



FINANCIAL STATEMENTS

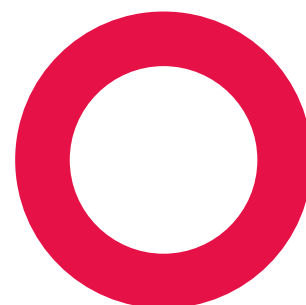
AS AT 31 DECEMBER 2021

STAR-7.COM



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Dear shareholders,

2021 was an extraordinary year for the STAR7 Group, which recorded an important growth momentum. This growth is the result of the synergy of several factors: a solid organic development, strategic acquisitions at international level – which accelerated business development – and the listing of STAR7 shares on the Euronext Growth Milan market.

The value of this success, for us, lies not so much in the performance itself, but with a view to the future. In fact, the figures of the 2021 Annual Report clearly show that the growth strategy we have shaped, are following and will pursue, is the right one, because it allows us to achieve a significant increase in revenues, with important results also in organic terms, while at the same time improving operating profitability, as demonstrated by the pro forma EBITDA Margin, which reached 18.2%.

Despite the huge financial commitment related to acquisitions made during the financial year, we closed 2021 with a Debt/EBITDA ratio calculated on pro-forma data that has already fallen to the more than normal level of 2x, a sign that we can count on a solid and balanced financial structure to look confidently ahead to the next external growth opportunities. Last but not least, the seamless integration of LocalEyes has made us aware that we have a well-organised structure on which to build new skills and professional resources, encouraging us to continue to explore aspects that can further boost the Group's development.

It is not only the quantity, but also the quality of results that confirm STAR7's reliability and vocation for growth, backed up by an important and constant commitment to innovation. And it is this very drive that has made the digital transformation of our services and developments in our offering possible, in contexts that were previously unimaginable, but have evolved even faster due to the pandemic - such as remote operation, Web3 and extended reality, enabling us to not only accompany customers in their development, but also anticipate their needs.

These are the cornerstones on which we are confidently laying the foundations for today's growth and tomorrow's development, towards ambitious but possible goals, certain that we will be accompanied by the people, who have always believed in this project, who have worked and are working to make it real and concrete, and who we have met and will meet along our journey, such as the shareholders who have decided to invest in STAR7's capital.

It is these people that I would like to most sincerely thank.

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

Corporate Governance

On 4 May 2021, the Board of Directors and the Board of Statutory Auditors were appointed, and will remain in office until the shareholders' meeting to approve the Financial Statements as at 31 December 2023.

The independent auditors will remain in office until the approval of the Financial Statements as at 31/12/2023.

Board of Directors

Lorenzo Mondo: Chairman of the Board of Directors and Chief Executive Officer

Josef Zibung: Director

Isabella Mondo: Director

Maria Luisa Vada: Director

Andrea Farina: Director

Roberto Manzoni: Director

Paolo Rebaudengo: Independent director

Board of Statutory Auditors

Fabio Venegoni: Chairman of the Board of Statutory Auditors

Alberto Bodiglio: Standing auditor

Vincenzo Gambaruto: Standing auditor

Cristiano Lenti: Alternate auditor

Stefano Cernuschi: Alternate Auditor

Independent Auditors

BDO Italia S.p.A.

Supervisory Board

pursuant to Legislative Decree 231/2001

Giordano Balossi

Paolo Sarzanini

Vincenzo Gambaruto



REPORT ON OPERATIONS

Consolidated report as at 31/12/2021

The Consolidated Report as at 31/12/2021 shows a positive consolidated result of:

€ 2,470,920
(€ 1,685,118 as at 31/12/2020)

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Operating conditions and business development

The STAR7 Group operates in the fields of translation and interpreting, the automation of translation processes and language technologies, technical authoring and engineering content, dedicated IT development, and on-demand printing.

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

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

COMPANY	REGISTERED OFFICE	SHAREHOLDING	CONTROL	ACTIVITY
STAR7 PRINTING S.R.L.	ASTI - ITALY	60%	60%	printing & logistics
STAR7 ENGINEERING S.R.L.	MARANELLO (MO) - ITALY	100%	100%	process engineering, VR, AR, IR
AD STUDIO S.R.L.	LUGO (RA) - ITALY	100%	100%	technical authoring
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE - BRAZIL	75%	75%	printing, logistics, technical authoring
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE - BRAZIL	75%	75%	logistics
STARCOM ARGENTINA S.A.S	CORDOBA - ARGENTINA	75%	75%	translation
STAR USA LLC	DOVER - DELAWARE - USA	100%	100%	translation, technical authoring
TECHWORLD LANGUAGE SERVICES INC.	TROY - MICHIGAN - USA	100%	100%	translation
THE GEO GROUP CORPORATION	MADISON - WISCONSIN - USA	100%	100%	translation
STAR7 ALBANIA SHPK	TIRANA - ALBANIA	100%	100%	translation, technical authoring
STAR7 GMBH	LINZ - AUSTRIA	100%	100%	translation, technical authoring
LOCALEYES LTD	CORK - IRELAND	100%	100%	translation
LOCALEYES TIRANA	TIRANA - ALBANIA	100%	100%	translation
LOCALEYES MADRID	MADRID - SPAIN	100%	100%	translation
LOCALEYES AMSTERDAM	AMSTERDAM - HOLLAND	100%	100%	translation
LOCALEYES HELSINKI	HELSINKI - FINLAND	100%	100%	translation
LOCALEYES USA	SAN FRANCISCO - USA	100%	100%	translation

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Operating performance

The 2021 financial year marked an important moment of growth for the STAR7 Group, with major transactions both in terms of growth through acquisitions and opening up to the market with the listing on Euronext Growth Milan in December. Significant M&A transactions were carried out during the year, which accelerated the Group's growth in the international arena.

March 2021 saw the finalisation of the acquisition of the production branch of Grafitec srl, which operates in the printing sector and specialises in defence sector documentation, both classified and standard, enabling STAR7 to expand its scope of business to the Aerospace & Defense industry.

In April, The Geo Group Corporation was acquired 100%, with the aim of increasing the Group's local presence in the United States, in the translation business, logistically positioning itself in an area where one of our global customers (CNH Group) is present, along with other interesting potential customers in the industrial sector to whom we can offer our services locally.

