strengths	Weaknesses
Integrated offer of the full range of product content and information services	Relatively high concentration of the client portfolio
Portfolio of top clients (#1 client is Apple; #2 is Ferrari)	High Working Capital requirements
Loyal and recurring client base	Business links with the main shareholders

Opportunities	Threats
Increase in cross selling	Exposure to product innovation cycles, often linked to macro cycles
International expansion	Disruptive technological changes in Global Content and Printing
Addition of new sector clusters	Experience could partially cannibalize other divisions

Key shareholders	Management	Next events
Dante S.r.l. 41.7%	Lorenzo Mondo - Founder & CEO	FY2021 - 28/03/2022
STAR A.G. 33.3%	Paolo Castagno - CFO	General Meeting - 28/04/2022
KAIROS Partners SGR S.P.A. 8.4%	Matteo Gera - General Manager	H1 2022 - 30/09/2022
Float 16.6%	Piera Alasia - Chief Marketing Office	

Executive Summary

STAR7 provides multi-lingual services through the entire product information cycle with the support of proprietary technologies. The group offers indirect exposure to product innovation of top global brands (Apple and Ferrari at 36% of 2020PF sales) and emerging trends in different sectors. STAR7 has a long track record of growth (mainly organic in Italy).

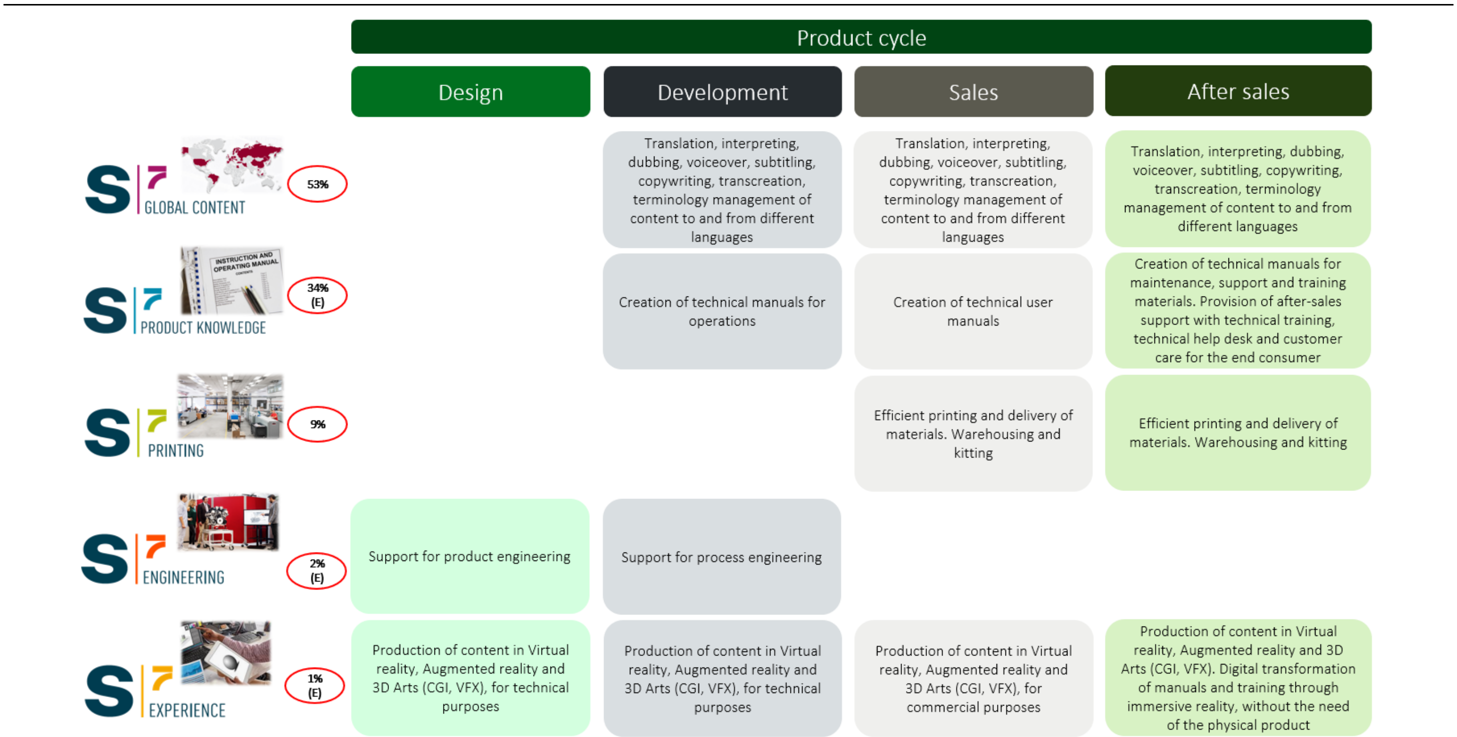
The recent transformational deal, together with Eu15mn gross IPO proceeds, should trigger expansion abroad and in new sectors. We initiate with BUY and TP of Eu12.6/share.

Product information service provider with a portfolio of top clients in different sectors

STAR7 creates and manages multilingual product content and information for business clients, covering the entire product cycle, thanks to the support of its proprietary technologies. Established in 2000, the group operates through 5 divisions. It was initially a pure language service provider (Global Content), which gradually expanded into Product Knowledge, Printing, Engineering and Experience. STAR7 serves over 900 clients included in 8 different sector clusters. The first client in terms of 2020PF revenues is Apple (23%), followed by the luxury automotive group Ferrari (13%). The portfolio includes other prestigious brands: ENI, Ferrero, Luxottica, Stellantis, Technogym just to mention few names. Clients are diversified in terms of sector and exposure to economic / product cycles. 83% of 2020PF sales come from multi-annual contracts and framework agreements. Churn rate is negligible. STAR7 has a long track record of sales growth, mainly organic, but with recent M&A acceleration. The acquisition of LocalEyes has been a transformational deal: it has brought on board a top client (Apple), strengthened position in Global Content (in the TOP40 global players, based of 2020PF sales of the Global Content division), expanded presence in the US, added a new end-market (tech), created potential for cross-selling, cost optimization and best practise sharing. 2020PF sales are 42% higher than 2020A at Eu62mn and EBITDA margin is up 500bp at 14.9%.

STAR7's divisions at a glance

The group's services cover the entire product cycle with 5 different divisions



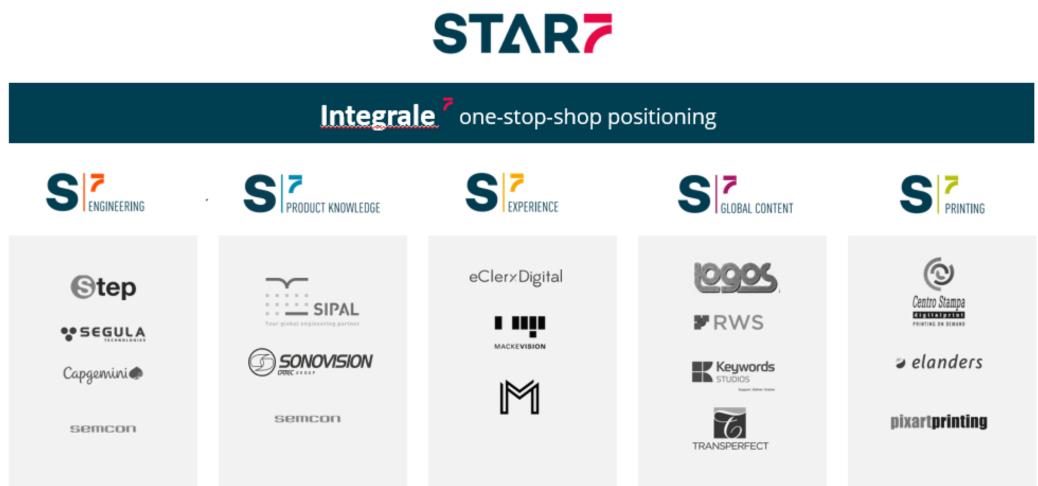
Source: Alantra, Company presentation. Note: % is related to 2020PF sales. (E) = Estimated

Coverage of the entire product information cycle with the support of proprietary technologies

The broad offer of product content and information services of STAR7, which covers the entire product cycle is a differentiated element in the competitive landscape. In each division, the group usually competes with product specialists. By contrast, STAR7's business model is not about being a specialist in doing something. It is mainly about satisfying customer's needs in an integrated way. The business model should trigger the exploitation of cross-selling opportunities. Clients buying services for more than 1 division represented 56% of 2020PF sales. STAR7 offers its services with the help of customised technologies to support its clients in the digital transformation of product information management. The group has invested in R&D around 5% of sales over the last 5 years (>6% in the last 2 years). This is a barrier to entry for potential newcomers, together with: Client loyalty (61% of top 20 clients active for more than 5 years); Legacy with customer's processes (high switching cost/risk for clients); Multiyear contracts and framework agreements (83% of 2020PF sales); Exposure to top clients (time and efforts to be included in their suppliers list).

Competitive landscape

STAR7 mainly competes with product specialists



Source: Company presentation

Reference market driven by product innovation

"Carrying out innovations is the only function which is fundamental in history" by Joseph Alois Schumpeter

The reference market of STAR7 is linked to product innovation and new product lunches. It is not dependent on volumes sold, although new launches, volumes and the economic cycles can be intertwined. We believe that different trends can support growth of the reference markets of STAR7. Some of them are really transversal to all the divisions: 1) Transition to EV, Industry 4.0 – IoT, Virtual and augmented reality should have a specific direct impact on Engineering, Product Knowledge and Experience business; 2) Globalization, International trade and E-commerce penetration should trigger growth of the Global Content division; 3) Shift to Digital printing should be an important driver of the Printing business. Taking as a proxy of the "as is" growth of the group's reference market the average weighted top line growth of the main 6 clients (70% of 2020PF sales of STAR7), we estimate that the reference market of the group should grow by 28% in 2021E (driven by a post-COVID rebound), 7% in 2022E and 5% in 2023E. Strategic actions (new clients, new geographies, increase in share of wallet, new sector clusters) can add further growth on top of the "as is".

Supporting trends of the Global Content business

Many long-term trends support product innovation and growth of STAR7's reference markets in all the divisions

Division	Supportive market trends	Details
Engineering Product Knowledge Experience	A) Transition to EV B) Industry 4.0 - IoT C) Virtual and Augmented Reality	A) 14-25mn EV units in 2025E. c.450 new EV models to be launched in 22E B) 39% 2017-23 CAGR of the Global Industry 4.0 market C) 73% 2021E-25E CAGR of the Virtual and Augmented Reality market
Globlal content	A) Globalisation and International trade B) E-commerce penetration	A) Rebalance of the weight of the different geographies on global GDP B) 11% 2020-24 CAGR of Global retail e-commerce 6% 2020-25E CAGR of the Global Language Services mkt
Printing	A) Digital printing	12% 2021E-2026E CAGR of Global Digital Printing market

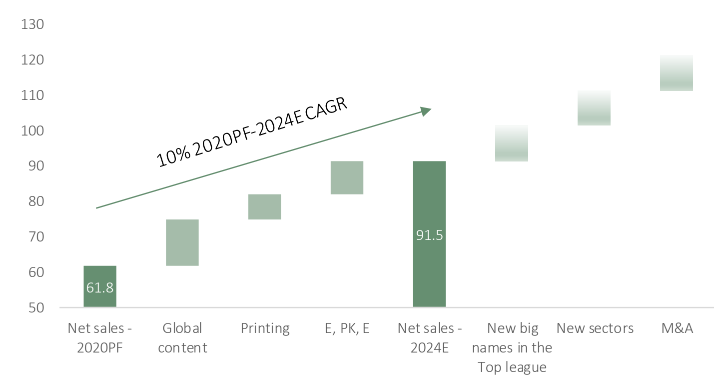
Source: Alantra, Company presentation, https://www.industryarc.com/Report/19310/digital-printing-market.html

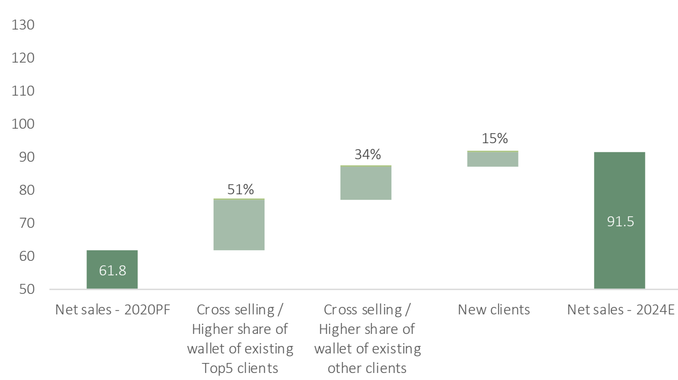
Upselling / cross-selling, new small clients and geographies and other M/L term options

New organisation, recent acquisition of LocalEyes (which has added strong presence in the US and a top client) and coverage of the entire product cycle (Engineering and Experience have been recently introduced) pave the way to scale-up further the business model in the coming years. We expect that most of the top line growth should be driven by cross-selling and higher share of wallet of existing clients, with a relatively low risk profile. New clients should contribute by around 15% of our top line growth. STAR7 has a database of around 5k potential clients, which is >5x the current portfolio. Geographical expansion should help client acquisition. We estimate 10% 2020PF-2024E net sales CAGR. Our expected growth rates in 2022E (11%) and 2023E (10%) are around 500bp above our estimated "as is" growth. The weight of the international business should go up to >50% in 2024E from 46% in 2020PF. The penetration of new sector clusters with specific focus on Life Science, Gaming and Entertainment is a strategic target, but we do not expect material contribution in the coming years. Our estimates are only organic from 2020PF and do not incorporate the potential entrance of big names in the top client league. The group can also look at additional M&A, as we believe that deleverage of the BS, after the recent acquisition, should be relatively fast.

2020PF-2024E top line bridge – Eu mn

New clients and cross-selling on existing clients are our expected main top line drivers. New big names in the top league, new sectors and potential M&A would be on TOP





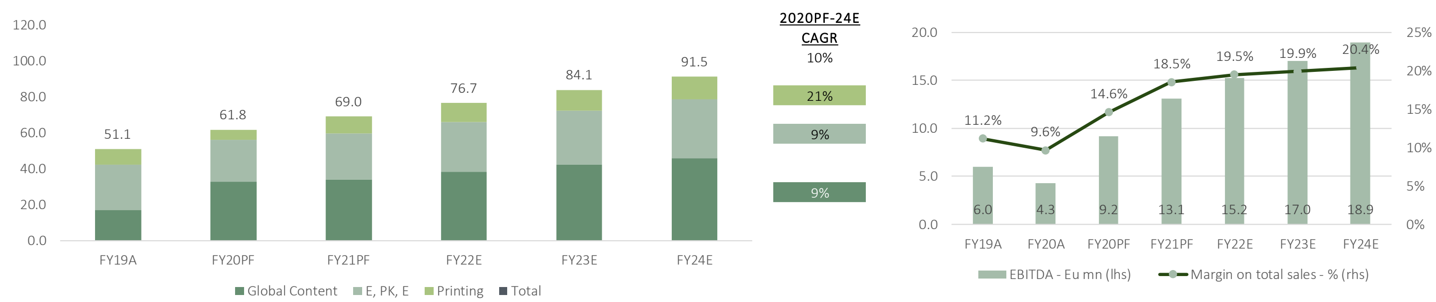
Source: Company presentation for historical figures, Alantra estimates

10% 2020PF-24E CAGR of Top line and 20% of EBITDA

STAR7 was hit by the pandemic in 2020 (especially in 1H), with Net sales down 17% yoy, due to postponement of product lunches by clients. The business was almost back to normal in 2H 2021 and fully recovered in 1H 2021A (up 43% yoy and 2% versus 1H 2019A). In 2021, we expect 26% yoy top line growth (21% organic). We estimate Top line growth at 10% 2020PF-2024PF CAGR. Global Content and E, PK & E should have a similar growth in 2020PF-2024PF, at around 9% CAGR. Printing should outperform (21% CAGR), thanks to the post-pandemic rebound. The cost structure of STAR7 is prevalently variable, as the principal cost item of the main division (Global Content) is represented by translators, which are largely free lancers in outsourcing. Profitability held up relatively well during the pandemic in 2020 (EBITDA margin down by only 160bp). We expect STAR7 to exceed 2019 margin in 2021A (pre-acquisition), and a positive contribution to profitability from the consolidation of LocalEyes (consolidated EBITDA margin at 18.5% in 2021PF). We expect a slight expansion of the EBITDA margin in the coming years linked to efficiency. According to our estimate, EBITDA should be up at 20% 2020PF-2024CAGR and Adj. EBIT at 21%. A leveraged BS and a gradual deleverage should imply higher growth of the bottom line (27% 2020PF-2024E CAGR).

2020PF-2024E top line bridge – Eu mn

We expect 10% 2020PF-24E top line CAGR and 20% of EBITDA



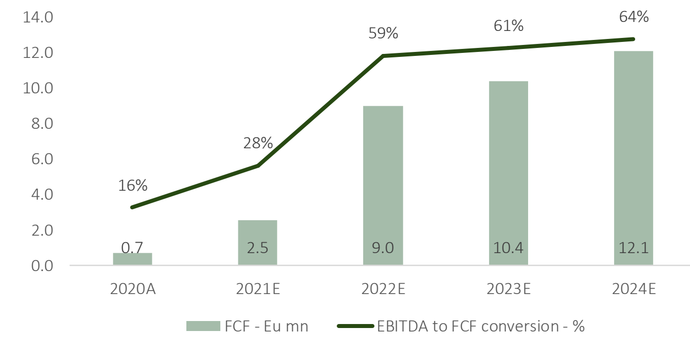
Source: Company presentation for historical figures, Alantra estimates. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec

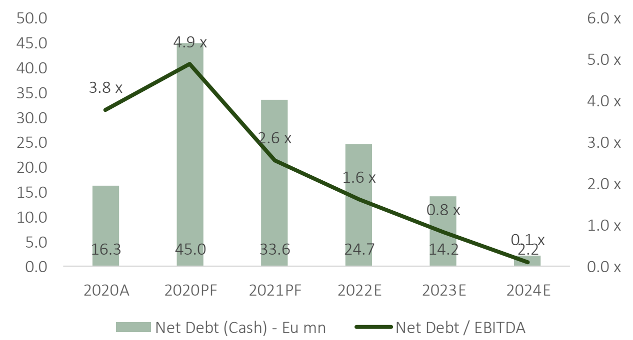
Strong FCF generation should trigger fast deleverage

With a Working capital intensive, but fixed asset light, business model, STAR7 should generate Eu31.5mn cumulated FCF in 2022E-24E (EBITDA to FCF conversion >55%). Under the assumption of no dividend distribution, this should trigger a relatively fast deleverage in our view: Net Debt / EBITDA from 2.6x in 2021PF (after the acquisition of LocalEyes) to 0.1x in 2024E. The group has available cash and should be able to face the debt reimbursement schedule, investments in business development and potential M&A. The recent IPO should accelerate the deleveraging process. ROCE was hit by the pandemic in 2020A (down to 6% from 10% in 2019A), but should exceed 15% in 2022E thanks to post-COVID rebound and despite goodwill paid for acquisitions in 2021E. We expect ROCE at 22% in 2024E.

Evolution of FCF, Net Debt, EBITDA to FCF conversion and Net Debt / EBITDA

Strong FCF generation should trigger fast deleverage





Source: Company presentation for historical figures, Alantra estimates. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec and Eu3mn Capital Increase by Kairos for the FY

Eu12.6/share TP

Listed at the end of December 2021, STAR7 is 9% from IPO, overperforming the Italian MidCaps index over the same period (down 20%). The stock price has been resilient after the outbreak of the war in Ukraine. We have looked at multiples of European SMC exposed to the same end markets of STAR7 to value the group, although none of them has an integrated business model with coverage of the entire product information cycle. We prefer to look at EV multiples instead of P/E, as the latter is biased by financial leverage. STAR7 trades at 10% discount versus peers on 2022 EV/EBITDA. In our view DCF is a good alternative approach to capture the FCF generation potential of the group. We set a TP of Eu12.6/share based on the average of 2022E-23E EV/EBITDA of the selected peers (Eu11.6/share fair value) with 70% weight and DCF (Eu14.7/share fair value) with 30% weight. We highlight that the presence of the Price Adjustment Shares gives investors high confidence on the achievement of 2022E numbers (our 2022E EBITDA is slightly above the key ceiling of Eu15mn) or protection in case of business underperformance.