November saw the biggest acquisition, both in size and value, that STAR7 has made in its history.

It acquired 100% of the Cork-based company LocalEyes LTD in Ireland, which in turn controls five other companies in Europe and the USA, specialising in the translation business in the Tech sector in which the STAR7 Group was not yet present. This transaction has allowed the STAR7 Group to add the market-leading Apple brand to its premium customers. This will enable the STAR7 Group to have an increasingly qualified presence in the United States, which remains the leading market in terms of volume and development opportunities in the translation business.

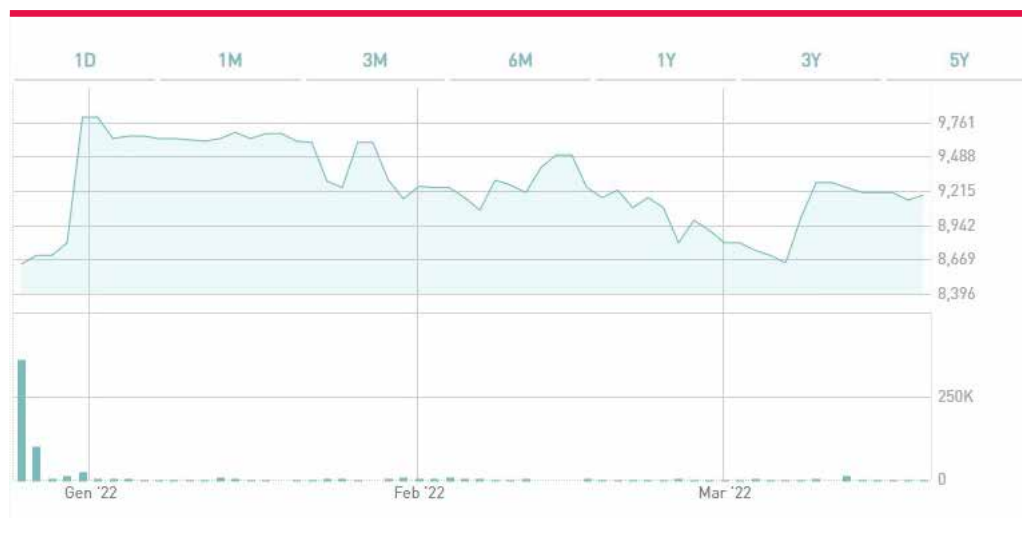
This transaction required a major financial commitment, supported by the excellent results of the acquired company, obtained through the issue of two mini-bonds, for a total value of 25 million, also listed on the Extra MOT3 market.

In addition, in November the Group began its journey to open up to minority interests through a reserved capital increase subscribed by the Kairos fund through its ELTIF Kairos Renaissance subfund, which provided further financial support for the completion of the LocalEyes acquisition.

After the acquisition, the STAR7 Group appeared on the market with a new, more international dimension, entering the tech sector through the market's most important customer.

With entry on the Borsa Italiana – Euronext Growth Milan – December finally marked the development of a project that had begun in 2020 and been put on hold by the Covid-19 pandemic. This project will launch STAR7 on a new path of international growth. 24.9% of capital was placed on the market, both through the sale of treasury shares in the portfolio and through a dedicated capital increase for a total of €15 million at a placement price of €8.25 per share, closing at the end of the first day at €8.63 per share. Kairos further increased its stake with another subscription during the IPO, to hold 6.1% through ELTIF Kairos Renaissance.

Share performance was positive.



Parallel to these activities, research and development in the area of Virtual, Immersive and Augmented Reality continued at a fast pace, through the realisation of products and solutions that respond extremely well to the ever-increasing demand for virtual businesses. Today, the STAR7 Group is able to deliver state-of-the-art solutions in the areas of Virtual Training, Virtual Showrooms and Product Experience, by making the most of its technical information management skills acquired over time through engineering and technical authoring.

Turnover, which had already recovered robustly in the first six months of the year after the slowdown due to the pandemic in the first half of 2020, confirmed its upward trend in the second half of the year as well.

Not only was the 2020 decrease recovered, there was also a 15% growth over 2019 (10% net of the effect of acquisitions), with the STAR7 Group returning to its traditional growth trend.

It is important to note the excellent performance of the Brazilian subsidiary, which registered an all-time record turnover in 2020, by increasing business with its customers and also by acquiring important new customers in the local market. The impact of this growth is not correctly reflected in the consolidated financial statements, due to the continuing unfavourable exchange rate of the Brazilian Real, which fell by a further 8.5% against the euro, compared to the average rate in 2020 (with an impact of approximately €0.5 million). With turnover from companies acquired during the year carried over to a full year, a sales CAGR of just under 20% for the 2013/2021 period was confirmed. In terms of sales distribution, Italy was the first market with 58% (76% in 2020) followed by the USA with 28% (8% in 2020) and Brazil with 6% (7% in 2020).

STAR7 has increasingly taken on the structure and configuration of a multinational company, positioning itself as a solid partner in offering its services to large international groups. Margins (EBITDA) also returned firmly to double digits, in percentage terms, reaching 15% (9.5% in 2020 and 11% in 2019), as a result of the rationalisation activities started in 2020, with the full effects seen in 2021, and also due to the growth of STAR7 Albania's offshoring business.

Financial performance, which was obviously affected by the indebtedness related to the acquisition of LocalEyes, was rebalanced by the funds raised through the IPO, and therefore the company is in a balanced situation, with the liquidity to continue its development process, which includes both internal growth and certainly also further M&A activities for which possible target companies had already been identified.

With these important activities carried out during 2021 and the results obtained, STAR7, although in an international context complicated by recent geopolitical events, began 2022 by confirming its growth process - renewing important long-term contracts and also acquiring major customers in sectors where it did not already have such a strong presence, particularly in the translation business. The outlook for the future continues to be positive, and scouting activities are ongoing, to identify strategic targets to acquire in order to continue our growth, especially in the international arena.

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Research and development activities

Pursuant to Article 2428, paragraph 3, number 1 of the Civil Code, the following disclosures are made:

During 2021, as well as in the previous five years, as in part already formally explained in the Report on the Parent Company's previous separate financial statements, the Group carried out research and development projects, eligible for subsidies pursuant to Article 3 of Decree 174 of 29 May 2015 of the Ministry of Economy and Finance (pursuant to Decree Law 145/2013 converted into Law 190/2014).