TP of Eu12.6/share

TP based on weighted average of peer's multiples and DCF

Method	Equity Value		
	(Eu mn)	(Eu per share)	Weight (%)
DCF	132.7	14.7	30%
Peers mutliples	104.7	11.6	70%
Weighted AVG	113.1	12.6	
N. of shares (mn)			9.000

Source: Factset, Alantra

Main risks. We believe that the main risks related to STAR7's business can be summarised in the following factors: 1) High concentration of the client portfolio; 2) Disruptive technological changes in Global Content and Printing; 3) Change of control of LocalEyes, which have negative repercussions on the links with Apple; 4) Exposure to product innovation cycles; 5) Experience could partially cannibalize other divisions; 6) Business links with the main shareholders; 7) High Working Capital requirements; 8) High financial leverage

Product information service provider with a portfolio of top clients in different sectors

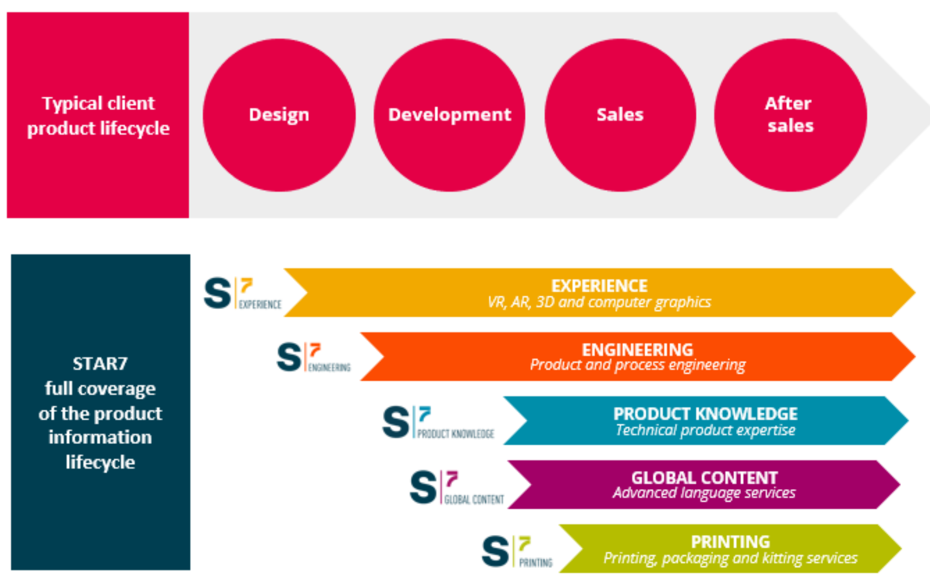
STAR7 creates and manages multilingual product content and information for business clients, covering the entire product cycle, thanks to the support of its proprietary technologies. Established in 2000, the group operates through 5 divisions. It was initially a pure language service provider (Global Content), which gradually expanded into Product Knowledge, Printing, Engineering and Experience. STAR7 serves over 900 clients in 20 different sectors. The first client in terms of 2020PF revenues is Apple (23%), followed by the luxury automotive group Ferrari (13%). The portfolio includes other prestigious brands: ENI, Ferrero, Luxottica, Stellantis, Technogym just to mention few names. Clients are diversified in terms of sector and exposure to economic / product cycles. 83% of 2020PF sales come from multi-annual contracts and framework agreements. Churn rate is negligible. STAR7 has a long track record of sales growth, mainly organic, but with recent M&A acceleration. The acquisition of LocalEyes has been a transformational deal: it has brought on board a top client (Apple), strengthened position in Global Content (in the TOP40 global players based on PF sales), expanded presence in the US, added a new end-market (tech), created potential for cross-selling, cost optimization and best practise sharing. 2020PF sales are 42% higher than 2020A at Eu62mn and EBITDA margin is up 500bp at 14.9%.

The product content and information along the entire product cycle

Information is behind every product: from design, to production process, user manuals, after-sales and maintenance. STAR7 creates and manages multilingual product content and information for business clients, covering the entire product cycle throughout the support of proprietary technologies.

Product cycle and STAR7 integrated offer

STAR7 is a product content and information provider along the entire product cycle



Source: Company presentation

The group operates through 5 different divisions (we estimate that the newly launched Engineering and Experience account to a low-single-digit portion of 2020PF sales):

- **Global Content** (from 2000), consisting of language services (translation of content to and from different languages). The activity includes not just pure translation, but interpreting, real time transcription, dubbing, voiceovers, subtitling, copywriting, transcreation and terminology management. This activity is also managed with support of Artificial Intelligence (Machine Translation in particular), with the key addition of the extra mile by an experienced translator. STAR7 can leverage on a consolidated database of specialised translators
- **Product knowledge** (from 2006), which includes 1) creation of technical manuals for operation, maintenance, support and training materials; 2) Provision of after-sales support with technical training, technical help desk and customer care for the end consumer. Product knowledge was a natural and more value-added evolution of the pure language services
- **Printing** (from 2010), which was a natural evolution of Product Knowledge. Not just creation of the manuals but also their efficient printing and delivery. This activity will not disappear in the digital world. A printed manual is any car or boat is not just a regulatory requirement but also a consumer's need, linked to possibility to consult the manuals in situations of no mobile coverage or electricity shortage. In addition, the division includes paperless solutions: dematerialisation and digitalisation process management. Finally, the divisions can play an important role in digital printing of packaging
- **Engineering** (from 2014), which includes qualified support for product and process engineering. This activity gave STAR7 access to the original source of product information and created intimacy with clients
- **Experience** (from 2019), which includes 1) Production of content in Virtual reality, Augmented reality and 3D Arts (CGI, VFX), for technical and commercial purposes; 2) Digital transformation of manuals and training through immersive reality, without the need of the physical product. This division covers the entire product cycle with the offer of services enabled by modern technologies (some of them internally developed). Just to make few examples: the technical training of the client's personnel in charge for product maintenance can be done with onsite training using physical products (which is in the spectrum of Product Knowledge), but can also be done in remote using videos or virtual reality. In addition to printed user manuals (part of Printing), consumers can have access to video content and 3D demos.

STAR7's divisions at a glance

The group's services cover the entire product cycle with 5 different divisions

		Product cycle			
		Design	Development	Sales	After sales
S7 GLOBAL CONTENT	53%		Translation, interpreting, dubbing, voiceover, subtitling, copywriting, transcreation, terminology management of content to and from different languages	Translation, interpreting, dubbing, voiceover, subtitling, copywriting, transcreation, terminology management of content to and from different languages	Translation, interpreting, dubbing, voiceover, subtitling, copywriting, transcreation, terminology management of content to and from different languages
S7 PRODUCT KNOWLEDGE	34% (E)		Creation of technical manuals for operations	Creation of technical user manuals	Creation of technical manuals for maintenance, support and training materials. Provision of after-sales support with technical training, technical help desk and customer care for the end consumer
S7 PRINTING	9%			Efficient printing and delivery of materials. Warehousing and kitting	Efficient printing and delivery of materials. Warehousing and kitting
S7 ENGINEERING	2% (E)	Support for product engineering	Support for process engineering		
S7 EXPERIENCE	1% (E)	Production of content in Virtual reality, Augmented reality and 3D Arts (CGI, VFX), for technical purposes	Production of content in Virtual reality, Augmented reality and 3D Arts (CGI, VFX), for technical purposes	Production of content in Virtual reality, Augmented reality and 3D Arts (CGI, VFX), for commercial purposes	Production of content in Virtual reality, Augmented reality and 3D Arts (CGI, VFX). Digital transformation of manuals and training through immersive reality, without the need of the physical product

Source: Alantra, Company presentation. Note: % is related to 2020PF sales

From pure language provider to full-service approach: *Integrale7* at work

STAR7 has origins in 2000, when it was established as a pure Language Service Provider (translation of content to and from different languages). It was basically the Italian subsidiary of the Swiss group STAR AG, co-owned with the current main shareholder, chairman and CEO (Lorenzo Mondo). STAR7 significantly evolved over time (while STAR AG has remained focused on the historical business) with the addition of other services: Product Knowledge, Printing, Engineering and Experience. Growth was initially mainly organic and through tactical/opportunistic acquisitions (to acquire specific clients, competencies or follow existing clients in new geographies). From 2017, STAR7 has finalised some strategic acquisitions to enter new end-markets, expand geographically or consolidate market positioning.

The current set-up is only apparently a mix of heterogeneous services. In reality, it has a common goal: satisfaction of clients' needs in product content and information. The group has branded its integrated one-stop-shop approach with the "*Integrale7*" name.

Main historical developments

From pure B2B Language Service Provider (LSP), STAR7 gradually expanded in Printing, Engineering, Product Knowledge and Experience

Source: Company presentation (*)

Evolution of the group has been significantly triggered by needs and requests of a top historical client: the luxury automaker Ferrari. It is the most important example of *Integrale7* at work, with the offer of the full range of services. STAR7 has a headquarter close to that of Ferrari in Maranello (Italy).

Ferrari case study (1)

STAR7 offers to Ferrari the full range of services

Case study

STAR7 ENGINEERING
STAR7 PRODUCT KNOWLEDGE
STAR7 EXPERIENCE
STAR7 PRINTING
STAR7 GLOBAL CONTENT

Ferrari STAR CUSTOMER SINCE **2005**

THE NEED

To identify **a single, proactive partner for technical support**, technical **training** and **engineering services**, with a view to optimising processes and costs for product support, **from engineering to aftersales.**

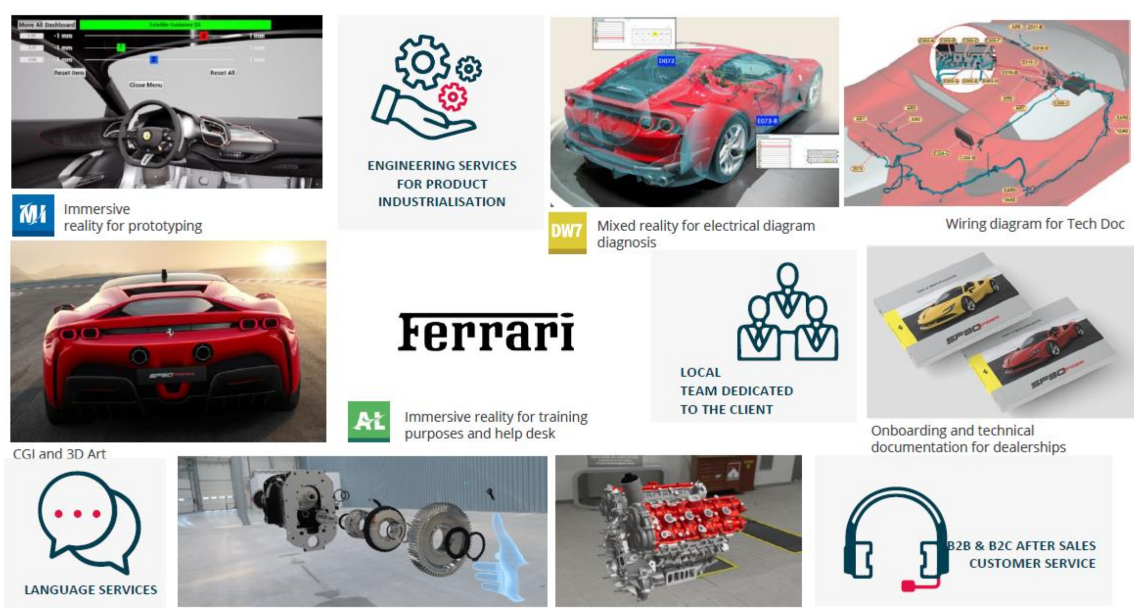
The solution

- Creation of a local team (60 employees) dedicated to the client
- Engineering services for product industrialisation
- Immersive reality in the prototyping phase - **MIZAR**
- Management, creation and multichannel delivery of onboarding and technical documentation for dealerships - **LUM**
- Technical Training and Help Desk (FERRARI Academy) - **ALCOR**
- On-demand printing and kitting service
- Immersive reality for training purposes - **ALCOR**
- Creation and maintenance of electronic accessory catalogue **Schemi elettrici Tech Doc**
- B2B & B2C after sales customer service
- Mixed reality for electrical diagram diagnosis - **DW7**
- CGI & 3D Art – **SF90**
- Language services

Source: Company presentation

Ferrari case study (2)

STAR7 offers to Ferrari the full range of services



Source: Company presentation

Diversified portfolio of top loyal and recurring clients

STAR7 serves over 900 clients in more than 20 different industries. The most important sector is mobility (26% of 2020PF sales), where the group works with brands like Stellantis, Iveco and Azimut, followed by Technology (24%) and Luxury Goods (16%). Most important clients are Apple (23% of 2020PF) sales and Ferrari (13%). Revenues of STAR7 are linked to new product lunches by the clients and are not really dependent on volumes sold, although new launches, volumes and the economic cycle are usually intertwined. A large portfolio of clients in different sectors is an important mitigator of potential top line volatility.

Large and diversified portfolio of top clients operating in different sectors

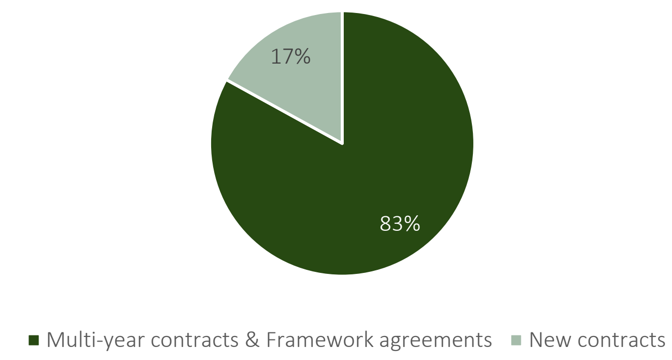
STAR7 serves over 900 clients in more than 20 different industries

Source: Company presentation

We believe that churn is very low, as STAR7 legacy within customers' processes and deep knowledge of their products imply a high switching risk and cost for the client. Around 61% of top-20 clients have been active for more than 5 years. Relationships with Ferrari started in 2005 and those with Apple in 1997 (through LocalEyes). Finally, 83% of 2020PF sales were generated by multi-year contracts and framework agreements. The remaining 17% is anyway linked to repeated clients.

2020PF sales by type of contract

A large portion of revenues are generated by multi-year contracts and framework agreements



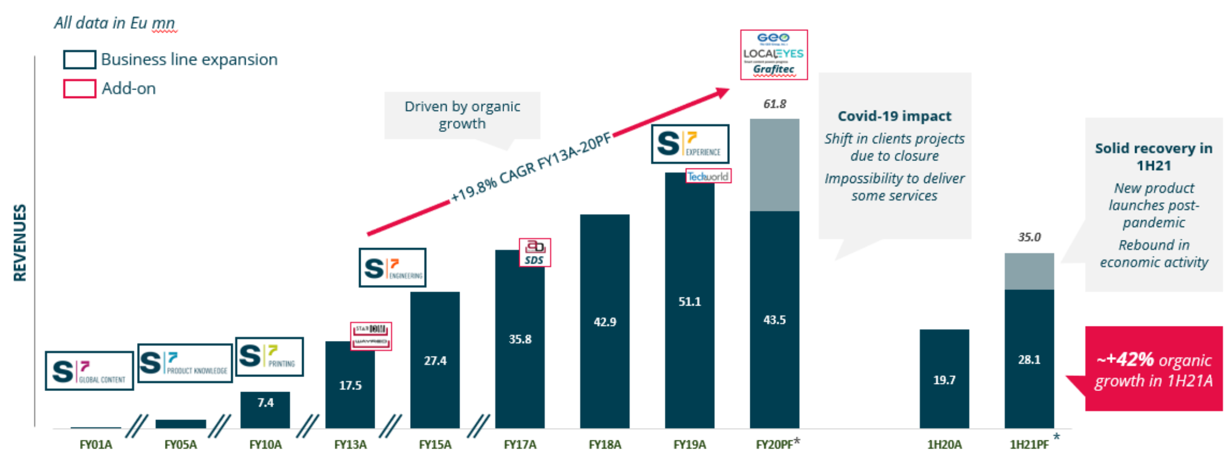
Source: Company presentation

Long track record of top line growth (mainly organic and in Italy)…

STAR7 has a long track record of top line growth, interrupted by the pandemic in 2020. The group delivered 2013-19 CAGR of 20% mainly organic (also tanks to the introduction of the Engineering and Experience division) and in Italy.

Historical evolution of top line

STAR7 has a long track record of top line growth (mainly organic and in Italy)



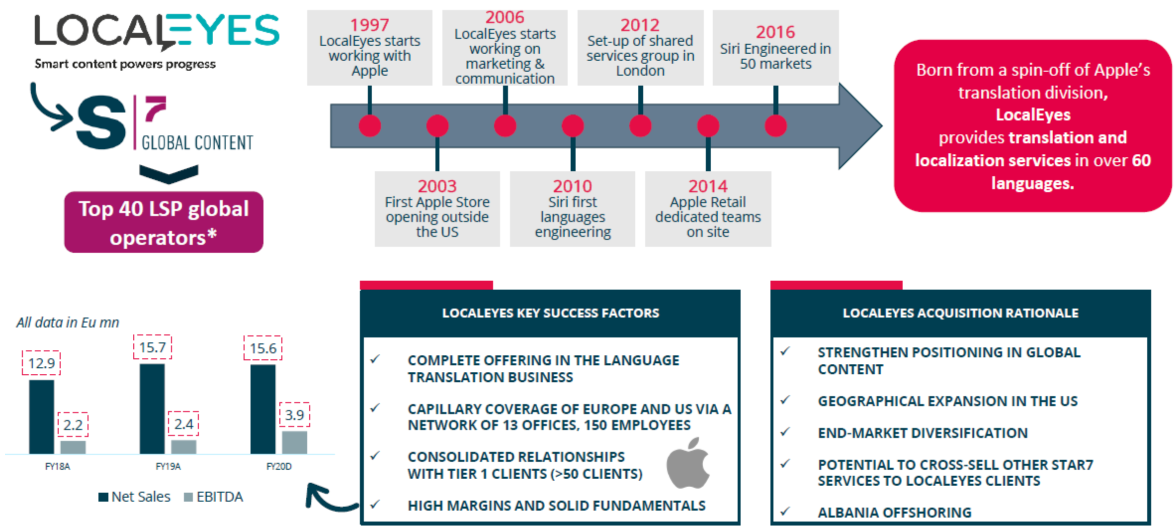
Source: Company presentation

…recently boosted by transformational M&A

The very recent acquisition of LocalEyes has been a transformational deal for STAR7. Apart the size of the target (Eu16mn 2020 sales and Eu3.9mn EBITDA), the deal has brought on board a top client (Apple), strengthened position of the group in Global Content (in the TOP40 global players based on 2020PF sales), expanded presence in US, added a new end-market (tech), created potential for cross-selling and optimize the cost structure.

Main historical developments

The recent acquisition of LocalEyes has been a transformational deal

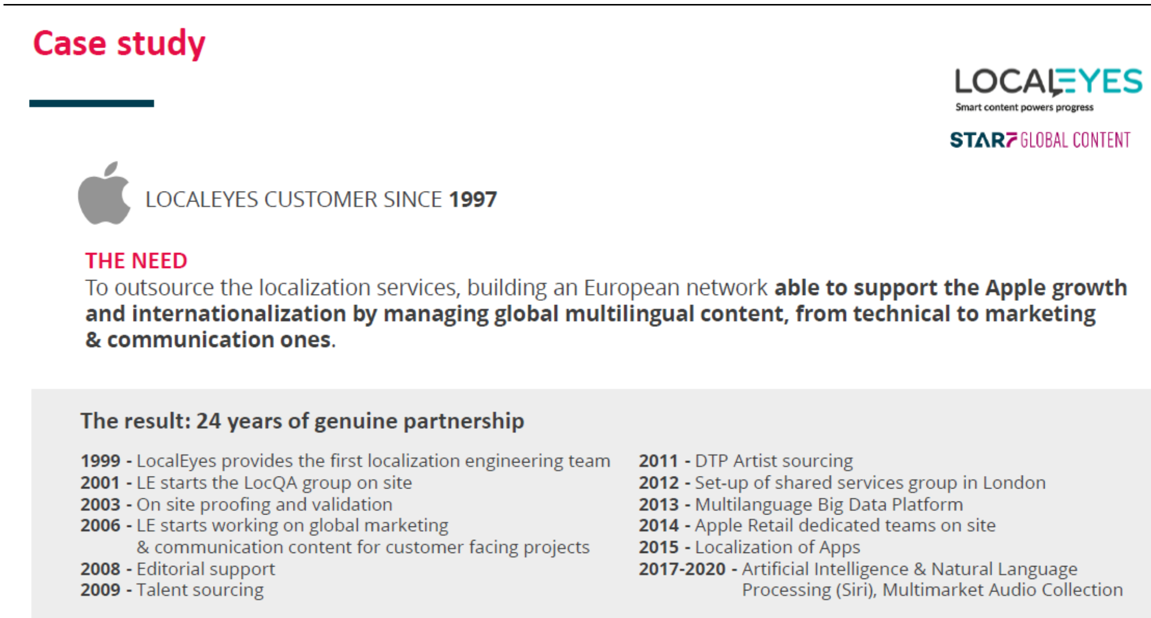


Source: Company presentation (*) *Pro forma sales now position the Global Content division of STAR7 as a top 40 player in the LSP segment, based on 2020 revenue figures by https://csa-research.com/Featured-Content/Global-Market-Study-2021/Top-100-LSPs*

LocalEyes is a Global Content specialist. It was created through a spin-off of a division of Apple. The US tech giant is still overwhelmingly the most important client today after 24 years of relationships. Over 2017-20, LocaleEyes worked for Apple on Siri technology.