As a leading Group in the field of language and translation services, both on the national and international geographic market, we have in fact implemented Experimental Development Projects, where the development activity consisted in the conceptual definition and implementation of new products, processes or services. The Group has developed high value-added editorial technologies in the various Business Areas (Authoring, Language Services, After Sales), succeeding in developing innovative ideas and applications of already existing services, as well as co-developing – also with dedicated internal resources – and increasing the potential and integration of already available software and creating new integrated platforms.

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

Operating review of the sectors in which the Parent Company and the investee companies operate

As far as the Parent Company and its investee companies are concerned, the past year must be considered positive. The Parent Company and its investee companies increased their market share in both the translation and print/editorial sectors and significantly increased revenues in the defense sector.

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Summary of the Consolidated Report (figures in euros)

	31/12/2021	31/12/2020	CHANGE	CHANGE %
Net sales revenues	58,992,426	43,460,628	15,531,798	35.7%
Gross operating margin (M.O.L. or EBITDA)	8,264,051	4,251,334	4,012,717	94.4%
Operating income (EBIT)	3,990,782	2,524,714	1,466,068	58.1%
Consolidated net income	2,470,920	1,685,118	785,802	46.6%
Consolidated net income attributable to the Group	2,183,084	1,493,286	689,798	46.2%

	31/12/2021	31/12/2020	CHANGE	CHANGE %
Fixed assets	47,814,979	14,204,998	33,609,981	236.6%
Total net equity	25,505,057	11,023,143	14,481,914	131.4%
Net equity attributable to owners of the Parent	24,600,741	10,309,702	14,291,039	138.6%
Net financial position	31,908,255	16,322,432	15,585,823	95.5%

The change in the net financial position is a consequence of the transactions outlined above, with an increase in debt of €25 million related to the issue of minibonds for the acquisition of LocalEyes, offset by the increase in liquidity following the pre-IPO capital increase subscribed by Kairos (€3 million) and the funds raised during the IPO (€15 million).

Key consolidated income data

The reclassified consolidated income statement compared with the income statement for the same period of the previous year is shown below (in euros):

	31/12/2021	31/12/2020	CHANGE	CHANGE %
Net revenues	58,992,426	43,460,628	15,531,798	35.7%
Other income	1,003,507	1,349,637	-346,130	-25.6%
Changes in inventories and increases in fixed assets	28,824	-205,116	233,940	-114.1%
External costs	-28,767,306	-24,286,991	-4,480,315	18.4%
VALUE ADDED	31,257,451	20,318,158	10,939,293	53.8%
Personnel costs	-22,977,581	-15,936,832	-7,040,749	44.2%
EBITDA	8,279,870	4,381,326	3,898,544	89.0%
Amortisation, depreciation, write-downs and other provisions	-4,289,087	-1,856,612	-2,432,475	131.0%
EBIT	3,990,783	2,524,714	1,466,069	58.1%
Financial income and charges	-632,967	-317,711	-315,256	99.2%
PROFIT(LOSS) BEFORE NON-RECURRING ITEMS	3,357,816	2,207,003	1,150,813	52.1%
Revaluations and write-downs	751	-73,589	74,340	-101.0%
PROFIT BEFORE TAX	3,358,567	2,133,414	1,225,153	57.4%
Income Taxes	-887,647	-448,296	-439,351	98.0%
NET PROFIT(LOSS)	2,470,920	1,685,118	785,802	46.6%

In order to provide a clearer picture of the Group's earnings performance, the following table shows certain profitability indicators compared with the same indicators for previous years' financial statements.

	31/12/2021	31/12/2020
ROE	9.7%	15.3%
ROI	7.0%	9.2%
ROS	6.8%	5.8%

Key consolidated balance sheet data

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

	31/12/2021	31/12/2020	CHANGE	CHANGE %
Intangible fixed assets	41,085,421	8,305,500	32,779,921	394.7%
Property, plant and equipment	6,468,229	5,387,641	1,080,588	20.1%
Equity investments and other financial fixed assets	261,329	511,857	-250,528	-48.9%
CAPITAL ASSETS	47,814,979	14,204,998	33,609,981	236.6%
Inventories	1,414,322	734,851	679,471	92.5%
Trade receivables	23,599,347	23,577,315	22,032	0.1%
Receivables due from associated and unconsolidated subsidiaries	1,564,767	371,187	1,193,580	321.6%
Other receivables	4,661,684	2,664,266	1,997,418	75.0%
Accrued income and prepaid expenses	1,632,214	873,399	758,815	86.9%
SHORT-TERM OPERATING ASSETS	32,872,334	28,221,018	4,651,316	16.5%
Trade payables	-7,216,649	-5,582,035	-1,634,614	29.3%
Payables to associated companies and unconsolidated subsidiaries	-548,416	-1,110,143	561,727	-50.6%
Payments on account	-	-	0	0.0%
Tax and social security payables	-2,481,535	-1,423,984	-1,057,551	74.3%
Other payables	-5,503,030	-1,956,470	-3,546,560	181.3%
Accrued expenses and deferred income	-3,124,301	-1,192,633	-1,931,668	162.0%
SHORT-TERM OPERATING LIABILITIES	-18,873,930	-11,265,265	-7,608,665	67.5%
NET WORKING CAPITAL	13,998,404	16,955,753	-2,957,349	-17.4%
Provision for severance pay	-3,900,178	-3,280,750	-619,428	18.9%
Taxes and social security payables (beyond the year)	-	-	0	0.0%
Other medium- and long-term liabilities	-499,892	-534,426	34,534	-6.5%
MEDIUM-/LONG-TERM LIABILITIES	-4,400,070	-3,815,176	-584,894	15.3%
INVESTED CAPITAL	57,413,313	27,345,575	30,067,738	110.0%
Net equity	-25,505,057	-11,023,143	-14,481,914	131.4%
Medium-/long-term net financial position	-42,721,439	-13,489,730	-29,231,709	216.7%
Short-term net financial position	10,813,184	-2,832,702	13,645,886	-481.7%
EQUITY AND NET FINANCIAL DEBT	-57,413,313	-27,345,575	-30,067,738	110.0%

The reclassified balance sheet shows the Group's financial strength (i.e. its ability to maintain a financial balance in the medium/long term).