Apple case study (1)

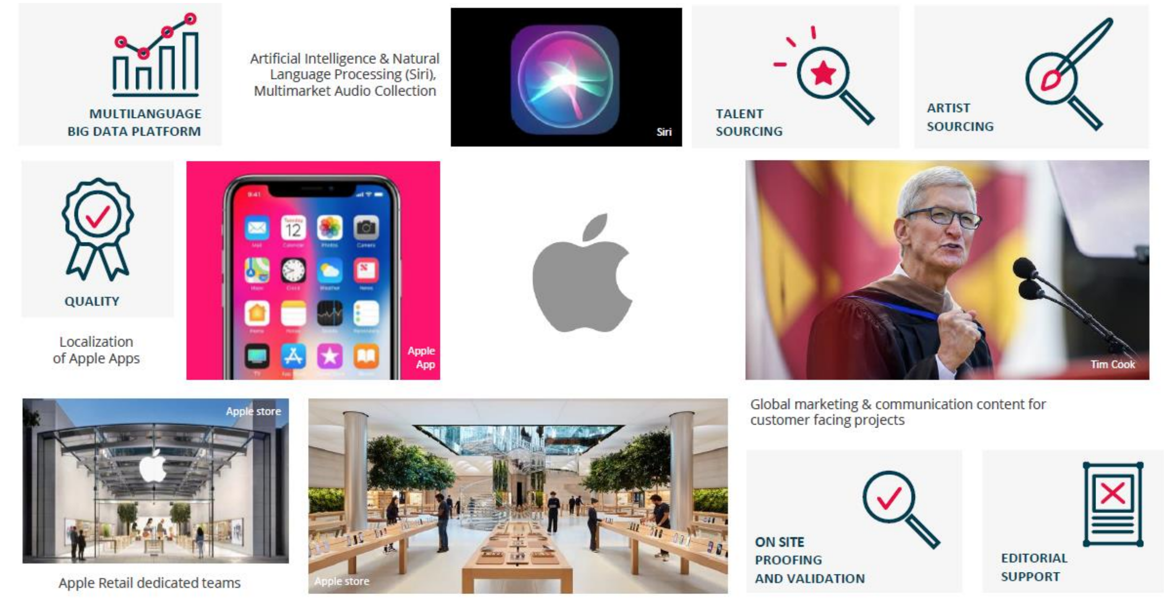
Apple has been a client of LocalEyes since 1997



Source: Company presentation

Apple case study (2)

Apple has been a client of LocalEyes since 1997

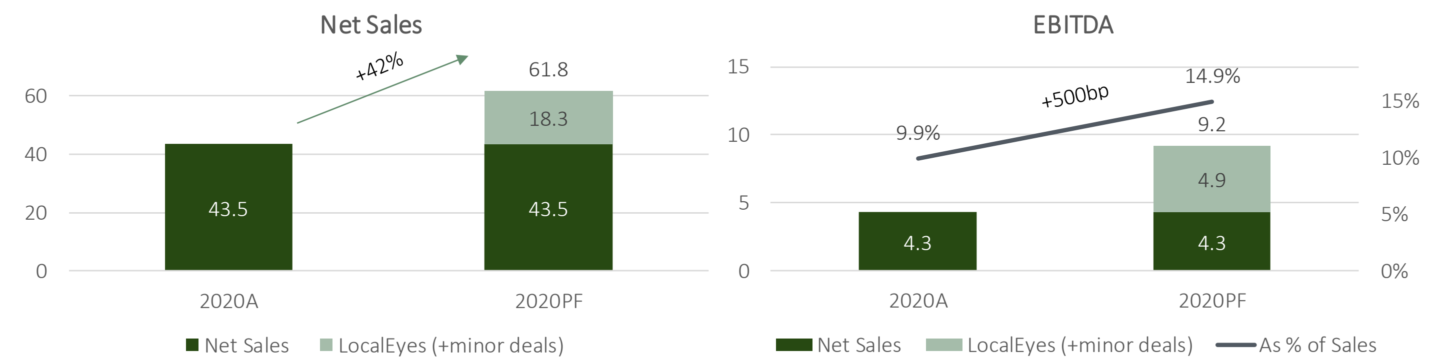


Source: Company presentation

The acquisition of LocalEyes has increased the group's size (2020PF sales 42% higher than 2020A) and improved profitability of the group (2020PF EBITDA 500bp higher than 2020A).

2020A and PF Net sales and EBITDA

The acquisition of LocalEyes has increased size and improved profitability of the group

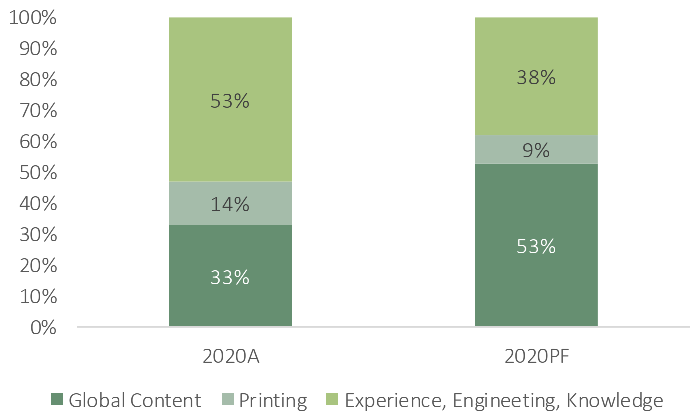


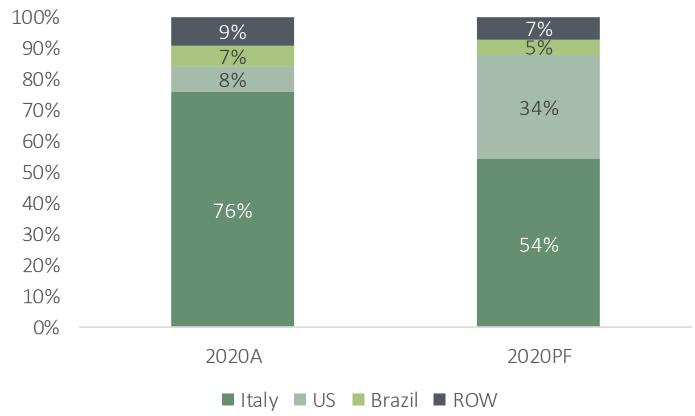
Source: Company presentation. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec for the FY

The acquisition has also changed the divisional mix in favour of Global Content. We believe that cross-selling should trigger a re-balance in the future. The deal has significantly reduced exposure to Italy in favour of US. We believe that LocalEyes deal paves the way for further international expansion.

Breakdown of 2020A and PF sales by division and geography

The acquisition of LocalEyes has changed the divisional mix in favour of Global Content and the geographical mix in favour of US





Source: Company presentation. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec for the FY

New management structure ahead of further business expansion

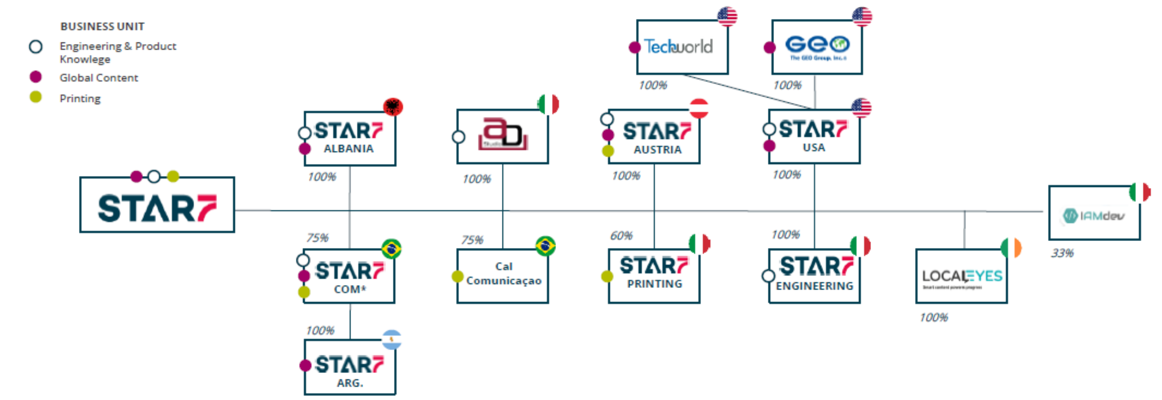
STAR7 has implemented a new organisation as from April 2021, ahead of additional expected business and international expansion. The management team is outstanding and well structured. The CEO (Lorenzo Mondo) is the main shareholder, indirectly through Dante Srl (41.7% stake, including Price Adjustment Shares), followed by the partner and supplier STAR AG (33.3%). STAR7 already raised Eu3mn equity pre-IPO in order to fund the acquisition of LocalEyes. Additional Eu15mn have been raised at IPO, which should foster expansion abroad and in new sectors in the following years. Post IPO, the two main shareholders converted 20% of their shares in PAS (Price Adjustment Shares). In order to avoid a dilution, the CEO and the main shareholders of STAR7 are highly committed to deliver a 2022 EBITDA of at least Eu15mn (from Eu9.2mn in 2020PF). We estimate 2022E EBITDA at Eu15.2. STAR7 has related party transactions with the two main shareholders, but the amounts involved (total around Eu1mn in 2020) are negligible (<2% of 2020PF sales).

Structured organization and management team

STAR7 controls different legal entities as a result of its historical evolution through organic growth and M&A. Some of the controlled companies see the presence of minority shareholders (managers or previous shareholders).

Group structure

Some of the controlled companies see the presence of minority shareholders (managers or previous shareholders)



Source: Company presentation

STAR7 has a structured managerial organisation. The key persons at corporate level have a long background in the group or other outstanding organisations.

Key persons at corporate level

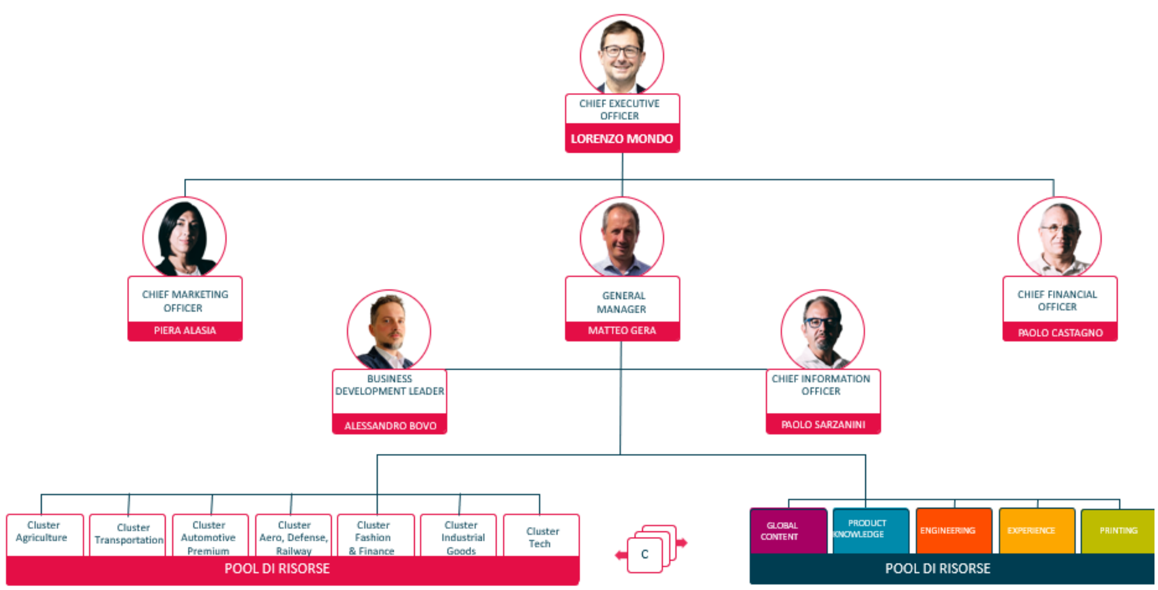
Key persons have a long background in the group or outstanding organisations

Source: Company presentation

The CFO, General Manager and CMO directly report to the CEO. The rest of the organisation reports to the General Manager, including the Business Development Leader and the Chief Information Officer. The group has adopted a matrix organisational model as from April 2021, crossing the 5 divisions (each one with a dedicated lead manager) with 7 sector clusters (each one with a dedicated lead manager). The CEO of LocalEyes has been integrated in the structure with the leadership of the newly created tech cluster. The heads of the divisions have responsibilities in the management of resources, efficient deliveries and R&D. The sector cluster managers have responsibilities on the client portfolio, cross-selling and profitability of each client. We believe that the current set-up is capable of sustaining further expected business and international expansion.

Structured management team

Key persons have a long background in the group and/or other outstanding organisations



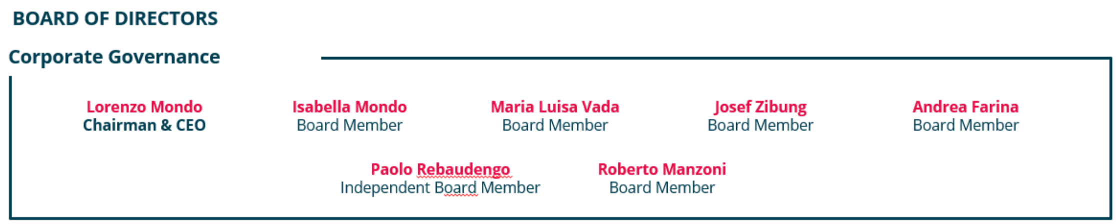
Source: Company presentation

The founder, chairman and CEO Lorenzo Mondo is the main shareholder

The BoD sees the presence of 2 members (out of 7) of Mondo Family, which has the right to appoint the majority of the board members, and one independent director.

Composition of the BoD

2 members (out of 7) from Mondo Family and one independent director

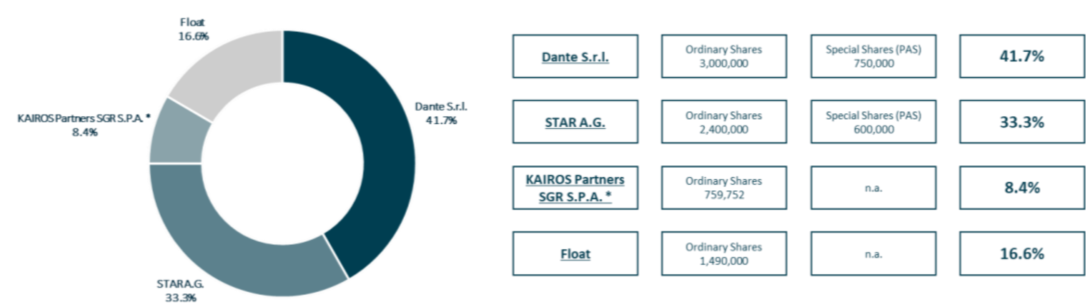


Source: Company presentation

The Chairman and CEO is the main shareholder with a 41.7% stake (through Dante Srl), followed by STAR7's partner and supplier STAR AG (33.3

Key persons at corporate level

The CEO (Lorenzo Mondo) is the main shareholder (41.7% stake), followed by partner and supplier STAR AG (33.3%)



Source: Alantra, STAR7. (*) On behalf of the alternative investment fund managed by KAIROS Partners SGR, denominated KAIS Renaissance ELTIF

The main shareholders converted 20% of their shares in PAS at IPO

Dante Srl and STAR AG converted 20% of their ordinary shares in Price Adjustment Shares (PAS) at IPO. If 2022 Adjusted EBITDA reported by the group is above Eu15mn, the PAS will be converted into ordinary shares with no dilution for Dante Srl and STAR AG. If 2022 Adjusted EBITDA reported by the group is below Eu13.5mn, the PAS will be cancelled, with an implied accretion for all the other shareholders. If 2022 Adjusted EBITDA is between Eu15m and Eu13.5mn, the PAS will be converted into ordinary shares in relation to the ratio of: the difference between 2022 Adjusted EBITDA and Eu13.5mn divided Eu1.5mn. The non-converted portion will be cancelled. This would imply a very low dilution for Dante Srl and STAR AG in case of 2022 Adjusted EBITDA close to Eu15mn.

The PAS will be also 100% converted into ordinary shares (no dilution for Dante and STAR AG) in case the weighted average price of the stock after the IPO is 25% above IPO price for three months during observation periods of 6 months rolling.

The PAS plays a major role in the reduction of the risk for investors in the current uncertain scenario. In order to minimise the potential dilution, the CEO and the main shareholders of STAR7 will be highly committed to deliver a 2022 Adjusted EBITDA above Eu15mn. In case of failure, the other shareholders will accrete their stake.

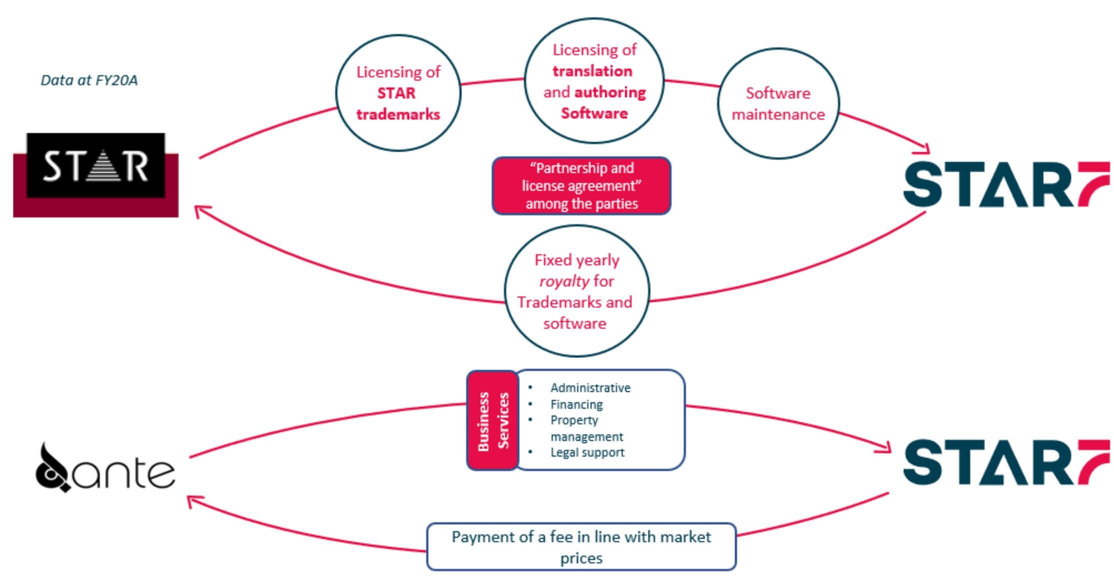
The holding company of Mr Mondo and STAR AG have related party transactions with STAR7 of limited amounts

STAR7 has related party transactions with the two main shareholders, but the amounts are negligible (around Eu1mn in total in 2020 or <2% of 2020PF sales):

- STAR7 pays to STAR AG an amount (around Eu0.5mn in 2020) in relation to partnership & license agreement (utilisation of the brand *STAR*), software development and other services. There are no non-competition agreements between STAR AG and STAR7
- STAR7 pays to Dante S.r.l. an amount (around Eu0.5mn in 2020) in relation to G&A services. We believe that these activities could be gradually internalised by STAR7.

Related party transactions with the two main shareholders, although the amounts are negligible

STAR7 has business relationships with STAR AG and the holding company of Mr Mondo, but the amounts are negligible (around Eu1mn in total in 2020)



Source: Company presentation

Coverage of the entire product information cycle with the support of proprietary technologies

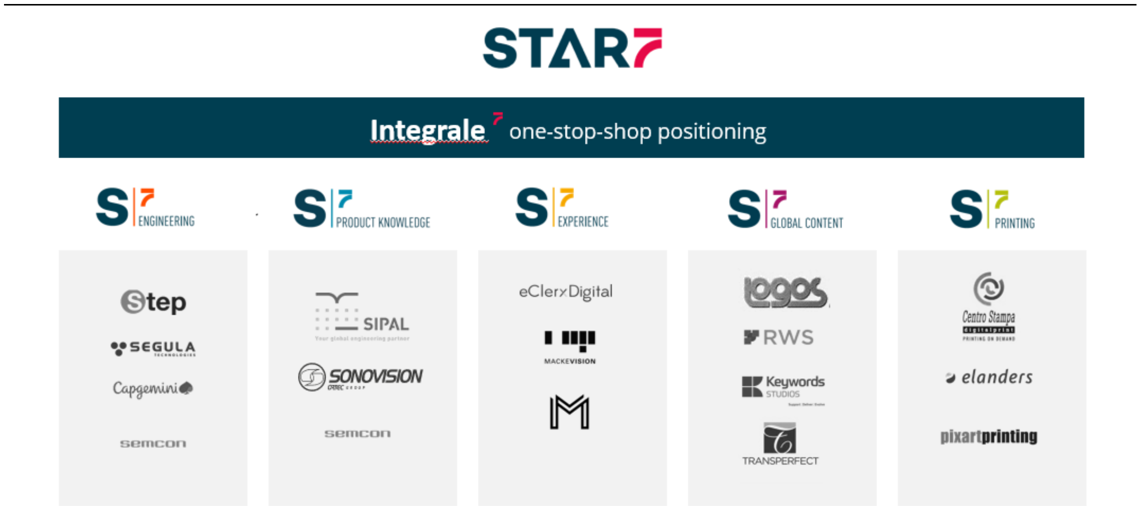
The broad offer of product content and information services of STAR7, which covers the entire product cycle is a differentiated element in the competitive landscape. In each division, the group usually competes with product specialists. By contrast, STAR7's business model is not about being a specialist in doing something. It is mainly about satisfying customer's needs in an integrated way. The business model should trigger the exploitation of cross-selling opportunities. Clients buying services for more than 1 division represented 56% of 2020PF sales. STAR7 offers its services with the help of customised technologies to support its clients in the digital transformation of product information management. The group has invested in R&D around 5% of sales over the last 5 years (>6% in the last 2 years). This is a barrier to entry for potential newcomers, together with: Client loyalty (61% of top 20 clients active for more than 5 years); Legacy with customer's processes (high switching cost/risk for clients); Multiyear contracts and framework agreements (83% of 2020PF sales); Exposure to top clients (time and efforts to be included in their suppliers list).