In order to provide a better description of the Group's financial solidity, the table below shows some balance sheet ratios concerning both (i) the methods of financing medium/long-term loans and (ii) the composition of the sources of funding, compared with the same ratios for the previous year.

	31/12/2021	31/12/2020
Primary structural margin (net equity - fixed assets)	-22,309,922	-3,181,855
QPrimary structure quotient (net equity / fixed assets)	0.53	0.78
Secondary structure margin (net equity + long-term liabilities - fixed assets)	-28,723,036	3,466,023
Secondary structure quotient (net equity + long-term liabilities / fixed assets)	0.40	1.24

Financial highlights

The net financial position as at 31/12/2021 was as follows (in euros):

	31/12/2021	31/12/2020	CHANGE
Bank deposits	23,478,324	5,991,502	17,486,822
Cash and other valuables on hand	7,214	5,017	2,197
LIQUID FUNDS	23,485,538	5,996,519	17,489,019
CURRENT FINANCIAL ASSETS	-	-	-
Due to banks (within one year)	-10,230,468	-8,484,519	-1,745,949
Payables due to other financial institutions (within one year)	-2,441,886	-344,702	-2,097,184
Bonds (due within the next financial year)	-	-	-
Financial receivables	-	-	-
SHORT-TERM FINANCIAL PAYABLES	-12,672,354	-8,829,221	-3,843,133
SHORT-TERM NET FINANCIAL POSITION	10,813,184	-2,832,702	13,645,886
Due to banks (beyond the next financial year)	-12,867,995	-11,675,197	-1,192,798
Due to other financial institutions (beyond the subsequent year)	-4,853,444	-1,814,533	-3,038,911
Bonds (due after the next financial year)	-25,000,000	-	-25,000,000
Financial receivables	-	-	-
MEDIUM- AND LONG-TERM NET FINANCIAL POSITION	-42,721,439	-13,489,730	-29,231,709
NET FINANCIAL POSITION	-31,908,255	-16,322,432	-15,585,823

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

	31/12/2021	31/12/2020
Primary liquidity	1.74	1.67
Secondary liquidity	1.79	1.70
Indebtedness (Financial debt / Equity)	2.17	2.02
Primary coverage rate of fixed assets	0.53	0.78
Secondary coverage rate of fixed assets	1.52	1.99
Net financial debt/equity	1.25	1.48
EBITDA/net financial expense	13.06	13.38
Net financial debt / EBITDA	3.86	3.84

The primary liquidity ratio (not counting inventories) is 1.73. The company's current financial position is to be considered good.

The secondary liquidity ratio is 1.78. The value assumed by the net working capital is certainly satisfactory in relation to the amount of current payables.

The debt ratio is 2.17. The amount of debt is considered appropriate in relation to existing shareholders' equity.

The coverage ratio of fixed assets of 1.52 shows that the amount of consolidated equity and debt is appropriate in relation to the amount of fixed assets. Shareholders' equity together with consolidated payables are considered to be of an appropriate amount in relation to the amount of fixed assets. The last index means that Ebitda would theoretically be able to reduce net debt to zero in about 3.8 years.

Environmental and personnel information

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

Environment

The Company does not engage in polluting industrial processes.

Staff

No on-the-job deaths occurred during the year among personnel listed in the register. During the year, there were no serious occupational accidents that resulted in serious or very serious injuries to personnel on the payroll, not even as a result of Covid-19. During the year there were no charges relating to occupational illnesses on employees or former employees and mobbing cases.

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Investments

During the first half of the year, investments were made in the following areas:

FIXED ASSETS	ACQUISITIONS DURING THE YEAR
Land and buildings	25,064
Plant and machinery	650,223
Industrial and commercial equipment	6,083
Other assets	131,356
Assets under development/construction and payments on account	0
TOTAL	812,726

The largest item of investment was absorbed by plant and machinery purchased by the Brazilian subsidiary STAR Comunicação.

Relations with associated, parent and sister companies

"STAR Comunicação e Serviços - SCP" is a 50/50 partnership between "STAR Comunicação e Serviços Ltda" and "STAR do Brasil" (a subsidiary of STAR AG), valued using the equity method at €38,541 already in the individual financial statements of the subsidiary "STAR Comunicação e Serviços Ltda" (€13,016 as at 31/12/2020) and STAR Comunicacao e Serviços Felipe Caputo SCP2 valued by the equity method at €3,178 already in the individual financial statements of the subsidiary "STAR Comunicação e Serviços Ltda".

Name	City, if in Italy, or foreign country	Tax code (Italian companies)	Share capital	Profit (loss) for the last financial year	Net equity	Share held	Value in the financial statements*
STAR Comunicação e Serviços - SCP	Brazil	-	-	not avail.	81,250	50%	40,625
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	120,000
							160,625

*Book value or corresponding receivable

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

ASSOCIATED COMPANIES	TRADE RECEIVABLES	SUNDRY RECEIVABLES	TRADE PAYABLES	TRADE REVENUES	COMMERCIAL COSTS
STAR AG	1,077,354		66,139	442,536	406,950
TOTH COMUNICAÇÃO E LOGISTICA LTDA		262,367			
STAR DEUTSCHLAND GMBH	43,282		8,087	165,190	14,066
STAR PARIS	37,685		7,782	83,638	8,134
STAR TECHNOLOGY SOLUTIONS	28,094		639	34,740	315
STAR Software, Translation, Artwork, Recording GmbH	18,380			14,176	2,786
STAR JAPAN CO., LTD	8,115			13,876	106,659
STAR UK LIMITED	5,557		14,025	15,423	63,632
STAR SA	5,484		35	3,823	85
STAR GROUP SCANDINAVIA AB	3,252		2,090	18,725	15,164
STAR GROUP AMERICA, LLC	2,023				
STAR CZECH S.R.O.	587		57,301	8,354	269,951
STAR SERVICIOS LINGUISTICOS SLU	356				
STAR Information Services Ltd. Sti.	112				
DANTE SRL			20,780		480,000
STAR POLAND			44,737		156,218
STAR COMUNICAÇÃO E SERVIÇOS - SCP			44,001		
STAR PREVAJALSKE STORITVE D.O.O Ljubljana			39,633		246,640
STAR JAPAN TOKYO			27,717		
IAMDEV			27,118		
STAR SERV.LINGUISTICOS LDA			26,406		160,573
STAR INFORMATION ENGINEERING S.L.			22,031	107	82,194
STAR SERVICIOS LINGUISTICOS - BARCELONA			21,721	1,116	17,027
STAR SOFTWARE SHANGHAI CO. LTD			18,647		65,627
STAR HUNGARY KFT			16,246		62,210
STAR EGYPT MIDDLE EAST LTD CAIRO			15,904		26,933
STAR Information Services & Tools S.R.L.			12,023		60,164
STAR KOREA AG			11,137		18,033
STAR SPB - RUSSIA			9,676		18,342
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD			8,863		12,652
STAR AG TAIWAN BRANCH			7,964		15,283
STAR GROUP AMERICA LLC			7,596	2,832	6,303
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA			5,159		11,362
STAR SOFTWARE INDONESIA			2,594		17,714
STAR TURKEY INF.SERVICES LTD STI			1,163		9,819
GRAFICA E EDITORA STARCOM LTDA			629		
STAR J&M FINNLAND OY			341		2,233
STAR CO., LTD			232		335
STAR VERTALINGEN B.V.					238
	1,230,281	262,367	548,416	804,536	2,357,642