Differentiated positioning: competitors are mainly product specialists

The broad offer of product content and information services of STAR7, which covers the entire product cycle, is a differentiating element in the competitive landscape. In each division, the group usually competes with product specialists. By contrast, STAR7's business model is not about being a specialist in doing something. It is mainly about satisfying customer's needs in an integrated way.

Competitive landscape

STAR7 mainly competes with product specialists

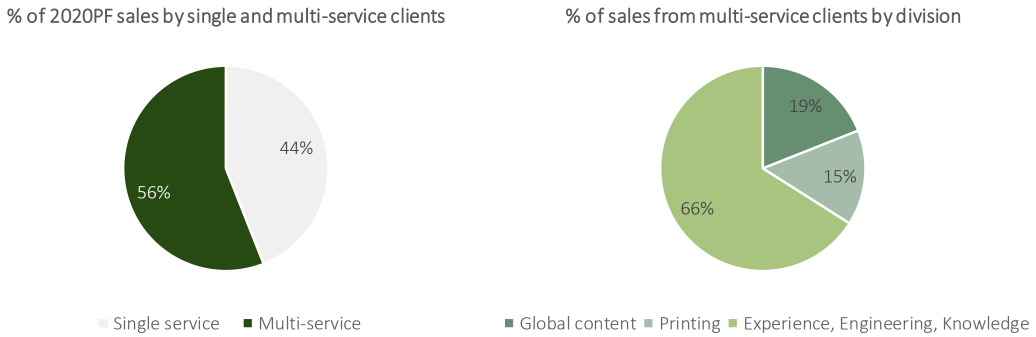


Source: Company presentation

Clients are free to buy just one service (Apple) or the integrated offer (Ferrari). The business model should trigger the exploitation of cross-selling opportunities. Large part of 2020PF sales (56%) were generated by clients which purchased services from more than 1 division. This is a confirmation that the business model works. However, a big opportunity comes from the possibility to improve cross-selling, as the remaining part of sales (44%) are related to clients who buy services from only one division (mainly Global Content).

Breakdown of 2020PF sales by single and multi-service clients

56% of 2020PF sales were generated by clients which purchased services from more than 1 division



Source: Company presentation. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec for the FY

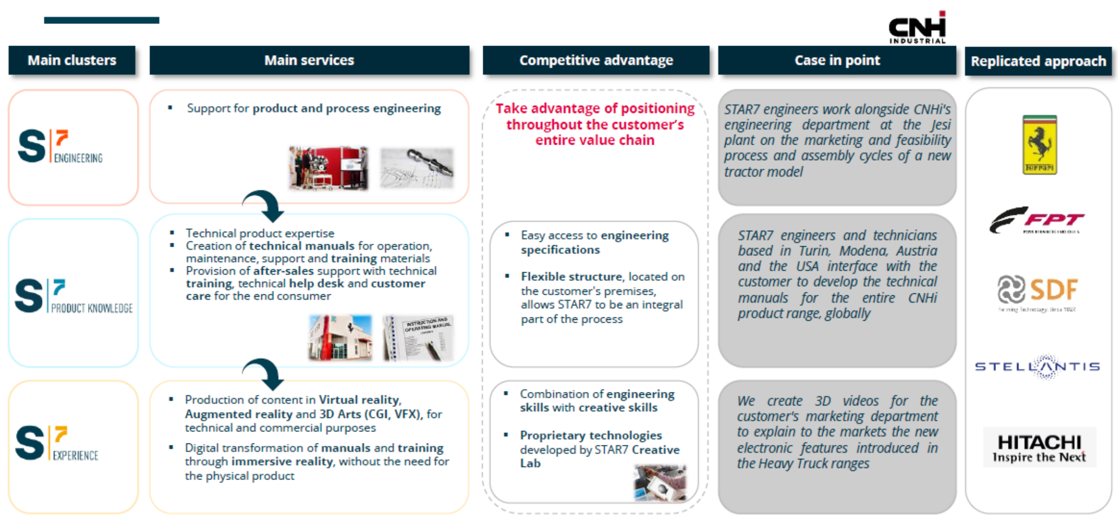
Each division has developed its own competitive advantage

We believe that, on top of the integrated offer, each single division has developed its own competitive advantage.

In Product Knowledge the group can leverage on a flexible structure (engineers located on the customer's premises). In Experience, the group has developed proprietary technologies and a product offer based on mix of engineering and creative skills.

Engineering, Product Knowledge and Experience

Flexible structure, proprietary technologies and mix of engineering skills and creativity

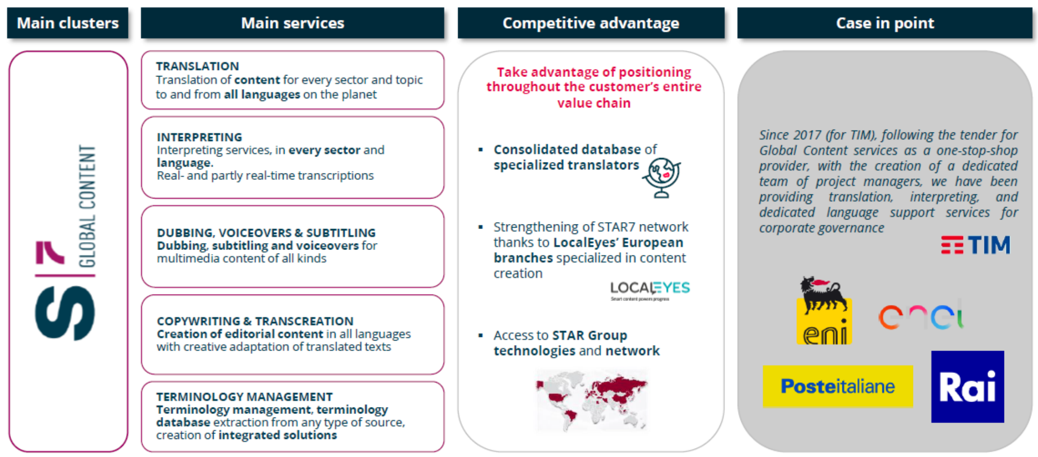


Source: Company presentation

In Global Content, STAR7 has a consolidated database of specialized translators and can have access to the network of the specialized partner and shareholder STAR AG. The combination with LocalEyes should strengthen the position.

Global Content

Database of specialized translators and access to the network of STAR AG



Source: Company presentation

STAR7 has one printing facility in Italy (where the headquarters of most of the clients are located) and one in Brazil, mainly to support Stellantis. The ownership of printing production capacity enables reduction of waste and last-minute service when necessary. Moreover, the division offers warehousing and kitting services on top of pure printing.

Printing

Reduction of waste, last minute service and addition of warehousing and kitting to pure printing

Source: Company presentation

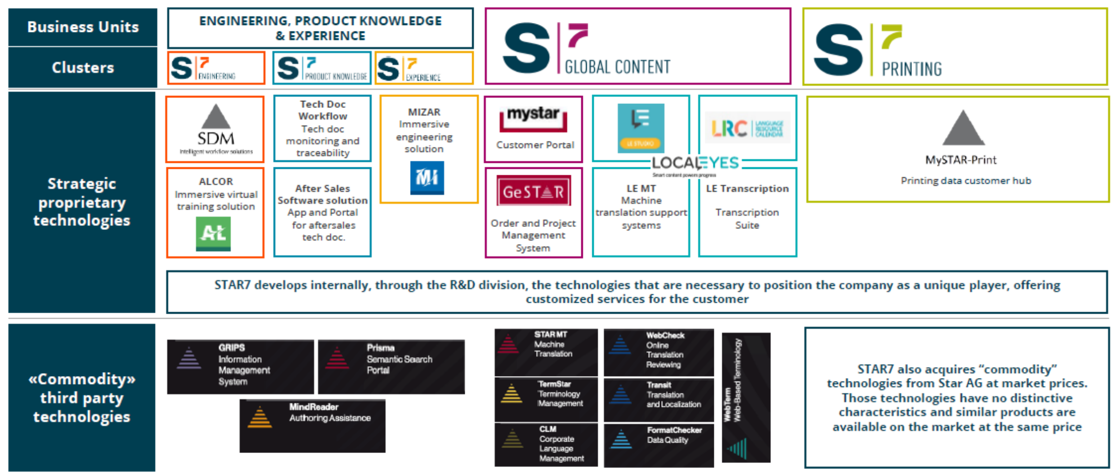
…with support of proprietary technologies and R&D investments

STAR7 internally develops technologies, which are customised and constantly improved according to the needs of specific customers. The group does not sell technologies, even though they are instrumental to product delivery. Just to make few examples: Mizar is an immersive reality configurator for studying the characteristics of a product before production. Alcor is an immersive reality training platform. Technology also supports the most traditional divisions: in Global Content, Neural Machine Translation is used to adapt Machine Translation to specific clients.

Large manufacturers of comparable software do not have the option of adapting their technologies to each customer, because economies of scale would be lost. STAR7 also acquires "commodity" technologies from Star AG. However, these technologies have no distinctive characteristics and similar products are available on the market at the same price.

Portfolio of proprietary technologies by division

STAR7 internally develops technologies, which are customized and constantly developed according to the needs of specific customers

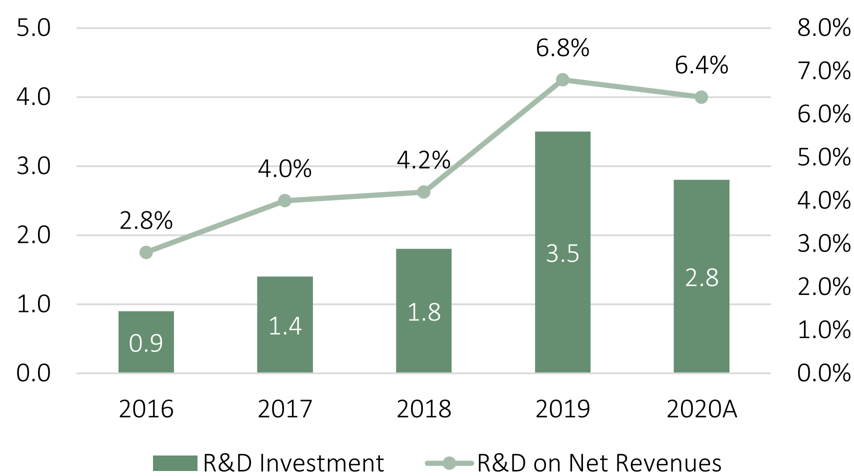


Source: Company presentation

8 persons within the group are dedicated to R&D, coupled with employees from other divisions. Over the last 5 years, the group has invested Eu10.5mn in R&D, equal to an average 5% on net sales. The % has exceeded 6% in the last two years.

Evolution of historical R&D investments

Investments is R&D to support new divisions and digital transformation of product information



Source: Company presentation

Barriers to entry protect from potential newcomers

We believe that at least other 4 barriers should prevent the entrance of newcomers in the business and protect the competitive position of STAR7, on top of **R&D**:

- **Client loyalty**. 61% of top 20 clients have been active for more than 5 years. The first two clients, Apple (through LocalEyes) and Ferrari, started relationships with the group in 1997 and 2005 respectively

- **Legacy with customer's processes**, which implies high switching costs/risks for clients

- **Multiyear contracts and framework agreements**. 83% of 2020PF sales were linked to this kind of contracts. In addition, most of the remaining 17% are generated by repeated clients

- **Exposure to large clients**. STAR7 generates most of its revenues from large clients. Being included in their suppliers list takes several time and efforts.

Barriers to entry

At least 5 barriers should prevent the entrance of newcomers in the business and protect the competitive position of STAR7

BARRIER	COMMENT
R&D	5% of sales in R&D over the last 5 years (>6% in the last 2 years)
Client loyalty	61% of top 20 clients active for more than 5 years. Apple and Ferrari, started relationships in 1997 and 2005 respectively
Legacy with customers' processes	High switching costs/risks for clients
Multi-year contracts and Franwork agreements	83% of 2020PF sales
Exposure to large clients	Being included in their suppliers list takes several time and efforts

Source: Alantra

Reference market driven by product innovation

"Carrying out innovations is the only function which is fundamental in history" by Joseph Alois Schumpeter

The reference market of STAR7 is linked to product innovation and new product lunches. It is not dependent on volumes sold, although new launches, volumes and the economic cycles can be intertwined. We believe that different trends can support growth of the reference markets of STAR7. Some of them are really transversal to all the divisions: 1) Transition to EV, Industry 4.0 – IoT, Virtual and augmented reality should have a specific direct impact on Engineering, Product Knowledge and Experience business; 2) Globalization, International trade and E-commerce penetration should trigger growth of the Global Content division; 3) Shift to Digital printing should be an important driver of the Printing business. Taking as a proxy of the "as is" growth of the group's reference market the average weighted top line growth of the main 6 clients (70% of 2020PF sales of STAR7), we estimate that the reference market of the group should grow by 31% in 2021E (driven by a post-COVID rebound), 2% in 2022E and 7% in 2023E. Strategic actions (new clients, new geographies, increase in share of wallet, new sector clusters) can add further growth on top of the "as is".

Supporting trends of the Global Content business

Many long-term trends support product innovation and growth of STAR7's reference markets in all the divisions

Division	Supportive market trends	Details
Engineering Product Knowledge Experience	A) Transition to EV B) Industry 4.0 - IoT C) Virtual and Augmented Reality	A) 14-25mn EV units in 2025E. c.450 new EV models to be launched in 22E B) 39% 2017-23 CAGR of the Global Industry 4.0 market C) 73% 2021E-25E CAGR of the Virtual and Augmented Reality market
Globlal content	A) Globalisation and International trade B) E-commerce penetration	A) Rebalance of the weight of the different geographies on global GDP B) 11% 2020-24 CAGR of Global retail e-commerce 6% 2020-25E CAGR of the Global Language Services mkt
Printing	A) Digital printing	12% 2021E-2026E CAGR of Global Digital Printing market

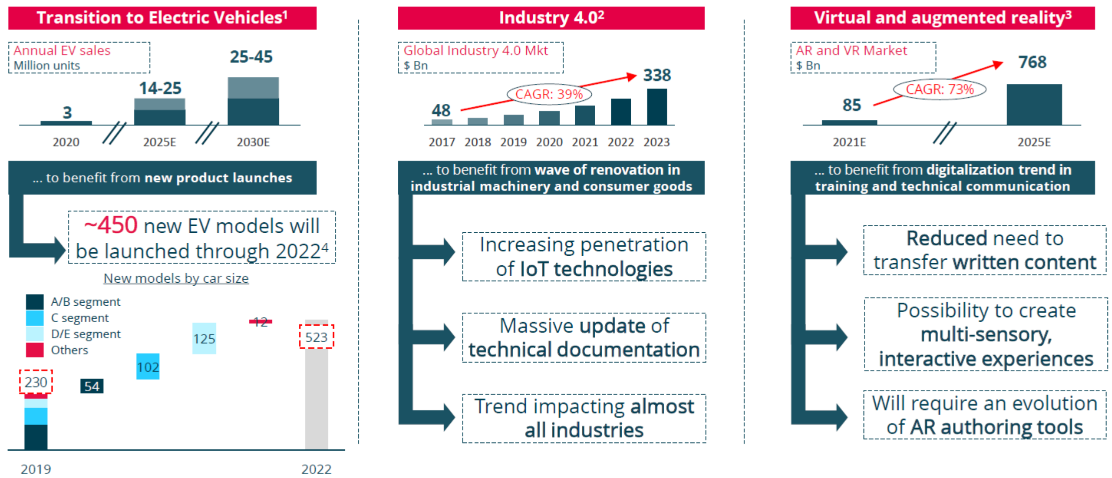
Source: Alantra, Company Presentation, https://www.industryarc.com/Report/19310/digital-printing-market.html

Engineering, Product Knowledge & Experience set to face several innovation trends

Transition to **Electric Vehicles** will imply drastic changes to production, user and maintenance manuals. Mobility is an important reference market for STAR7 (26% of 2020PF sales), but also Ferrari (13% of 2020PF sales) and other clients are impacted by the same trend. **Industry 4.0** will also imply a massive update of technical documentation, transversal to all the sectors. **Virtual Reality and Augmented Reality** are creating new authoring tools and ways to offer interactive experiences.

Main supportive trends of the Engineering, Product Knowledge, Experience division

Innovation in the mobility sector, penetration of IoT technologies and rise of Virtual Reality among the key growth drivers



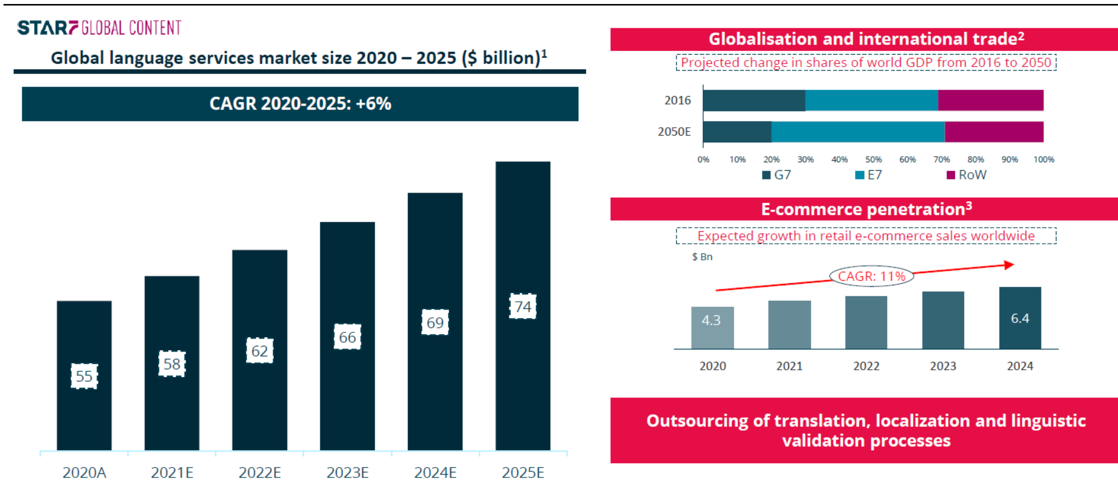
Source: Company presentation. *1) IEA Global EV Outlook 2020 (EV-Volumes.com), 2) https://www.iot-now.com/2018/10/12/89230-iot-iiot-connected-industry-industry-4-0-come-together-create-new-model-business/, 3) https://www.marketresearchfuture.com/reports/augmented-reality-virtual-reality-market-6884, 4) https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/mckinsey-electric-vehicle-index-europe-cushions-a-global-plunge-in-ev-sales,*

Global Content to enjoy globalization trends and e-commerce penetration

Demand of language services is expected to experience a 6% 2020-2025E CAGR according to Nimdizi. Two main supportive trends should trigger growth: 1) Globalisation and international trades, which will require increasing demand of multilanguage services. New geographies should emerge in the global economy, activating the need of related language support; 2) E-commerce penetration. Online sale of products in many geographies requires multilingual product description capabilities and technical support (3D) on product display to increase sales potential.

Main supportive trends of the Global Content business

A globalized world and a booming e-commerce will need more and more translation services



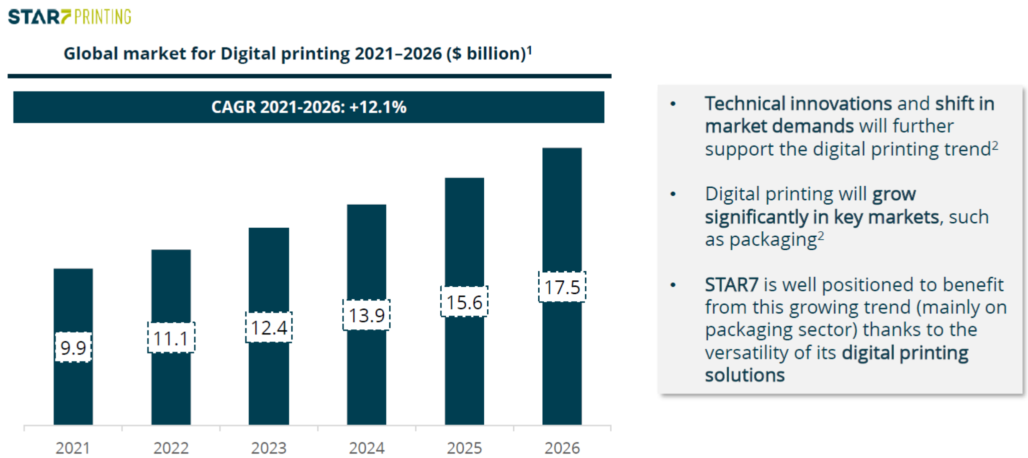
Source: Company presentation. *1) https://www.nimdzi.com/nimdzi-100-top-lsp/, 2) https://www.pwc.com/gx/en/research-insights/economy/the-world-in-2050.html, 3) https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/*

Printing should benefit from the evolution of digital printing

At only 9% of 2020PF sales, Printing is a capital-intensive activity for STAR7, but important to complete the full-service offer. STAR7's printing equipment is dedicated to digital printing. Thanks to technological development, this business is gaining market share versus traditional (Offset) printing, used for large scale / high quality works. In addition, with minor investments, the group could extend the spectrum of services offered to clients to digital packaging printing. Based on an Industry Arc report, the global digital printing market should grow at 12% 2021E-26E CAGR.

Main supportive trends of the Printing business

Digital printing is on the rise



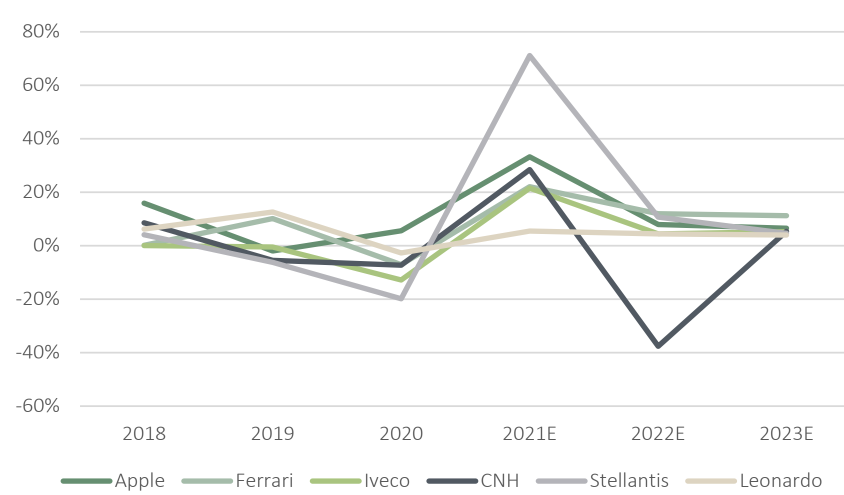
Source: Company presentation. https://www.industryarc.com/Report/19310/digital-printing-market.html. Note: the chart is based on 2026E figure and 12.1% CAGR applied to each year going backwards from 2026E

Extrapolating "as is" growth of STAR7's reference market from top line of the main clients

We believe that we can take as a proxy of the "as is" growth of the reference market of the group, the average weighted top line growth of the main 6 clients (70% of 2020PF sales of STAR7). The underlying assumption (realistic) is that growth of the clients is mainly driven by product innovation and new models. All the 6 main clients of STAR7 are listed and consensus estimates are available.

Top line growth of the main 6 clients of STAR7 based on historical figures and consensus estimates

All the main clients of STAR7 should deliver positive top line growth in 2021E, 2022E and 2023E

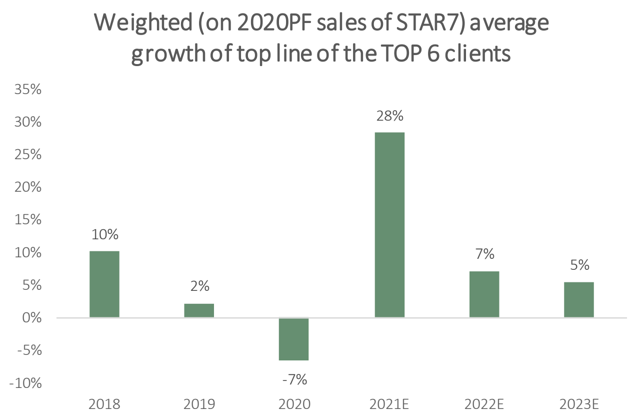


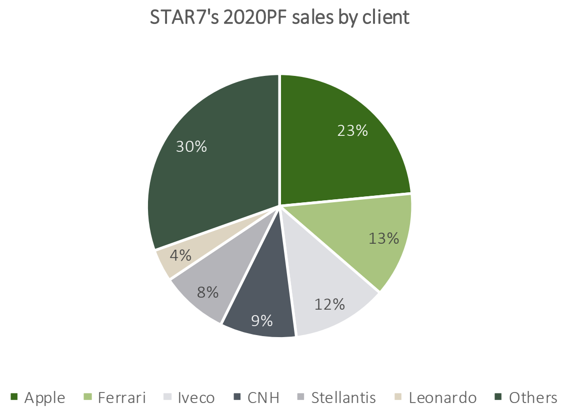
Source: Alantra, Factset, STAR7 (as for breakdown by client of 2020PF sales)

Under this approach, the "as is" reference market of the group should grow by 28% in 2021E (driven by post-COVID rebound), 7% in 2022E and 5% in 2023E. Strategic actions (new clients, new geographies, increase in share of wallet and cross-selling) can add further growth.

Estimate of the "as is" growth of the reference market based on top line of the top 6 clients

Reference market of the group should grow by 28% in 2021E (driven by post-COVID rebound), 7% in 2022E and 5% in 2023E





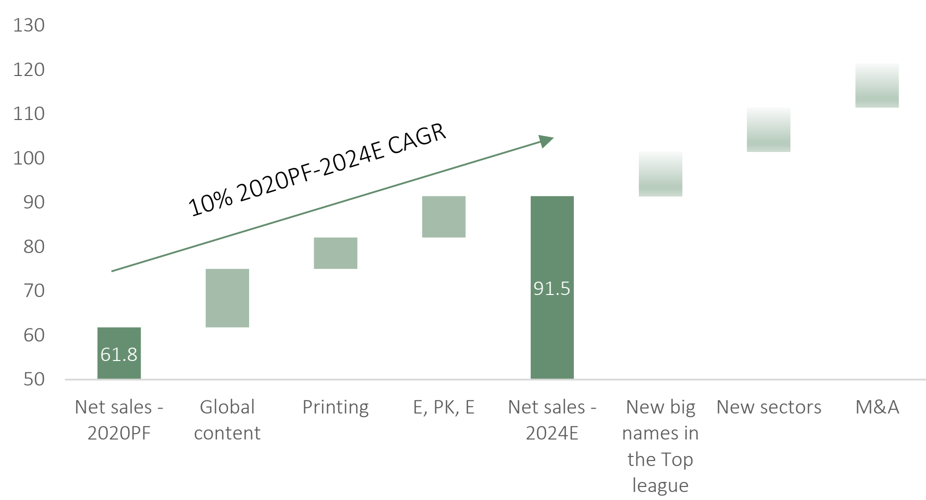
Source: Alantra, Factset, STAR7 (as for breakdown by client of 2020PF sales)

Upselling / cross-selling, new small clients and geographies, and other M/L term options

New organisation, recent acquisition of LocalEyes (which has added strong presence in the US and a top client) and coverage of the entire product cycle (Engineering and Experience have been recently introduced) pave the way to scale-up further the business model in the coming years. We expect that most of the top line growth should be driven by cross-selling and higher share of wallet of existing clients, with a relatively low risk profile. New clients should contribute by around 15% of our top line growth. STAR7 has a database of around 5k potential clients, which is >5x the current portfolio. Geographical expansion should help client acquisition. We estimate 10% 2020PF-2024E net sales CAGR. Our expected growth rates in 2022E (11%) and 2023E (10%) are around 500bp above our estimated "as is" growth. The weight of the international business should go up to >50% in 2024E from 46% in 2020PF. The penetration of new sector clusters with specific focus on Life Science, Gaming and Entertainment is a strategic target, but we do not expect material contribution in the coming years. Our estimates are only organic from 2020PF and do not incorporate the potential entrance of big names in the top client league. The group can also look at additional M&A, as we believe that deleverage of the BS, after the recent acquisition, should be relatively fast.

2020PF-24E Net Sales bridge – Eu mn

We expect 10% 2020PF-24E top line CAGR. New big names in the top league, new sectors and potential M&A would be on TOP



Source: Company presentation for 2020PF figures, Alantra estimates

Higher share of wallet on existing clients and new small clients in existing verticals

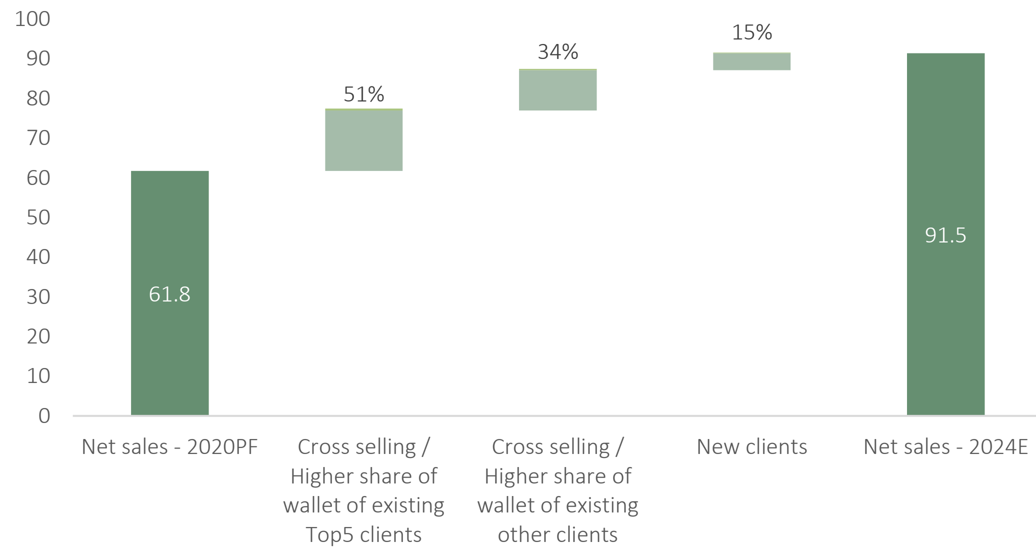
We estimate that in 2020PF the Top10 clients generated average sales of Eu4.7mn versus Eu16k for the remaining portfolio of around 900 clients. We believe that both figures have space for improvement:

- **Market trends** support product innovation and launch of new models
- STAR7 has recently completed its *Integrale7*. In particular, the Engineering division was introduced only in 2014, while Experience in 2019. We estimate that they account, together, for a low single digit % of 2020PF sales. Scope for **cross-selling** is relatively high in our view. In 2020PF 44% of sales were generated by clients which purchased services only from one division (mainly Global Content)
- Outside the Top10 league, there are many **large corporates but small clients**, which generate negligible sales for STAR7 compared to their potential. Names include ENI, TIM, YNAP, Hitachi, Luxottica, Unicredit, Ferrero, Technogym, Biesse

The number of clients can also increase. The group serves more than 900 customers today, but it has a database of 5k monitored clients. From now on, STAR7 can also leverage on the argument that Apple has joined the list of its big clients in Global Content. While we assume that the TOP 5 clients by division remain the same, we expect an **increase in the number of small customers** at 5% 2020PF-2024E CAGR, contributing to around 15% of our consolidated top line CAGR.

2020PF-24E Net Sales bridge – Eu mn

Our top line growth estimates are mainly driven by cross-selling and higher share of wallet of existing clients

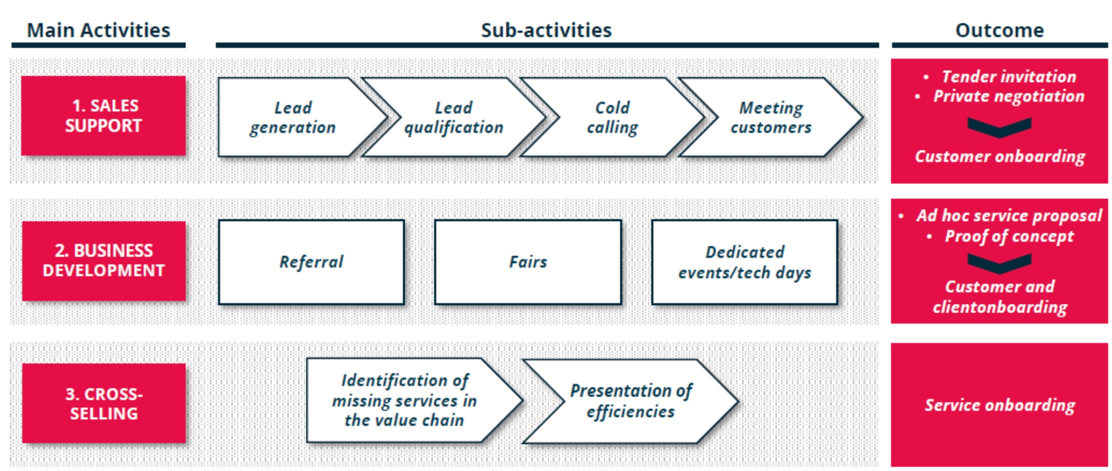


Source: Company presentation for 2020PF figures, Alantra estimates

We also highlight that the group has put in place its new organisation only in April 2021. STAR7 has moved from a family managed company to a structed managerial organisation with a divisional / sector cluster matrix approach and P&L responsibilities for sector cluster heads. The new client onboarding process is structured, and we believe that the group is investing in personnel and business development.

Customer acquisition and cross selling

STAR7 has very recently introduced a divisional / sector cluster matrix approach and P&L responsibilities for sector cluster heads. Client onboarding process is also structured



Source: Company presentation

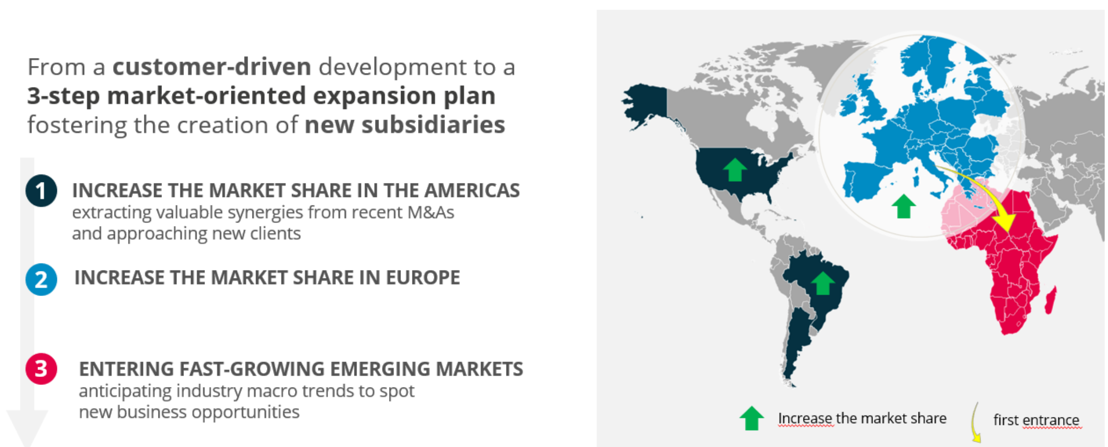
The entrance of a new client in the top league is not in our estimates. We believe that STAR7 could replicate existing successful experiences. We have in mind few potential examples: 1) The duplication of the same services offered to Stellantis in Brazil with another large automotive player in the region; 2) Extension of the successful experience with Ferrari in Italy to Ducati; 3) Approach of other US giants (Amazon, Tesla) by leveraging references with Apple.

Geographical expansion

STAR7 was historically focused on its local market, which represented 76% of 2020A sales. The acquisition of LocalEyes has changed the picture, with US at 34% of 2020PF sales and the overall international business at 46%. We expect the weight of the international business at >50% in 2024. We believe that STAR7 should exploit the US presence of the recently acquired company to target new clients in North America. LocalEyes has also a local presence in Europe and could help also in this region. Finally, management is looking at Fast-growing emerging markets (Africa) to anticipate potential industry macro-trends.

Geographical expansion

Leveraging on LocalEyes to expand in US and Europe. Target of Africa to anticipate future business trends



Source: Company presentation

Product / Process innovation

We believe that product and process innovation should transversally support client and geographical expansion. STAR7 has invested around 5% of sales in R&D in the last 5 years. Looking forward, we believe that the group should increase the range of services offered, with a particular focus on the development of Experience solutions.

Product / Process innovation

Product and process innovation should transversally support client and geographical expansion

SBU	Action Plan	Key Initiatives
Engineering, Product Knowledge & Experience	• Continue investments in R&D • Key projects focus on the **digital transformation** of the services provided by the unit, allowing operations in **immersive / virtual environments**, with a significant saving of time and cost for the client	• VIRTUAL TRAINING • AFTER SALES DIGITAL TWIN IMMERSIVE ENGINEERING • CLOUD PK SERVICES • ENHANCED LEARNING • FIELD & MAINTENANCE ENGINEERING • TECH HELPDESK 4.0
Global Content	• Continue investments in **process automation** • Key projects focus on the **application of NMT** (Neural Machine Translation) and **AI** (Artificial Intelligence) concepts **to drive translators' selection**, according to the document to be translated	• NEURAL MACHINE TRANSLATION • ARTIFICIAL INTELLIGENCE • MULTI-MEDIA CONTENT MANAGEMENT
Printing	• Continue investments in **production capacity** and **quality** • Key projects focus on (i) the **strengthening** of the **digital packaging** line, in order **to increase production capacity**, and (ii) the **automation** of the **kitting process**, in order **to increase the kits' quality and production capacity**	• DIGITAL PACKAGING • PROCESS AUTOMATION • KITTING AUTOMATION • AEROSPACE & DEFENSE DOCUMENTATION

Source: Company presentation

New sectors

STAR7 covers 8 different sector clusters today, with the recent addition of Tech. The group has identified 5 new sectors for potential expansion, with a specific focus on Life Science, Gaming and Entertainment. We believe that sector extension will need time to produce material effects, which are more likely to take place after 2024E.

Potential new sector

From the current 8 sector clusters, STAR7 could expand in other verticals. Life Science, Gaming and Entertainment are the most likely

Source: Company presentation

Additional M&A

The group can also look at additional M&A to accelerate the growth profile, as we believe that the deleveraging of the BS, after the recent acquisition, should be relatively fast. STAR7 has a strong historical track record on the subject.

M&A deals concluded by the group

STAR7 has a strong historical track record in M&A

Source: Company presentation

The strategic focus of future M&A deals should be linked to Internationalization and market penetration. STAR7 is in advanced / early discussions with 3 potential targets. Two of them are Italian players in Engineering, Product Knowledge and Experience. One is an international player in Global Content.

Additional M&A would accelerate the growth profile

STAR7 is in advanced / early discussions with 3 potential targets to accelerate its growth profile

Source: Company presentation

10% 2020PF-24E CAGR of Top line and 20% of EBITDA

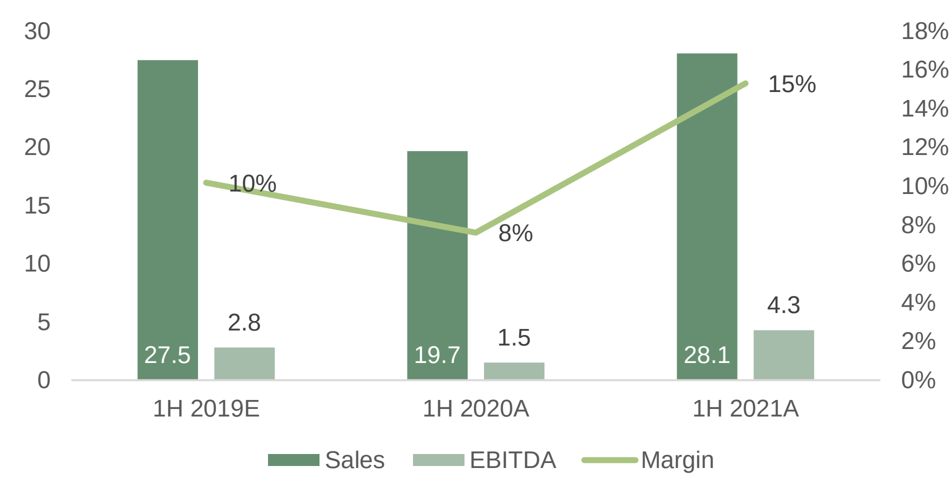
STAR7 was hit by the pandemic in 2020 (especially in 1H), with Net sales down 17% yoy, due to postponement of product lunches by clients. The business was almost back to normal in 2H 2021 and fully recovered in 1H 2021A (up 43% yoy and 2% versus 1H 2019A). In 2021, we expect 26% yoy top line growth (21% organic). We estimate Top line growth at 10% 2020PF-2024PF CAGR. Global Content and E, PK & E should have a similar growth in 2020PF-2024PF, at around 9% CAGR. Printing should outperform (21% CAGR), thanks to the post-pandemic rebound. The cost structure of STAR7 is prevalently variable, as the principal cost item of the main division (Global Content) is represented by translators, which are largely free lancers in outsourcing. Profitability held up relatively well during the pandemic in 2020 (EBITDA margin down by only 160bp). We expect STAR7 to exceed 2019 margin in 2021A (pre-acquisition), and a positive contribution to profitability from the consolidation of LocalEyes (consolidated EBITDA margin at 18.5% in 2021PF). We expect a slight expansion of the EBITDA margin in the coming years linked to efficiency. According to our estimate, EBITDA should be up at 20% 2020PF-2024CAGR and Adj. EBIT at 21%. A leveraged BS and a gradual deleverage should imply higher growth of the bottom line (27% 2020PF-2024E CAGR).