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

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Information on risks and uncertainties pursuant to Article 2428, paragraph 3, point 6-bis, of the of the Civil Code

Credit risk

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

Liquidity risk

Note:

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

Market risk

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

- interest rate risk
- price risk
- exchange rate risk

Given the extent of the risks, the Group companies do not have any hedging activities in place. Key risks are constantly monitored by the Boards of Directors.

7

Information on treasury shares

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

8

Outlook

The trend of the first few months following 31/12/2021 confirmed a good performance in the first half of 2022, despite an international context complicated by recent geopolitical events. The outlook for the entire year 2022 points to the achievement of a net profit.

9

Fulfilments pursuant to Articles 375 and 377 of Legislative Decree 14/2019 (Business Crisis Code)

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

The Companies of the Group have an adequate organisation and adequate instruments for the constant monitoring of corporate activities, economic and financial trends and a management control system.

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

Maranello, 28 March 2022

Chairman of the Board of Directors
Lorenzo Mondo



CONSOLIDATED FINANCIAL STATEMENTS

as at 31/12/2021

REGISTRY DETAILS

Headquarters in	ALESSANDRIA
Tax ID No	01255170050
REA Index number	AL 208355.
VAT No.	01255170050
Share capital in Euro	599,340
Legal form	JOINT-STOCK COMPANY (SPA)
Company in liquidation	no
Single member company	no
Company subject to management and coordination by another party	no
Group membership	yes
Name of the parent company	STAR7 S.p.A.
Country of the parent company	ITALY

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Consolidated Balance Sheet (figures in euros)

Assets

	31/12/2021	31/12/2020
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
1) Start-up and expansion costs	487,947	638,294
4) Industrial patents and intellectual property rights	1,496,238	1,330,619
5) Goodwill	35,533,588	4,805,043
6) Assets under development/construction and payments on account	306,738	668,223
7) Others	3,260,910	863,321
TOTAL INTANGIBLE ASSETS	41,085,421	8,305,500
II - PROPERTY, PLANT AND EQUIPMENT		
1) Land and buildings	2,050,999	2,017,589
2) Plant and machinery	3,052,019	2,278,378
3) Industrial and commercial equipment	38,641	135,761
4) Other assets	1,326,569	955,913
TOTAL PROPERTY, PLANT AND EQUIPMENT	6,468,228	5,387,641
III - FINANCIAL FIXED ASSETS		
1) Equity investments in		
a) subsidiaries	0	0
b) associated companies	161,719	133,016
Total equity investments	161,719	133,016
2) Receivables		
a) from subsidiaries		
due after the next financial year	-	224,199
Total receivables from subsidiaries	-	224,199
b) from associates		
due after the next financial year	-	55,519
Total receivables from associated companies	-	55,519
d-bis) from others		
due after the next financial year	99,610	99,123
Total receivables from others	99,610	99,123
Total receivables	99,610	378,841
TOTAL FINANCIAL FIXED ASSETS	261,329	511,857
TOTAL FIXED ASSETS (B)	47,814,978	14,204,998

	31/12/2021	31/12/2020
C) C) CURRENT ASSETS		
I - INVENTORIES		
1) Raw and ancillary materials and consumables	825,277	457,877
2) Work in progress and semi-finished products	393,092	-
4) Finished products and goods	191,264	276,974
5) Payments on account	4,689	-
TOTAL INVENTORIES	1,414,322	734,851
II - RECEIVABLES		
1) from customers		
due within the next financial year	23,599,347	23,577,315
Total trade receivables	23,599,347	23,577,315
2) from subsidiaries		
due within the next financial year	72,120	15,875
Total receivables from subsidiaries	72,120	15,875
3) from associates		
due within the next financial year	1,492,648	355,312
Total receivables from associated companies	1,492,648	355,312
5-bis) tax receivables		
due within the next financial year	2,411,907	1,617,032
Total tax receivables	2,411,907	1,617,032
5-ter) Deferred tax assets/liabilities	477,315	420,594
5-quater) from others		
due within the next financial year	1,772,461	626,640
Total receivables from others	1,772,461	626,640
TOTAL RECEIVABLES	29,825,798	26,612,768
IV - CASH AND CASH EQUIVALENTS		
1) Bank and postal deposits	23,478,324	5,991,502
3) Cash and cash equivalents	7,214	5,017
TOTAL CASH AND CASH EQUIVALENTS	23,485,538	5,996,519
TOTAL CURRENT ASSETS (C)	54,725,658	33,344,138
D) ACCRUALS AND DEFERRALS		
	1,632,214	873,399
TOTAL ASSETS	104,172,850	48,422,535