1H 2021A figures above 1H 2019A

STAR7 was hit by the pandemic in 2020 (especially in 1H), with Net Sales down 17% yoy, due to postponements of product lunches by clients. The business was almost back to normal in 2H 2020, and fully recovered in 1H 2021A (up 43% yoy and 2% versus 1H 2019A). In 2021A, we expect 26% yoy top line growth (21% organic).

Evolution of 1HA Top line and EBITDA in 2019A, 2020A and 2021A – Eu mn

We expect 1H21 Sales and EBITDA above 1H19A levels



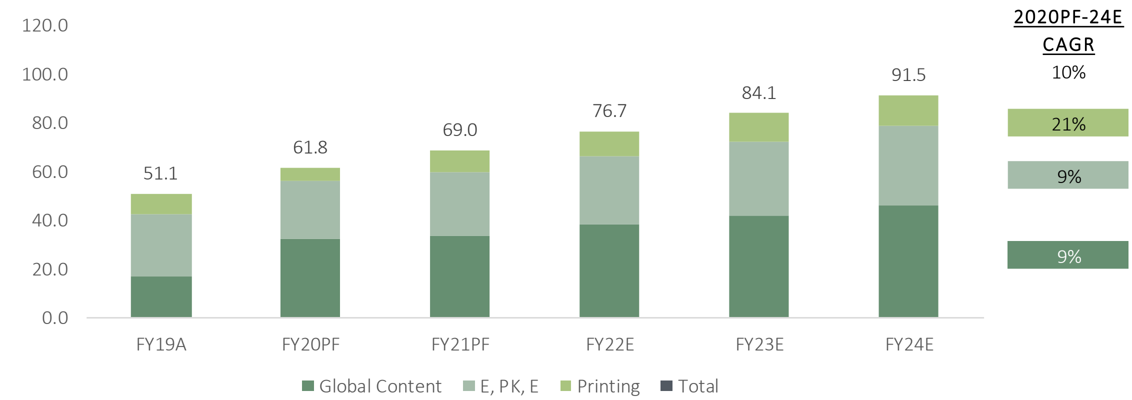
Source: Company presentation

10% 2020PF-24E CAGR of Top line…

We expect Top line growth at 10% 2020PF-2024PF CAGR. Global Content and E, PK & E should have a similar growth in 2020PF-2024PF at 9% CAGR. Printing should outperform (21% CAGR), mainly thanks to post-pandemic rebound.

Evolution of Top line – Eu mn

We expect 10% 2020PF-24E Top line CAGR. Printing should outperform, mainly thanks to a post-pandemic rebound



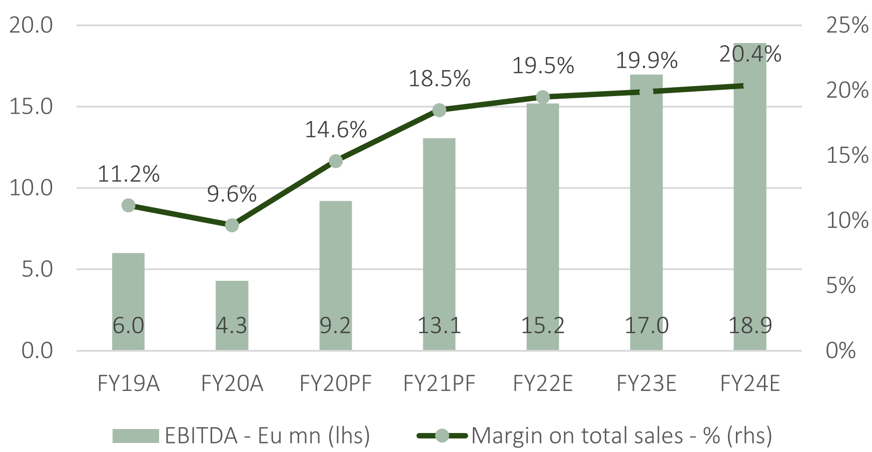
Source: Company presentation for historical figures, Alantra estimates. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec for the FY

…20% of EBITDA and 21% of EBIT

Profitability was hit by the pandemic in 2020 (EBITDA margin down by 160bp). We expect STAR7 stand alone to exceed 2019 margin in 2021A and positive contribution to profitability from the consolidation of LocalEyes (consolidated EBITDA margin at 18.5% in 2021PF). We expect a slight expansion of the EBITDA margin in the coming years linked to efficiency. According to our estimates, EBITDA should be up at 20% 2020PF-2024E CAGR.

Evolution of EBITDA and % on sales

We expect 20% 2020PF-2024E EBITDA CAGR with slight margin expansion as from 2022E

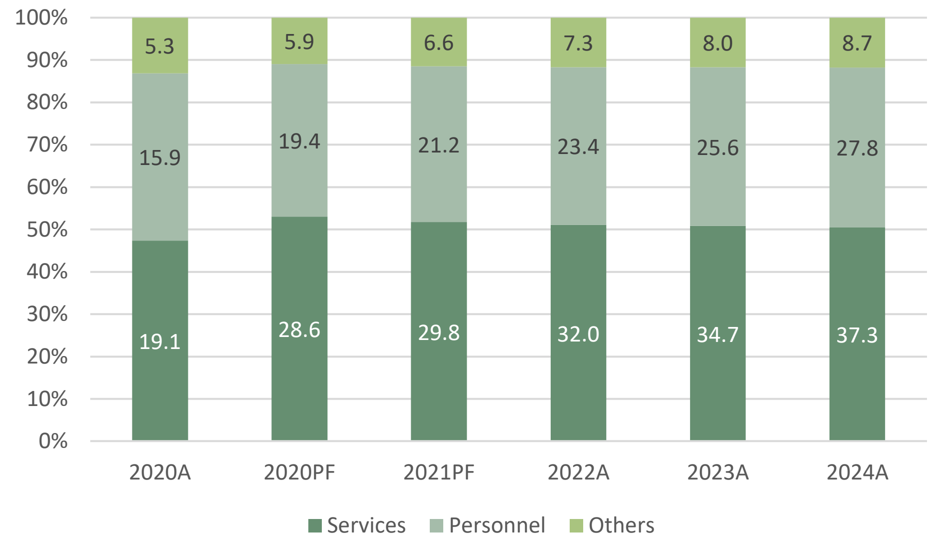


Source: Company presentation for historical figures, Alantra estimates. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec for the FY

The cost structure of STAR7 is mainly variable, as the main cost item of the main division (Global Content) is represented by translators, which are largely free lancers in outsourcing.

Breakdown and Evolution of operating costs

Main cost item is related to outsourcing of translation services. Personnel is mainly linked to engineers in the E, PK, E division

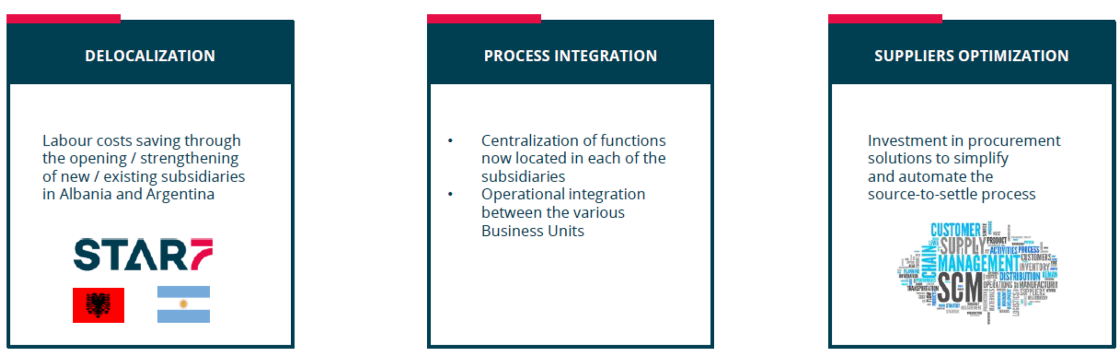


Source: Company presentation for historical figures, Alantra estimates. Note: Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec for the FY

The expected slight expansion of EBITDA margin in the coming years is linked to efficiency. STAR7 has accelerated growth through M&A in the last few years and has still space for optimizing integration synergies. We believe that the group can follow the best practise of LocalEyes in process management. The acquired company is top quality in product delivery and CRM, and very efficient in process management. LocalEyes has significantly outsourced processes in Albania, and STAR7 could do the same. The group is present today in the country, but with a much less structured approach. Albania is used by STAR7 to outsource some engineering services in the E, PK & E division. This activity could be more intense in the future. We believe that another option to gain efficiency in Global Content is the internalisation of some translators to leverage the investment done in Machine Translation.

Main action levers for cost optimisation

Main cost item is related to outsourcing of translation services. Personnel is mainly linked to engineers in the E, PK, E division

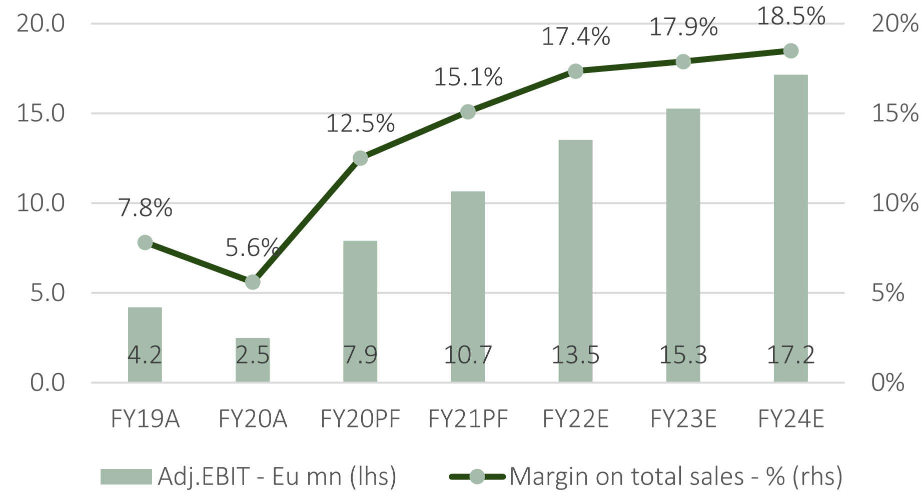


Source: Company presentation

Top line growth and an asset light business model should imply a decreasing incidence of D&A on sales, with expansion of the EBIT margin. We expect 2020PF-24E EBIT CAGR of 21%.

Evolution of EBIT and % on sales

Decreasing incidence of D&A on sales, with expansion of the EBIT margin on top of EBITDA margin expansion



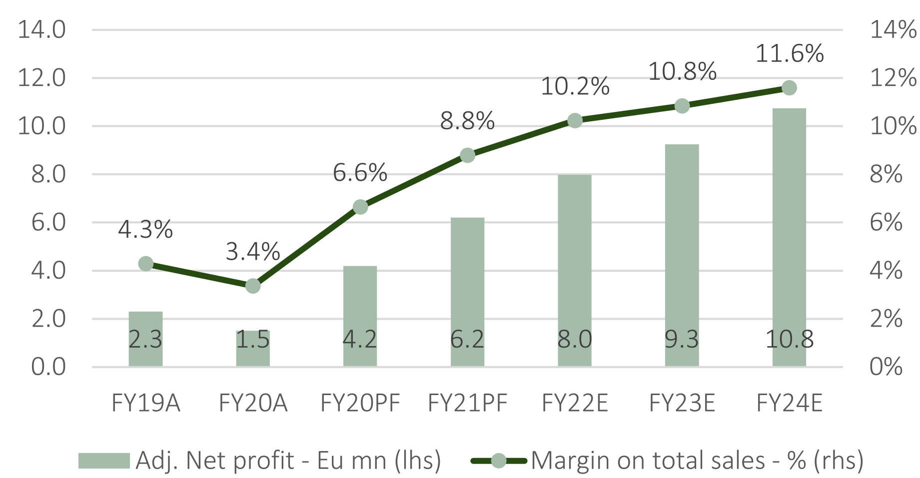
Source: Company presentation for historical figures, Alantra estimates. Note 1: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec for the FY. Note 2: Adjusted EBIT is net of the amortization of goodwill and IPO costs

Financial leverage should magnify Net Profit growth (27% 2020PF-24E CAGR)

A leveraged BS and gradual deleverage should imply higher growth of the bottom line (27% 2020PF-2024E CAGR). We assume 28% tax rate in 2021A-24A.

Evolution of Net Profit and % on sales

A leveraged BS and gradual deleverage should magnify bottom line growth (63% 2020PF-2024E CAGR)



Source: Company presentation for historical figures, Alantra estimates. Note: PF figures include consolidation of LocalEyes from the beginning of the year. Note 2: Adjusted Net profit is net of the amortization of goodwill and IPO costs

Strong FCF generation should trigger fast deleveraging

With a Working capital intensive, but fixed asset light, business model, STAR7 should generate Eu31.5mn cumulated FCF in 2022E-24E (EBITDA to FCF conversion >55%). Under the assumption of no dividend distribution, this should trigger a relatively fast deleverage in our view: Net Debt / EBITDA from 2.6x in 2021PF (after the acquisition of LocalEyes) to 0.1x in 2024E. The group has available cash and should be able to face the debt reimbursement schedule, investments in business development and potential M&A. The recent IPO should accelerate the deleveraging process. ROCE was hit by the pandemic in 2020A (down to 6% from 10% in 2019A) but should exceed 15% in 2022E thanks to post-COVID rebound and despite goodwill paid for acquisitions in 2021E. We expect ROCE at 22% in 2024E.

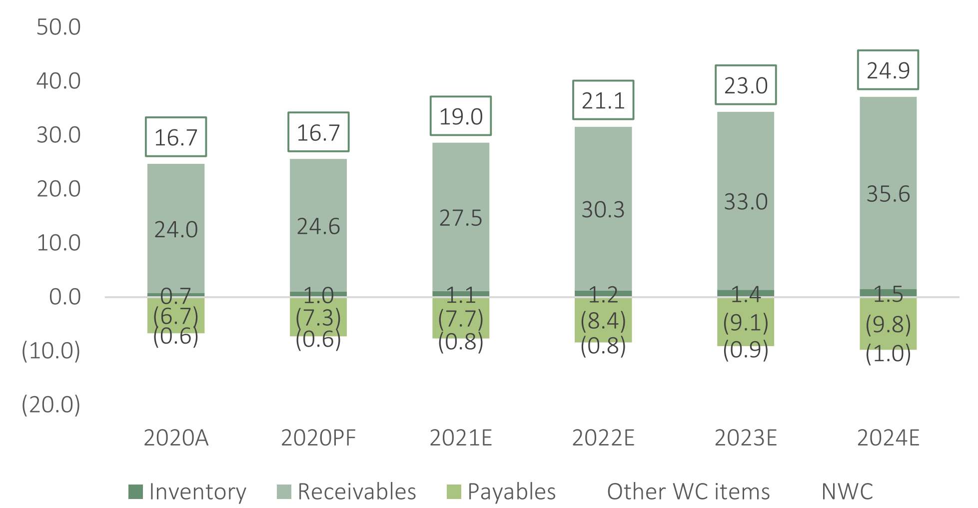
Business model is working capital intensive…

STAR7 is exposed to large Italian corporates, which are usually bad payers. The other (positive) side of the coin is that credit risk is very limited. Furthermore, business seasonality is skewed on 2H/4Q and receivables at YE are higher compared to the average of the year. We estimate DSO close to 200 at the end of 2020A.

LocalEyes has very different DSO. It cashes in receivables from Apple after 5 days in exchange of a discount. The company applies similar conditions to suppliers. The result is that Net Working Capital is close to nil. As a consequence, consolidation of LocalEyes reduces NWC on Sales of the group to 26% in 2020PF from 37% in 2020A. We expect a very minor improvement of consolidated DSO looking forward. They should remain around 140 days. Payables are paid within 80/90 days.

Evolution of Net Working Capital

Consolidation of LocalEyes should be neutral on Net Working Capital of the group, with a significant reduction of NWC on Sales



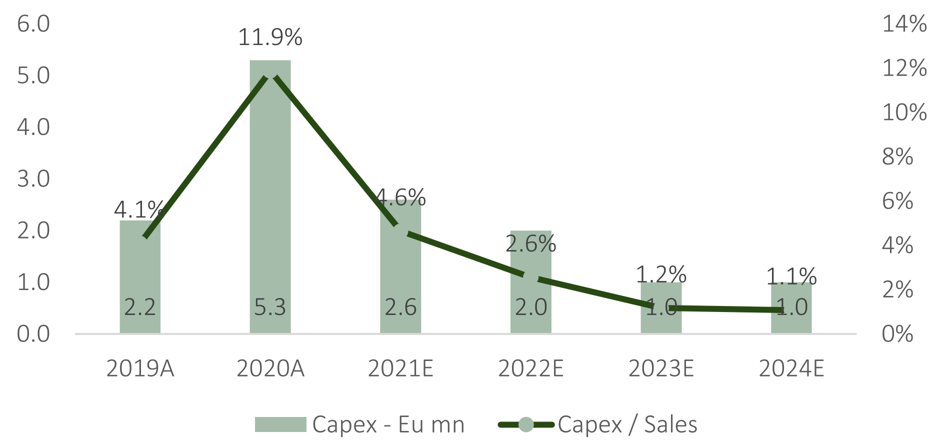
Source: Company presentation for historical figures, Alantra estimates. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec for the FY

…but fixed asset light

STAR7 does not capitalize R&D spending. As a consequence, the business has limited maintenance capex requirements. The group invested Eu2.2mn in 2019 and Eu5.3mn in 2020, but small acquisitions are included in these figures. We only expect an extra capex of Eu1mn in 2022 to extend the implementation of the ERP to the overall group for minor improvements in the printing business. In 2023E-2024E, our expected Capex / Sales (only maintenance) in slightly higher than 1%.

Evolution of Capex (Eu mn) and Capex / Sales (%)

Consolidation of LocalEyes should be neutral on Net Working Capital of the group, with a significant reduction of NWC on Sales



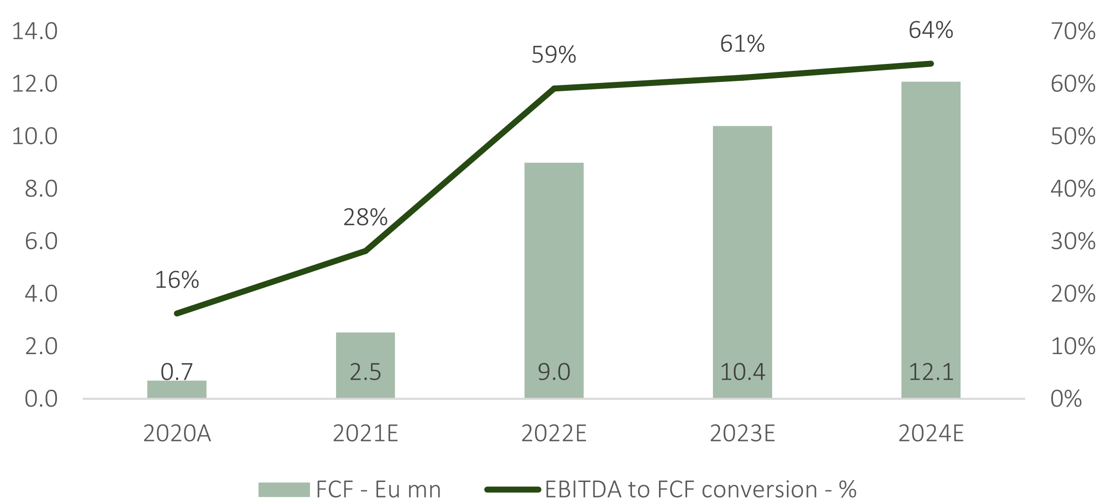
Source: Company presentation for historical figures, Alantra estimates

FCF generation should trigger fast deleveraging

STAR7 should generate Eu31.5mn cumulated FCF in 2022E-24E (EBITDA to FCF conversion >55%), a significant increase from the depressed result delivered in 2020.

FCF (Eu mn) and EBITDA to FCF conversion

According to our estimates, EBITDA to FCF conversion should exceed 55% from 2022E…

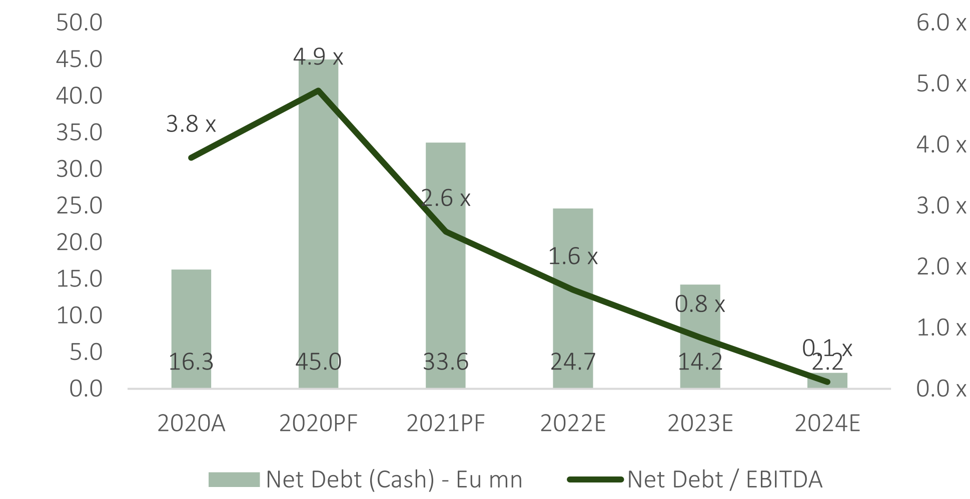


Source: Company presentation for historical figures, Alantra estimates

Under the assumption of no dividend distribution, we believe that cash generation should trigger a relatively fast deleverage: Net Debt / EBITDA from 2.6x in 2021PF (after the acquisition of LocalEyes) to 0.1x in 2024E.

Net Debt (Eu mn) and Net Debt / EBITDA (x)

…leading to a fast deleverage



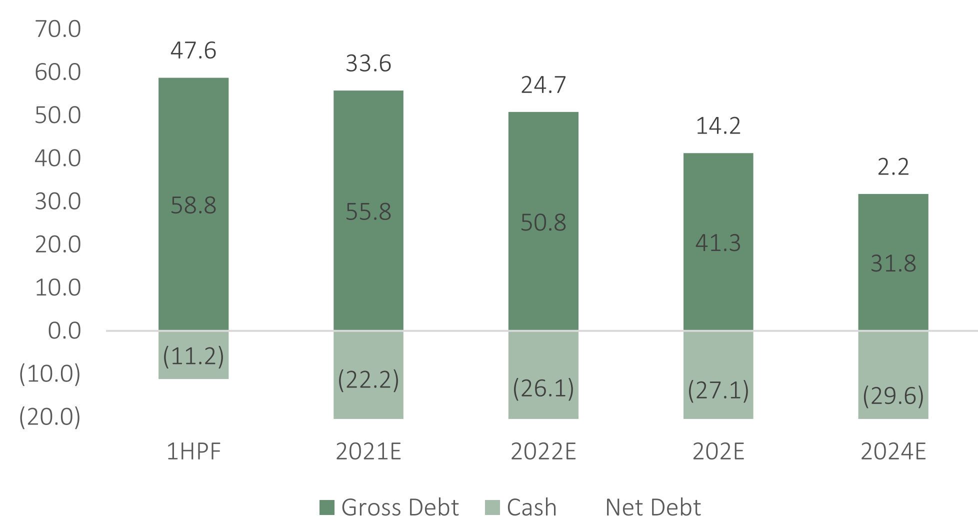
Source: Company presentation for historical figures, Alantra estimates. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec and Eu3mn Capital Increase by Kairos for the FY

Available cash to fund debt reimbursement, business development and M&A

STAR7 has partially funded the acquisition of LocalEyes with two 4.75% fixed rate bonds, for a total of Eu25mn, to be reimbursed in 7 years. The rate will be up by 100bp in case Net Debt / EBITDA is > 4x. At the end of 1H 2021PF, the group had available cash of Eu11mn. We believe that the cash pile and FCF generation will enable debt reimbursement schedule (including vendor loan of LocalEyes), business development and potential M&A.

Breakdown of net debt

Available cash and FCF generation should enable debt reimbursement schedule, business development and potential M&A



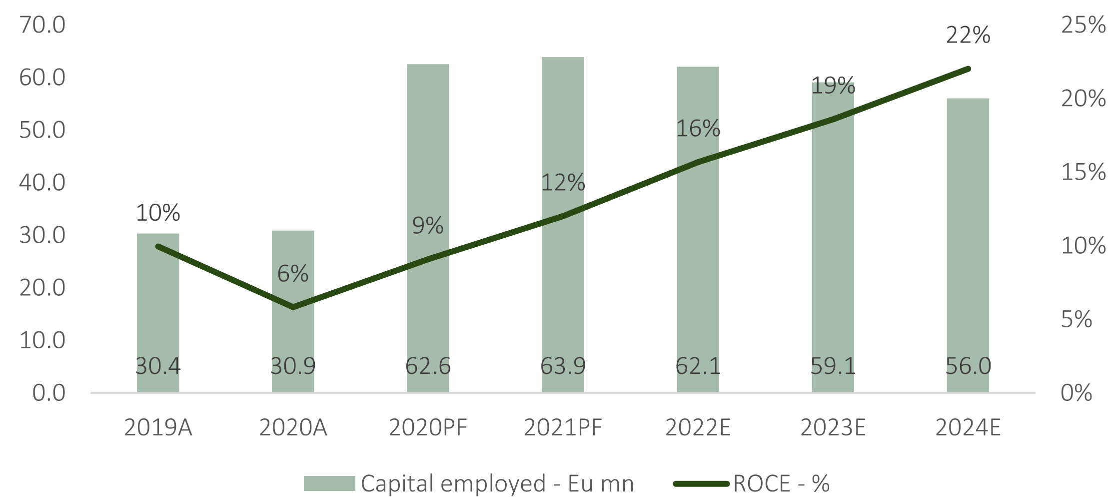
Source: Company presentation for historical figures, Alantra estimates. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec and Eu3mn Capital Increase by Kairos for the FY

ROCE >20% in 2024E

The combination of the strong competitive positioning and good mix of organic and M&A growth is very well summarized by the ROCE. The group delivered ROCE (including goodwill) of 10% in 2019A, before being hit by the pandemic in 2020. Fast recovery from 2021E should significantly increase ROCE and value creation looking forward. We expect 16% in 2022E and 22% in 2024E.

Capital Employed (Eu mn) and ROCE (%)

ROCE >20% in 2024E



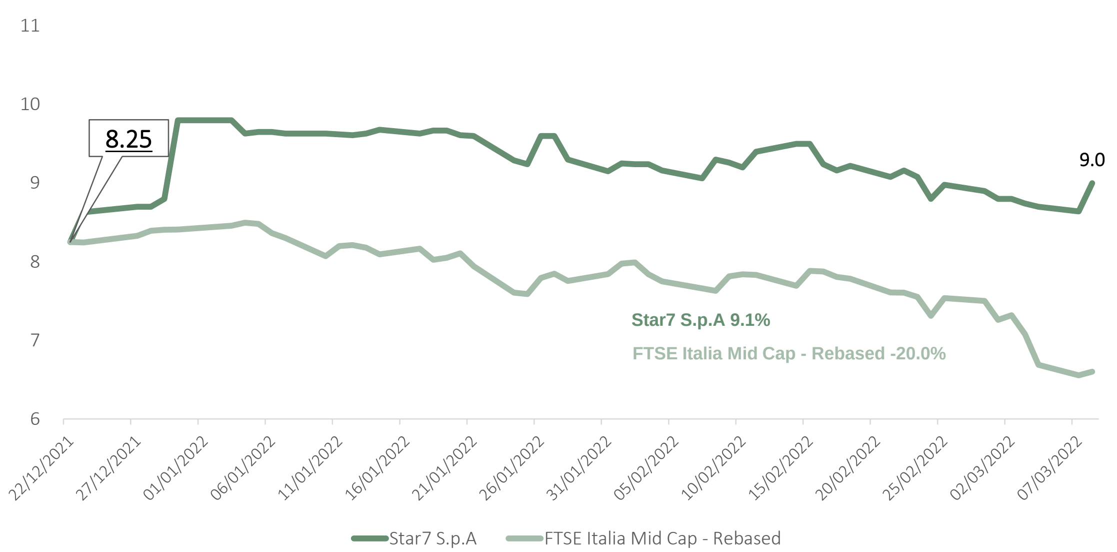
Source: Company presentation for historical figures, Alantra estimates. Note 1: ROCE is defined as: Adj. EBIT*(1-Norm. Tax Rate)/(Fixed Assets + NWC). Note 2: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec and Eu3mn Capital Increase by Kairos for the FY

Eu12.6/share TP

Listed at the end of December 2021, STAR7 is up more than 9% from IPO, overperforming the Italian MidCaps index over the same period (down 20%). The stock price has been resilient after the outbreak of the war in Ukraine. We have looked at multiples of European SMC exposed to the same end markets of STAR7 to value the group, although none of them has an integrated business model with coverage of the entire product information cycle. We prefer to look at EV multiples instead of P/E, as the latter is biased by financial leverage. STAR7 trades at 10% discount versus peers on 2022 EV/EBITDA. In our view DCF is a good alternative approach to capture the FCF generation potential of the group. We set a TP of Eu12.6/share based on the average of 2022E-23E EV/EBITDA of the selected peers (Eu11.6/share fair value) with 70% weight and DCF (Eu14.7/share fair value) with 30% weight. We highlight that the presence of the Price Adjustment Shares gives investors high confidence on the achievement of 2022E numbers (our 2022E EBITDA is slightly above the key ceiling of Eu15mn) or protection in case of business underperformance.

Market performance since IPO

Outperformance vs the Italian MidCaps index since IPO



Source: Factset, Alantra

Valuation approach based on multiples of peers

We have selected a panel of European SMC exposed to the same end markets of STAR7: Semcon and Etteplan in Product Knowledge and Engineering, Elanders in Printing and RWS in Global content. We have also added the Italian Tecma Solutions (listed on Euronext Growth Milan), which could be a proxy for the Experience division. The Italian TPS could be theoretically included in the sample, but the group has poor coverage.

Peers – Company description

We have selected 5 different comparable companies in terms of business

Company	Country	Mkt Cap (Eu mn)	Company Description
Business peers			
Tecma Solutions SpA	ITALY	77	Tecma Solutions SpA provides residential real estate, property investment, space planning and marketing services. The company was founded in 2012 and is headquartered in Milan, Italy.
Semcon AB	SWEDEN	172	Semcon AB engages in the provision of product development services and product information. It operates through the Engineering Services and Product Information segments. The Engineering Services segment offers services that focus on the energy, automotive, telecom, and life science sectors. The Product Information segment involves in complete information solutions particularly the aftermarket business. The company was founded in 1980 and is headquartered in Goteborg, Sweden.
Etteplan Oyj	FINLAND	339	Etteplan Oyj engages in the development and provision of industrial equipment engineering and technical documentation solutions. It offers engineering, embedded systems, testing and test laboratory, software and digitalization, and products and asset information services. It operates through the following geographical segments: Finland, Sweden, China, and Central Europe. The company was founded by Tero Elomaa, Tapani Mönkkönen, and Esko Poltto in 1983 and is headquartered in Vantaa, Finland.
Elanders AB Class B	SWEDEN	377	Elanders AB is a global logistics company. The firm provides services of integrated solutions in supply chain management. It operates through two business areas: Supply Chain and Print & Packaging Solutions. The company was founded by Otto Elander, Nils Hellner and Emil Ekstrom on April 21, 1908 and is headquartered in Molndal, Sweden.
RWS Holdings plc	UNITED KINGDOM	1,858	RWS Holdings Plc is a patent translation and search company that provides intellectual property translation and information services. It operates through the following segment: RWS IP Services, RWS Life Sciences, and RWS Moravia. The RWS IP Services segment involves in quality patent translations, seamless patent filing and unmatched IP research capability. The RWS Life Sciences division focuses on the language service needs of the life sciences market and providing technical translations and linguistic validation to large pharmaceuticals and clinical research organizations. The RWS Moravia segment provides localization services including the adaptation of content, software, websites, applications, marketing material and audio/video to ensure brand consistency. The company was founded in 1982 and is headquartered in Chalfont St Peter, the United Kingdom.

Source: Factset

For reference only, we have included the multiples of the main clients. The first main 6 clients represent 70% of 2020PF sales of STAR7. The group shows profitability and growth rates comparable to those of the two panels.

Financials – STAR7 versus selected peers

Company	Country	Mkt Cap (Eu mn)	FY21E - FY23E average margins					Sales CAGR 20-23			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout		EBITDA	EBIT	EPS
STAR7 (*)	ITALY	84	18.5%	11.5%	6.2%	2.8%	0.0%	10.6%	22.7%	24.6%	30.2%
Tecma Solutions SpA	ITALY	77	na	na	na	na	na	na	na	na	na
Semcon AB	SWEDEN	172	12.8%	10.5%	7.8%	0.5%	66.4%	6.7%	12.0%	10.4%	8.5%
Etteplan Oyj	FINLAND	339	14.6%	8.8%	6.7%	6.3%	48.9%	11.9%	10.6%	14.1%	13.1%
Elanders AB Class B	SWEDEN	377	23.1%	18.5%	14.1%	3.5%	43.5%	7.1%	7.8%	16.2%	15.5%
RWS Holdings plc	UNITED KINGDOM	1,858	23.1%	18.5%	14.1%	3.5%	43.5%	7.1%	7.8%	16.2%	15.5%
BUSINESS PEERS	Average		18.4%	14.1%	10.7%	3.4%	50.6%	8.2%	9.6%	14.2%	13.1%
	Median		18.8%	14.5%	11.0%	3.5%	46.2%	7.1%	9.2%	15.1%	14.3%
Apple Inc.	UNITED STATES	2,362,062	32.9%	30.1%	25.4%	3.0%	15.2%	15.3%	21.0%	24.1%	26.3%
Ferrari NV	ITALY	31,997	36.0%	25.0%	19.1%	16.3%	29.4%	14.9%	21.1%	25.0%	24.8%
Iveco Group NV	ITALY	1,733	7.4%	3.1%	1.5%	5.0%	13.2%	na	na	na	na
CNH Industrial NV	UNITED STATES	17,592	10.8%	9.5%	7.8%	2.5%	23.7%	-5.8%	30.9%	42.5%	83.1%
Stellantis N.V.	ITALY	40,511	14.9%	11.2%	8.5%	6.9%	27.4%	26.9%	22.4%	71.8%	60.2%
Leonardo SpA	ITALY	4,640	11.5%	7.7%	4.4%	4.2%	12.1%	4.8%	8.2%	33.7%	37.8%
MAIN CLIENTS	Average		18.9%	14.4%	11.1%	6.3%	20.2%	11.2%	20.7%	39.4%	46.5%
	Median		13.2%	10.4%	8.1%	4.6%	19.5%	14.9%	21.1%	33.7%	37.8%

Source: Factset, Alantra. Note: 2020 and 2021 figures of STAR7 are pro-forma. EBITDA, EBIT and Net income of STAR7 are adjusted for amortisation of goodwill and IPO costs

We prefer to look at EV multiples instead of P/E, as the latter is biased by financial leverage. STAR7 trades at 10% discount versus peers on 2022 EV/EBITDA.

Trading multiples

Company	Country	Mkt Cap (Eu mn)	EV/Sales FY21E	EV/Sales FY22E	EV/Sales FY23E	EV/EBITDA FY21E	EV/EBITDA FY22E	EV/EBITDA FY23E	EV/EBIT FY21E	EV/EBIT FY22E	EV/EBIT FY23E	PE FY21E	PE FY22E	PE FY23E
STAR7	ITALY	84	2.2 x	1.5 x	1.2 x	13.6 x	7.6 x	6.3 x	22.7 x	12.4 x	9.6 x	30.9 x	16.9 x	13.4 x
Premium (discount) to Peers' Median			59%	25%	15%	44%	-10%	-13%	41%	-1%	-11%	73%	11%	-3%
PEERS	Average		2.8 x	2.4 x	2.1 x	12.4 x	10.0 x	8.5 x	18.0 x	13.9 x	11.5 x	21.7 x	16.0 x	13.4 x
	Median		1.4 x	1.2 x	1.1 x	9.5 x	8.5 x	7.2 x	16.1 x	12.6 x	10.8 x	17.9 x	15.2 x	13.8 x
Tecma Solutions SpA	ITALY	77	5.8 x	3.5 x	2.1 x	32.0 x	16.1 x	9.5 x	46.0 x	20.8 x	12.2 x	67.6 x	30.6 x	18.2 x
Semcon AB	SWEDEN	172	1.1 x	0.9 x	0.9 x	8.1 x	7.5 x	6.9 x	10.3 x	9.0 x	8.2 x	14.3 x	12.1 x	11.6 x
Etteplan Oyj	FINLAND	339	1.4 x	1.2 x	1.1 x	9.5 x	8.5 x	7.2 x	16.1 x	13.7 x	11.9 x	18.3 x	15.5 x	14.6 x
Elanders AB Class B	SWEDEN	377	0.8 x	0.7 x	0.7 x	6.6 x	5.4 x	5.2 x	16.6 x	12.6 x	10.8 x	13.9 x	9.9 x	9.0 x
RWS Holdings plc	UNITED KINGDOM	1,858	2.3 x	2.1 x	1.9 x	10.7 x	8.8 x	7.8 x	13.6 x	10.9 x	9.6 x	17.9 x	15.2 x	13.8 x
Business Comparables	Average		2.3 x	1.7 x	1.3 x	13.4 x	9.3 x	7.3 x	20.5 x	13.4 x	10.6 x	26.4 x	16.7 x	13.4 x
	Median		1.4 x	1.2 x	1.1 x	9.5 x	8.5 x	7.2 x	16.1 x	12.6 x	10.8 x	17.9 x	15.2 x	13.8 x
Apple Inc.	UNITED STATES	2,362,062	7.0 x	6.5 x	6.1 x	21.4 x	19.5 x	18.6 x	23.6 x	21.3 x	20.1 x	28.8 x	26.4 x	24.4 x
Ferrari NV	ITALY	31,997	10.9 x	9.7 x	8.6 x	30.4 x	27.2 x	23.5 x	43.2 x	39.9 x	33.6 x	39.6 x	37.5 x	31.8 x
Iveco Group NV	ITALY	1,733	0.2 x	0.2 x	0.2 x	3.3 x	3.0 x	2.7 x	9.6 x	7.0 x	5.7 x	15.3 x	7.8 x	5.6 x
CNH Industrial NV	UNITED STATES	17,592	0.6 x	1.0 x	0.9 x	8.1 x	8.4 x	7.2 x	10.1 x	9.5 x	7.7 x	11.7 x	11.0 x	10.0 x
Stellantis N.V.	ITALY	40,511	0.2 x	0.1 x	0.1 x	1.1 x	0.9 x	0.6 x	1.4 x	1.2 x	0.9 x	3.4 x	3.3 x	3.1 x
Leonardo SpA	ITALY	4,640	0.6 x	0.5 x	0.5 x	5.1 x	4.5 x	4.0 x	8.0 x	6.4 x	6.0 x	8.0 x	6.4 x	5.8 x
Main clients	Average		3.2 x	3.0 x	2.7 x	11.5 x	10.6 x	9.4 x	16.0 x	14.2 x	12.3 x	17.8 x	15.4 x	13.4 x
	Median		0.6 x	0.8 x	0.7 x	6.6 x	6.4 x	5.6 x	9.8 x	8.2 x	6.8 x	13.5 x	9.4 x	7.9 x
	Weighted average on 2020PF Sales		4.6 x	4.2 x	3.8 x	14.9 x	13.6 x	12.3 x	19.5 x	17.6 x	15.4 x	22.0 x	19.4 x	17.1 x

Source: Factset, Alantra

Based on 2022/23 EV/EBITDA multiples of peers, we derive an average valuation of Eu11.6/share.

Valuation of STAR7 based on EV/EBITDA multiples of peers

Eu mn	Business comparables FY22E	Business comparables FY23E
EBITDA	15.2	17.0
EV/EBITDA Peer Group	9.3x	7.3x
Premium (Discount)	*0%*	*0%*
EV/EBITDA Peer Group after discount	9.3x	7.3x
EV based on multiples	140.7	124.2
Net Financial Position	(24.7)	(14.2)
Adjustments	(7.7)	(8.9)
Equity Value on EV/EBITDA	108	101
Eu Per Share	12.0	11.2

Source: Alantra. Note: EBITDA and EBIT of STAR7 are adjusted for amortisation of goodwill and IPO costs

DCF approach: fair value of Eu15/share

We have used DCF to value STAR7 and incorporate the strong FCF generation profile of the group. Being a B2B service provider, STAR7 has limited capex requirements. Our cash flows are based on:

- Our detailed 2021-25 estimates
- Terminal value based on EBITDA margin of 20% and Capex on sales at 1.5%

We use 1.5% perpetual growth rate and 9.4% WACC.