Liabilities

	31/12/2021	31/12/2020
A) EQUITY ATTRIBUTABLE TO OWNERS OF THE GROUP		
I - CAPITAL	599,340	500,000
II - SHARE PREMIUM RESERVE	11,728,160	-
IV - LEGAL RESERVE	100,000	100,000
VI - OTHER RESERVES, INDICATED SEPARATELY		
Special reserve	7,923,536	7,291,413
Capital contributions	2,846	2,846
Consolidation reserve	2,434,709	1,765,173
Reserve from translation differences	(736,674)	(822,498)
Misc. other reserves	409,324	19,321
TOTAL OTHER RESERVES	10,033,741	8,256,255
VII - RESERVE FOR TRANSACTIONS TO HEDGE EXPECTED CASH FLOWS	(43,584)	(39,839)
IX - PROFIT (LOSS) FOR THE YEAR	2,183,084	1,493,286
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	24,600,741	10,309,702
MINORITY INTERESTS		
Capital and reserves attributable to minority interests	616,480	521,609
Profit (loss) attributable to minority interests	287,836	191,832
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	904,316	713,441
TOTAL CONSOLIDATED NET EQUITY	25,505,057	11,023,143
B) PROVISIONS FOR RISKS AND CHARGES		
1) For pensions and similar obligations	154,930	90,930
2) For taxes, including deferred taxes	237,331	225,525
3) Financial derivative liabilities	57,631	53,546
4) others	50,000	164,425
TOTAL PROVISIONS FOR RISKS AND CHARGES	499,892	534,426

	31/12/2021	31/12/2020
C) EMPLOYEE SEVERANCE INDEMNITY		
	3,900,178	3,280,750
D) PAYABLES		
1) Bonds		
due after the next financial year	25,000,000	-
Total bonds	25,000,000	-
4) Borrowings from banks		
due within the next financial year	10,230,468	8,484,519
due after the next financial year	12,867,995	11,675,197
Total due to banks	23,098,463	20,159,716
5) Borrowings from other lenders		
due within the next financial year	2,441,886	344,702
due after the next financial year	4,853,444	1,814,533
Total borrowings from other lenders	7,295,330	2,159,235
7) Trade payables		
due within the next financial year	7,216,649	5,582,035
Total trade payables	7,216,649	5,582,035
9) Payables to subsidiaries		
due within the next financial year	-	7,857
Total payables to subsidiaries	-	7,857
10) Payables to associated companies		
due within the next financial year	548,416	1,102,286
Total payables to associated companies	548,416	1,102,286
12) Tax payables		
due within the next financial year	1,229,354	583,132
Total taxes payable	1,229,354	583,132
13) Due to social security institutions		
due within the next financial year	1,252,181	840,852
Total payables to social security institutions	1,252,181	840,852
14) Other payables		
due within the next financial year	5,503,029	1,956,470
Total other payables	5,503,029	1,956,470
TOTAL PAYABLES	71,143,422	32,391,583
E) ACCRUALS AND DEFERRALS		
	3,124,301	1,192,633
TOTAL LIABILITIES	104,172,850	48,422,535

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Consolidated Profit and Loss Account (figures in euros)

Income Statement

	31/12/2021	31/12/2020
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	58,992,426	43,460,628
2) Change in inventories of work in progress, semi-finished and finished products	(125,696)	(205,116)
3) Changes in contract work in progress	154,520	-
5) Other revenues and income		
grants related to income	701,750	666,070
others	301,757	683,567
Total other revenues and income	1,003,507	1,349,637
TOTAL VALUE OF PRODUCTION	60,024,757	44,605,149
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods	4,002,824	2,994,114
7) for services	22,537,958	19,108,749
8) leases and rentals	1,322,995	1,426,375
9) personnel		
a) wages and salaries	17,186,914	11,489,329
b) social security contributions	4,587,710	3,530,881
c) employees' leaving entitlement	947,769	798,697
e) other costs	255,189	117,925
Total personnel costs	22,977,582	15,936,832
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	2,960,696	1,101,567
b) depreciation of tangible fixed assets	1,248,573	585,053
d) write-downs of receivables included in current assets and of cash and cash equivalents	15,818	129,992
Total amortisation, depreciation and write-downs	4,225,087	1,816,612
11) Changes in inventories of raw, ancillary and consumable materials and goods	(243,228)	(236,629)
12) Provisions for risks	64,000	40,000
14) Sundry operating expenses	1,146,757	994,382
TOTAL COSTS OF PRODUCTION	56,033,975	42,080,435
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	3,990,782	2,524,714

	31/12/2021	31/12/2020
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) income other than the above		
others	44,265	19,634
Total income other than the above	44,265	19,634
Total other financial income	44,265	19,634
17) Interest and other financial expenses		
others	676,846	335,543
Total interest and other financial expenses	676,846	335,543
17-bis) exchange gains and losses	(386)	(1,802)
TOTAL FINANCIAL INCOME AND EXPENSES (15 + 16 - 17 + - 17-BIS)	(632,967)	(317,711)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES		
18) Write-backs		
a) equity investments	40,803	16,614
Total writebacks	40,803	16,614
19) Write-downs		
a) equity investments	40,052	90,203
Total write-downs	40,052	90,203
TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES (18 - 19)	751	(73,589)
PROFIT (LOSS) BEFORE TAX (A - B + - C + - D)	3,358,567	2,133,414
20) Current, deferred and prepaid income taxes for the period		
current taxes	962,661	576,914
Deferred tax assets and liabilities	(75,014)	(128,618)
Total current and deferred income tax assets and liabilities	887,647	448,296
21) Consolidated net income (loss) for the year	2,470,920	1,685,118
Result attributable to the group	2,183,084	1,493,286
Profit (loss) attributable to minority interests	287,836	191,832

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Consolidated cash flow statement, indirect method (figures in euros)