Under the above mentioned assumptions, our DCF delivers a fair value of Eu15/share, with an implied 2022E EV/EBITDA of 9.6x.

Valuation of STAR7 based on DCF

(Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	TV
Value of Production	53.7	44.6	55.9	78.0	85.4	92.8	99.0	103.9	109.1	114.6	120.3	126.3	128.2
YoY growth		*-17%*	*25%*	*39%*	*9%*	*9%*	*7%*	*5%*	*5%*	*5%*	*5%*	*5%*	
EBITDA	5.9	4.3	9.0	15.2	17.0	18.9	20.5	20.8	21.8	22.9	24.1	25.3	25.6
EBITDA Margin	*11%*	*10%*	*16%*	*20%*	*20%*	*20%*	*21%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*
taxes on EBIT		(0.5)	(1.5)	(2.6)	(3.1)	(3.6)	(4.0)	(4.1)	(4.3)	(4.5)	(4.8)	(5.0)	(6.6)
Non recurring Cash-out		0.0	0.0	0.0	0.0	0.0	0.0						
NWC Change		2.2	(2.3)	(2.1)	(1.9)	(1.9)	(1.6)	(1.3)	(1.3)	(1.4)	(1.5)	(1.5)	(0.5)
Capex		(5.3)	(2.6)	(2.0)	(1.0)	(1.0)	(1.1)	(1.1)	(1.2)	(1.2)	(1.3)	(1.4)	(1.9)
Capex/Revenues		*-11.9%*	*-4.6%*	*-2.6%*	*-1.2%*	*-1.1%*	*-1.1%*	*-1.1%*	*-1.1%*	*-1.1%*	*-1.1%*	*-1.1%*	*-1.5%*
Free cash flow				8.5	11.0	12.4	13.8	14.3	15.0	15.7	16.5	17.4	210.1
Disc. Free Cash Flow				7.8	9.2	9.5	9.6	9.1	8.8	8.4	8.1	7.7	93.7
Year				*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*9*

Total Disc. FCF	78.1	
Terminal value	93.7	55%
Total EV (Eu mn)	171.8	
NFP FY21	(33.6)	
Adjustments	(5.5)	
TOTAL Equity Value	132.7	
# of shares (mn)	9.0	
Fair Value per share (Eu)	14.7	

Implied multiples	FY22E	FY23E
EV/ EBITDA	9.6 x	8.2 x

Source: Alantra

Valuation sensitivity of STAR7 based on DCF

		Wacc				
		10.4%	9.9%	9.4%	8.9%	8.4%
Terminal Growth	2.5%	13.5	14.7	16.1	17.8	19.7
	2.0%	12.9	14.1	15.4	16.9	18.6
	1.5%	12.5	13.5	14.7	16.1	17.7
	1.0%	12.1	13.1	14.2	15.4	16.9
	0.5%	11.7	12.6	13.7	14.8	16.2

Source: Alantra

Main risks

We believe that the main risks related to STAR7's business can be summarised in the following factors:

High concentration of the client portfolio. STAR7 has a concentrated portfolio of clients. The main client (Apple, through LocalEyes) accounts for 23% of 2020PF sales (TOP5 clients at 66%). The loss of a large client and/or a significant reduction of the share of wallet could have a strong negative impact on the top line of the group. We highlight that STAR7 has strong links and long relationships with its main clients. Furthermore, the remaining portion of the portfolio is highly diversified, as the group worked with >900 clients in 2020PF.

Disruptive technological changes in Global Content and Printing. Development of AI (Machine Translation and Natural Language Processing) could completely replace the human translation work. Digitalisation could completely replace paper printing in the future. We highlight that STAR7 broadly uses AI technologies today to support translators, but the quality of the final output needs a "last mile" by an experienced professional. The group's Printing equipment is not just used for documents (unlikely to disappear in the foreseeable future), but also for packaging printing.

Change of control of LocalEyes could have negative repercussions on the links with Apple. We highlight that relationships between LocalEyes and Apple started in 1997. LocalEyes should become the group's company dedicated to Apple, without changes in the relationships. By contrast, Apple could receive additional services in the future, leveraging on the broad offer of STAR7.

Exposure to product innovation cycles. STAR7 is not exposed to volumes sold by clients, but to their new product launches and innovation. Cancellations and / or postponements could have a negative impact on the group. Product launches are also somehow linked to economic cycles. However, we highlight that the group is significantly diversified by client sector. In addition, the cost structure mainly consists of variable costs. In 2020, EBITDA margin was down by only 160bp despite a strong top line decline (-15%).

The Experience business could partially cannibalize other divisions. The use of cutting-edge technologies provided by the Experience division could cannibalise some activities of the Product Knowledge business (physical training) or the Printing business. We highlight that replacement should not be total and that the potential overlapping is limited to a small portion of the business.

Business links with the main shareholders. STAR7 has related party transactions with the two main shareholders. However, the amounts are relatively small (around Eu1mn in total in 2020, or <2% of 2020PF sales).

High Working Capital requirements. STAR7 has historically high NCW/Sales. The group is exposed to large Italian corporates, which are usually bad payers. However, on the other side of the coin, credit risk is very limited. Moreover, consolidation of LocalEyes, which cashes in receivables from Apple in few days, will significantly improve consolidated NWC/Sales.

High financial leverage. Funding for the acquisition of LocalEyes has significantly leveraged the BS: Net Debt / EBITDA at 2.6x in 2021PF. We believe that the high expected FCF generation profile should trigger a relatively fast deleverage: Net Debt / EBITDA at 0.1x in 2024E. The group has available cash, therefor enabling it to fund its debt reimbursement schedule, investments in business development and potential M&A, in our view.

Appendix

STAR7 – Revenue breakdown

Eu mn	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY20PF	FY21PF	20A-24E CAGR	20PF-24E CAGR
Global content	**17.1**	**14.4**	**19.4**	**38.2**	**42.2**	**45.9**	**32.8**	**33.8**	**34%**	**9%**
YoY Growth		-15%	35%	97%	10%	9%		3%		
on net revenues %	33%	33%	36%	50%	50%	50%	53%	49%		
Printing	**8.5**	**5.9**	**9.4**	**10.5**	**11.6**	**12.7**	**5.9**	**9.4**	**21%**	**21%**
YoY Growth			54%	12%	11%	9%		69%		
on net revenues %	17%	14%	17%	14%	14%	14%	9%	14%		
Engineering, Product Knowledge, Experience	**25.6**	**23.2**	**25.8**	**28.0**	**30.3**	**32.8**	**23.2**	**25.8**	**9%**	**9%**
YoY Growth		-10%	12%	8%	8%	8%		10%		
on net revenues %	50%	53%	47%	36%	36%	36%	38%	37%		
Net revenues	**51.1**	**43.5**	**54.6**	**76.7**	**84.1**	**91.5**	**61.8**	**69.0**	**20%**	**10%**
YoY Growth	*19.1%*	*-14.9%*	*25.6%*	*40.4%*	*9.6%*	*8.8%*		*11.7%*		
Organic			*20.8%*	*14.0%*	*9.6%*	*8.8%*				
M&A			*4.7%*	*26.4%*	*0.0%*	*0.0%*				
Other revenues	2.4	1.3	1.3	1.3	1.3	1.3	1.6	1.6		
YoY Growth		*-45.8%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		*0.0%*		
Revenues	53.7	44.6	55.9	78.0	85.4	92.8	63.1	70.6	20%	10%
YoY Growth		*-16.9%*	*25.4%*	*39.4%*	*9.5%*	*8.7%*		*11.9%*		

Source: Company data for historical figures, Alantra estimates. Note: PF figures include consolidation of LocalEyes from the beginning of the year

STAR7 – P&L

Eu mn	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY20PF	FY21PF	20A-24E CAGR	20PF-24E CAGR
Global content	17.1	14.4	19.4	38.2	42.2	45.9	32.8	33.8	34%	9%
YoY Growth		-15%	35%	97%	10%	9%		3%		
on net revenues %	33%	33%	36%	50%	50%	50%	53%	49%		
Printing	8.5	5.9	9.4	10.5	11.6	12.7	5.9	9.4	21%	21%
YoY Growth			54%	12%	11%	9%		69%		
on net revenues %	17%	14%	17%	14%	14%	14%	9%	14%		
Engineering, Product Knowledge, Experience	25.6	23.2	25.8	28.0	30.3	32.8	23.2	25.8	9%	9%
YoY Growth		-10%	12%	8%	8%	8%		10%		
on net revenues %	50%	53%	47%	36%	36%	36%	38%	37%		
Net revenues	51.1	43.5	54.6	76.7	84.1	91.5	61.8	69.0	20%	10%
YoY Growth	*19.1%*	*-14.9%*	*25.6%*	*40.4%*	*9.6%*	*8.8%*		*11.7%*		
Organic			*20.8%*	*14.0%*	*9.6%*	*8.8%*				
M&A			*4.7%*	*26.4%*	*0.0%*	*0.0%*				
Other revenues	2.4	1.3	1.3	1.3	1.3	1.3	1.6	1.6		
YoY Growth		*-45.8%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		*0.0%*		
Revenues	53.7	44.6	55.9	78.0	85.4	92.8	63.1	70.6	20%	10%
YoY Growth		*-16.9%*	*25.4%*	*39.4%*	*9.5%*	*8.7%*		*11.9%*		
Consumables	(3.6)	(2.8)	(3.5)	(3.4)	(3.8)	(4.1)	(2.8)	(3.1)		
YoY Growth		*-22.2%*	*25.8%*	*-2.6%*	*9.5%*	*8.7%*		*11.9%*		
on revenues %		*-6.3%*	*-6.3%*	*-4.4%*	*-4.4%*	*-4.4%*	*-4.4%*	*-4.4%*		
Services	(23.3)	(19.1)	(20.1)	(32.0)	(34.7)	(37.3)	(28.6)	(29.8)		
YoY Growth		*-18.0%*	*5.4%*	*59.2%*	*8.4%*	*7.3%*		*4.1%*		
on revenues %		*-42.8%*	*-36.0%*	*-41.1%*	*-40.7%*	*-40.2%*	*-45.3%*	*-42.1%*		
Third parties' assets	(1.4)	(1.4)	(1.7)	(2.3)	(2.5)	(2.7)	(1.8)	(2.0)		
YoY Growth		*0.0%*	*23.8%*	*30.4%*	*9.5%*	*8.7%*		*11.9%*		
on revenues %		*-3.1%*	*-3.1%*	*-2.9%*	*-2.9%*	*-2.9%*	*-2.9%*	*-2.9%*		
Personnel	(18.6)	(15.9)	(20.1)	(23.4)	(25.6)	(27.8)	(19.4)	(21.2)		
YoY Growth		*-14.5%*	*26.6%*	*16.2%*	*9.5%*	*8.7%*		*9.2%*		
on revenues %		*-35.7%*	*-36.0%*	*-30.0%*	*-30.0%*	*-30.0%*	*-30.7%*	*-30.0%*		
Other	(0.8)	(1.1)	(1.4)	(1.6)	(1.8)	(1.9)	(1.3)	(1.5)		
YoY Growth		*37.5%*	*27.1%*	*17.1%*	*9.5%*	*8.7%*		*11.9%*		
on revenues %		*-2.5%*	*-2.5%*	*-2.1%*	*-2.1%*	*-2.1%*	*-2.1%*	*-2.1%*		
EBITDA Adj.	5.9	4.3	9.0	15.2	17.0	18.9	9.2	13.1	45%	20%
YoY Growth		*nm*	*109.3%*	*69.0%*	*11.7%*	*11.4%*		*42.0%*		
on revenues %	*11.0%*	*9.6%*	*16.1%*	*19.5%*	*19.9%*	*20.4%*	*14.6%*	*18.5%*		
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
EBITDA	6.0	4.3	9.0	15.2	17.0	18.9	9.2	13.1	45%	20%
YoY Growth		*-28.3%*	*109.3%*	*69.0%*	*11.7%*	*11.4%*		*42.0%*		
on revenues %	*11.2%*	*9.6%*	*16.1%*	*19.5%*	*19.9%*	*20.4%*	*14.6%*	*18.5%*		
D&A	(1.7)	(1.7)	(3.6)	(5.9)	(5.9)	(6.0)	(5.2)	(6.2)		
YoY Growth	*80.8%*	*31.0%*	*111.8%*	*63.1%*	*0.8%*	*0.9%*		*19.2%*		
on revenues %	*-3.2%*	*-3.8%*	*-6.4%*	*-7.5%*	*-6.9%*	*-6.4%*	*-8.2%*	*-8.8%*		
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
on revenues %	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*		*0.0%*		
EBIT Adj.	4.2	2.5	6.3	13.5	15.3	17.2	7.9	10.7	62%	21%
YoY Growth		*nm*	*nm*	*nm*	*nm*	*12.3%*		*35.0%*		
on revenues %	*7.8%*	*5.6%*	*11.2%*	*17.4%*	*17.9%*	*18.5%*	*12.5%*	*15.1%*		
Adjustments	0.0	0.0	(0.9)	(4.2)	(4.2)	(4.2)	(3.8)	(3.8)		
EBIT	4.2	2.5	5.4	9.3	11.1	13.0	4.1	6.9	51%	33%
YoY Growth		*-40.5%*	*116.0%*	*72.9%*	*18.6%*	*17.0%*	*64.0%*	*67.5%*		
on revenues %	*7.8%*	*5.6%*	*9.7%*	*12.0%*	*13.0%*	*14.0%*	*6.5%*	*9.7%*		
Net financial income (costs)	(0.2)	(0.4)	(1.3)	(1.8)	(1.6)	(1.3)	(1.7)	(1.7)		
on revenues %	*-0.4%*	*-0.9%*	*-2.3%*	*-2.3%*	*-1.9%*	*-1.3%*	*-2.7%*	*-2.4%*		
Pre-tax profits	4.0	2.1	4.1	7.5	9.4	11.7	2.4	5.2	54%	49%
YoY Growth		*nm*	*nm*	*nm*	*nm*	*24.0%*		*115.3%*		
on revenues %	*7.4%*	*4.7%*	*7.3%*	*9.6%*	*11.1%*	*12.6%*	*3.8%*	*7.3%*		
Taxes	(1.5)	(0.4)	(1.1)	(2.1)	(2.6)	(3.3)	(0.7)	(1.4)		
tax rate %	37.5%	19.0%	28.0%	28.0%	28.0%	28.0%	29.2%	28.0%		
Minorities	(0.2)	(0.2)	(0.2)	(0.5)	(0.6)	(0.7)	(0.2)	(0.2)		
Net Profit	2.3	1.5	2.7	5.0	6.2	7.7	1.5	3.5	51%	51%
YoY Growth		*-34.8%*	*80.4%*	*83.1%*	*25.8%*	*24.0%*		*131.6%*		
on revenues %	*4.3%*	*3.4%*	*4.8%*	*6.4%*	*7.3%*	*8.3%*	*2.4%*	*4.9%*		
Restated Net Profit	2.3	1.5	3.3	8.0	9.3	10.8	4.2	6.2	64%	27%
YoY Growth		*nm*	*nm*	*nm*	*nm*	*16.2%*		*48.2%*		
on revenues %	*4.3%*	*3.4%*	*6.0%*	*10.2%*	*10.8%*	*11.6%*	*6.6%*	*8.8%*		

Source: Company data, Alantra estimates from 2021. Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec and Eu3mn Capital Increase by Kairos for the FY

STAR7 – Balance Sheet

(Eu mn)		FY19A	FY20E	FY21E	FY22E	FY23E	FY24E	FY20PF
Inventory		0.7	0.7	1.1	1.2	1.4	1.5	1.0
	% net sales	*0.0%*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Days of Inventory	*5*	*6*	*6*	*6*	*6*	*6*	*6*
Receivables		26.4	24.0	27.5	30.3	33.0	35.6	24.6
	% net sales	*49.2%*	*53.8%*	*49.1%*	*38.9%*	*38.7%*	*38.4%*	*39.0%*
	DSO	186	199	143	142	141	140	143
Payables		(6.4)	(6.7)	(7.7)	(8.4)	(9.1)	(9.8)	(7.3)
	% external costs	*13.4%*	16.6%	16.3%	13.3%	13.2%	13.2%	13.5%
	Days of payables	79	99	79	79	79	79	79
Other current assets		3.1	3.5	4.3	4.7	5.2	5.7	3.9
	% net sales	5.8%	7.8%	6.2%	6.2%	6.2%	6.2%	6.2%
Other current liabilities		(3.8)	(4.8)	(6.2)	(6.8)	(7.4)	(8.1)	(5.5)
	% net sales	-7.2%	-10.8%	-8.7%	-8.7%	-8.7%	-8.7%	-8.7%
Net Working capital		19.9	16.7	19.0	21.1	23.0	24.9	16.7
	% sales	37.0%	37.4%	34.0%	27.0%	26.9%	26.8%	26.5%
Proprerty, plant and equipment		4.6	5.4	5.3	4.9	4.6	4.3	5.7
Intangible assets		5.8	8.3	39.1	35.6	31.0	26.3	39.7
Total fixed assets		10.5	14.2	44.9	41.0	36.1	31.1	45.9
Employee pension benefits		(2.6)	(3.3)	(4.1)	(5.8)	(6.3)	(6.9)	(3.3)
Other liabilities (funds)		(0.1)	(0.3)	(0.4)	(0.5)	(0.6)	(0.6)	(0.3)
Net Invested Capital		27.7	27.3	59.4	55.8	52.2	48.6	59.0
Short Term debts				13.4	13.4	13.4	13.4	
Long Term debts				42.4	37.4	27.9	18.4	
Cash				(22.2)	(26.1)	(27.1)	(29.6)	
Net Debt (Cash)		16.8	16.3	33.6	24.7	14.2	2.2	45.0
Share capital			10.3	22.1	22.1	22.1	22.1	0.0
Reserves			0.0	0.0	2.7	7.7	13.9	0.0
Net result			0.0	2.7	5.0	6.2	7.7	0.0
Minorities			0.7	1.0	1.4	2.0	2.7	0.7
Shareholders Equity		10.9	11.0	25.8	31.2	38.0	46.4	14.0
Source of Funds		27.7	27.3	59.4	55.8	52.2	48.6	59.0

Source: Company data, Alantra estimates from 2021, Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec and Eu3mn Capital Increase by Kairos for the FY

STAR7 – Cash-flow statement

(Eu mn)	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY20PF	FY21PF
Net Profit			2.7	5.0	6.2	7.7		
Interests			1.3	1.8	1.6	1.3		
Taxes			1.1	2.1	2.6	3.3		
Losses (gains) of disposal of fixed assets			0.0	0.0	0.0	0.0		
Provisions			0.0	0.0	0.0	0.0		
D&A			3.6	5.9	5.9	6.0		
Change in net working capital			(2.3)	(2.1)	(1.9)	(1.9)		
Interests paid			(1.3)	(1.8)	(1.6)	(1.3)		
Taxes paid			(1.1)	(2.1)	(2.6)	(3.3)		
Use of funds			0.9	1.8	0.6	0.6		
Other operating items			0.2	0.5	0.6	0.7		
Cash flow from operating activities	(3.0)	6.0	5.1	11.0	11.4	13.1		
Intangibles	(2.2)	(5.3)	(2.5)	(1.5)	(0.5)	(0.5)		
Tangibles	0.0	0.0	(0.1)	(0.5)	(0.5)	(0.5)		
Financials	0.0	0.0	0.0	0.0	0.0	0.0		
Acquisitions	(3.1)	0.0	(31.7)	0.0	0.0	0.0		
Disposals	0.0	0.0	0.0	0.0	0.0	0.0		
Cash flow from investment activities	(2.2)	(5.3)	(34.3)	(2.0)	(1.0)	(1.0)		
% sales	*0.0%*	*0.0%*	*-61.3%*	*-2.6%*	*-1.2%*	*-1.1%*		
Change in shareholders equity	0.0	0.0	11.8	0.0	0.0	0.0		
Dividends	(0.8)	0.0	0.0	0.0	0.0	0.0		
Other items	0.0	0.0	0.0	0.0	0.0	0.0		
Change in NFP	(9.1)	0.5	(17.3)	9.0	10.4	12.1		
NFP at year beginning	0.0	(16.8)	(16.3)	(33.6)	(24.7)	(14.2)		
NFP at YE (debt)/cash	(16.8)	(16.3)	(33.6)	(24.7)	(14.2)	(2.2)		
Net Debt/EBITDA	*nm*	*3.8x*	*3.7x*	*1.6x*	*0.8x*	*0.1x*	*4.9x*	*2.6x*

Source: Company data, Alantra estimates from 2021, Note: Pro forma figures include the acquisitions of LocalEyes, GEO Group and Grafitec and Eu3mn Capital Increase by Kairos for the FY

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