Cash flow statement, indirect method

	31/12/2021	31/12/2020
A) CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	2,470,920	1,685,118
Income Taxes	887,647	448,296
Interest expense/(income)	632,581	315,909
(Gains)/Losses from disposal of assets	(2,167)	30,953
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	3,988,980	2,480,276
Adjustments for non-cash items that did not have a balancing entry in net working capital		
Provisions	1,011,769	838,697
Depreciation/amortisation of fixed assets	4,209,269	1,686,620
Value adjustments to financial assets and liabilities of derivative financial instruments not involving monetary movements	4,085	73,590
Other adjustments up/(down) for non-cash items	(201,221)	-
Total adjustments for non-monetary items that did not have a balancing entry in net working capital	5,023,902	2,598,907
2) Cash flow before changes in net working capital	9,012,882	5,079,183
Change in net working capital		
Decrease/(Increase) in inventories	(679,471)	(76,284)
Decrease/(Increase) in trade receivables	(22,032)	2,208,143
Increase/(Decrease) in trade payables	1,634,614	(80,112)
Decrease/(Increase) in accrued income and prepaid expenses	(758,815)	(86,144)
Increase/(Decrease) in accrued expenses and deferred income	1,931,668	920,382
Other decreases/(Other increases) in net working capital	112,173	(639,159)
Total change in net working capital	2,218,137	2,246,826
3) Cash flow after changes in net working capital	11,231,019	7,326,009
Other adjustments		
Interest received/(paid)	(473,164)	(315,909)
(Income taxes paid)	(486,293)	(448,296)
(Use of provisions)	(401,158)	(281,796)
Total other adjustments	(1,360,615)	(1,046,001)
CASH FLOW FROM OPERATING ACTIVITIES (A)	9,870,404	6,280,008

	31/12/2021	31/12/2020
B) CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment		
(Investments)	(2,195,715)	(1,974,827)
Divestments	90,162	621,645
Intangible fixed assets		
(Investments)	(3,857,573)	(3,822,507)
Financial fixed assets		
(Investments)	(3,178)	(394,154)
Divestments	279,231	287,500
(Acquisition of subsidiaries net of cash and cash equivalents)	(31,630,496)	-
CASH FLOW FROM INVESTING ACTIVITIES (B)	(37,317,569)	(5,282,343)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Loan funds		
Increase/(Decrease) in short-term payables to banks	(42,275)	(7,581,713)
Financing	35,127,990	10,370,470
(Repayment of loans)	(2,010,873)	(966,855)
Own funds		
Paid capital increase	11,827,500	-
CASH FLOW FROM FINANCING ACTIVITIES (C)	44,902,342	1,821,902
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	17,455,177	2,819,567
Exchange rate effect on cash and cash equivalents	33,841	(235,651)
Cash and cash equivalents at beginning of year		
Bank and postal deposits	5,991,502	3,402,622
Cash and cash equivalents	5,017	9,981
Total cash and cash equivalents at beginning of year	5,996,519	3,412,603
Cash and cash equivalents at end of year		
Bank and postal deposits	23,478,324	5,991,502
Cash and cash equivalents	7,214	5,017
Total cash and cash equivalents at end of year	23,485,538	5,996,519
Acquisition or sale of subsidiaries		
Total fees paid or received	(28,977,542)	(1,150,000)
Part of the fees consisting of cash and cash equivalents	2,382,098	-
Cash acquired or disposed of through acquisition/disposal of subsidiaries	2,382,098	-

NOTES TO THE

Consolidated Financial Statements as at 31/12/2021

1

Introduction

The STAR7 Group Consolidated Financial Statements as at 31 December 2021 include the financial statements of the parent company STAR7 S.p.A. and of the Group companies directly or indirectly controlled by it.

Activities performed

The STAR7 S.p.A. Group carries out activities of production and translation of technical documentation, interpreting, automation of editorial processes, dedicated IT development, printing on demand and is distinguished by its competence and experience. During 2021, commercial transactions were carried out with the associated companies Dante s.r.l., IAM.DEV. S.r.l. and STAR AG and other minor subsidiaries of STAR AG for the provision of services regulated according to market criteria.

The Notes to the Financial Statements provide details of the positive effects, whilst the Report on Operations provides full details of the extraordinary operations that took place during the year.

Research and development activities

In 2021, STAR7 S.p.A. Group continued to develop Research and Development Projects (Law Decree 145/2013), eligible for subsidies pursuant to Article 3 of Decree 174 of 29 May 2015 of the Ministry of Economy and Finance, including with some of its subsidiaries.

It has been decided to consider this activity worthy of recognition in these Financial Statements both for tax purposes, with the consequent determination of a Research and Development Credit to be used as compensation, and for accounting purposes, with the recognition of income under "Other revenues" equal to €557,095 (activities carried out by STAR7 S.p.A. and STAR7 Engineering s.r.l.). This resulted in the recognition of a research and development credit against the full recognition in the income statement of the eligible costs underlying the calculation.

Significant events occurring during the year

The 2021 financial year was decisive in the STAR7 Group's growth, with major transactions both in terms of growth through acquisitions and opening up to the market with the listing on Euronext Growth Milan in December.

Significant M&A transactions were carried out during the year, which accelerated the Group's growth in the international arena.

March 2021 saw the finalisation of the acquisition of the production branch of Grafitec srl, which operates in the printing sector and specialises in defence sector documentation, both classified and standard, enabling STAR7 to expand its scope of business to the Aerospace & Defense industry.

In April, The Geo Group Corporation was acquired 100%, with the aim of increasing the Group's local presence in the United States, in the translation business, logistically positioning itself in an area where one of our global customers (CNH Group) is present, along with other interesting potential customers in the industrial sector to whom we can offer our services locally.

November saw the biggest acquisition, both in size and value, that STAR7 has made in its history.

It acquired 100% of the Cork-based company LocalEyes LTD in Ireland, which in turn controls five other companies in Europe and the USA, specialising in the translation business in the Tech sector in which the STAR7 Group was not yet present. This transaction has allowed the STAR7 Group to add the market-leading Apple brand to its premium customers. This will enable the STAR7 Group to have an increasingly qualified presence in the United States, which remains the leading market in terms of volume and development opportunities in the translation business.

This transaction required a major financial commitment, supported by the excellent results of the acquired company, obtained through the issue of two mini-bonds, for a total value of €25 million, also listed on the Extra MOT3 market. In addition, in November the Group began its journey to open up to minority interests through a reserved capital increase subscribed by the Kairos fund through its ELTIF Kairos Renaissance subfund, which provided further financial support for the completion of the LocalEyes acquisition. After the acquisition, the STAR7 Group appeared on the market with a new, more international dimension, entering the tech sector through the market's most important customer.

With entry on the Borsa Italiana - Euronext Growth Milan - December finally marked the development of a project that had begun in 2020 and been put on hold by the Covid-19 pandemic. This project will launch STAR7 on a new path of international growth. 24.9% of capital was placed on the market, both through the sale of treasury shares in the portfolio and through a dedicated capital increase for a total of €15 million at a placement price of €8.25 per share, closing at the end of the first day at €8.63 per share.

Kairos further increased its stake with another subscription during the IPO, to hold 6.1% through ELTIF Kairos Renaissance.

2

Basis of presentation

The Consolidated Financial Statements of STAR7 S.p.A. Group have been prepared in accordance with Article 25 and following of Legislative Decree no. 127/1991 and include the Balance Sheet, Income Statement, Cash Flow Statement and the Explanatory Notes, which form an integral part thereof.

In addition to the attachments required by law, reconciliations are provided between the net result and shareholders' equity of the Parent Company and the respective values resulting from the Consolidated Financial Statements. The criteria used in the preparation of the Consolidated Financial Statements for the year ended 31/12/2021 and in measurements take into account the changes introduced into the national legal system by Legislative Decree 139/2015, through which Directive 2013/34/EU was implemented.

Figures in the Consolidated Financial Statements are in units of euro, rounding off the relative amounts. Any rounding differences were posted to the item "Euro rounding reserve" under shareholders' equity.

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

3

Scope and methods of consolidation

The Consolidated Financial Statements include the individual financial statements of the Parent Company STAR7 S.p.A. and of those companies in which STAR7 S.p.A. directly or indirectly holds the majority of voting rights at Ordinary General Meetings.

The separate/individual financial statements of the following subsidiaries have been consolidated on a line-by-line basis:

COMPANY	REGISTERED OFFICE	SHAREHOLDING	CONTROL	ACTIVITY
STAR7 PRINTING S.R.L.	ASTI - ITALY	60%	60%	printing & logistics
STAR7 ENGINEERING S.R.L.	MARANELLO (MO) - ITALY	100%	100%	process engineering, VR, AR, IR
AD STUDIO S.R.L.	LUGO (RA) - ITALY	100%	100%	technical authoring
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE - BRAZIL	75%	75%	printing, logistics, technical authoring
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE - BRAZIL	75%	75%	logistics
STAR USA LLC	DOVER - DELAWARE - USA	100%	100%	translation, technical authoring
TECHWORLD LANGUAGE SERVICES INC.	TROY - MICHIGAN - USA	100%	100%	translation
THE GEO GROUP CORPORATION	MADISON - WISCONSIN - USA	100%	100%	translation
STAR7 ALBANIA SHPK	TIRANA - ALBANIA	100%	100%	translation, technical authoring
STAR7 GMBH	LINZ - AUSTRIA	100%	100%	translation, technical authoring
LOCALEYES LTD	CORK - IRELAND	100%	100%	translation
LOCALEYES TIRANA	TIRANA - ALBANIA	100%	100%	translation
LOCALEYES MADRID	MADRID - SPAIN	100%	100%	translation
LOCALEYES AMSTERDAM	AMSTERDAM - HOLLAND	100%	100%	translation
LOCALEYES HELSINKI	HELSINKI - FINLAND	100%	100%	translation
LOCALEYES USA	SAN FRANCISCO - USA	100%	100%	translation

Note that the scope of consolidation has changed from 31/12/2020 due to the acquisition of The Geo Group Corporation by Star USA LLC effective from 24 April 2021, and of LocalEyes LTD effective from 15 November 2021: therefore, the consolidated income statement includes the economic data of the new investees starting from the aforementioned dates.

Star USA LLC has prepared its own consolidated financial statements, which include the financial statements of Techworld Language Services Inc. and The Geo Group Corporation. LocalEyes LTD. has prepared its own consolidated financial statements, containing the subsidiaries indicated in the previous table. For the purposes of the consolidation process, these sub-consolidated financial statements were used.

The financial statements of each subsidiary were used for consolidation purposes, adjusted if necessary to bring them into line with the Parent Company's accounting policies.

As at 31/12/2021, the subsidiary “STAR Comunicacao e Serviços Ltda” held three minor unconsolidated companies due to the immateriality of their financial statement data:

- Starcom Argentina S.A.S., share capital Pesos 20,000, 100% owned, based in Cordoba (Argentina);
- Star Comunicação e Serviços - SCP, an equal partnership between STAR Star Comunicação e Serviços Ltda and STAR do Brasil (controlled by STAR AG), share capital Reais 1,000, 50% owned, based in Betim (Brazil);
- Star Comunicação e Serviços Felipe Caputo – SCP2.

“Grafica e Editora Starcom Ltda”, which as at 31/12/2020 was among the companies 100% owned but not fully consolidated due to insignificance, was incorporated in the first half of 2021 by “STAR Comunicação e Serviços”.

Reporting date

In compliance with Article 30 of Legislative Decree 127/1991, the reporting date of the Consolidated Financial Statements coincides with that of the Parent Company's separate financial statements, i.e. 31/12/2021. All the companies included in the scope of consolidation have a financial year that coincides with the calendar year, ending at 31/12/2021, and the same as the consolidating Parent Company.

4

Consolidation principles and criteria

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

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

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

“Consolidation reserve” or to a specific “Consolidation reserve for future risks and charges”, in compliance with the criterion set out in Article 33, paragraph 3 of Legislative Decree 127/91. The difference is charged to the Fund when losses or liabilities are expected from the consolidated investee.

Goodwill” and the “Allowance for risks and charges” thus determined are amortised or posted to the Income Statement in relation to the economic performance of the investee companies applying the criterion indicated in the section “Accounting policies” below. The amount of capital and reserves of subsidiaries attributable to minority shareholders is recognised in shareholders’ equity under an item entitled “Capital and reserves attributable to minority interests”; the portion of net income (loss) for the period pertaining to minority interests is shown under “Net income (loss) for the period pertaining to minority interests”. The income statement shows separately the minority interest in net income.

Balance sheet and income statement relationships between the Companies included in the scope of consolidation have been totally eliminated. Gains and losses arising from transactions between Consolidated Companies, which are not realised from transactions with third parties, are eliminated. During pre-consolidation any items of exclusive tax relevance are eliminated and the related deferred taxes are provided for. It should be noted that leased assets have been accounted for in accordance with the provisions of international accounting standard IFRS 16 (financial method), which envisages recording the leased assets under assets, net of depreciation, and the amount of the residual principal under payables.

Translation of individual financial statements in currencies other than the euro

Financial statements denominated in currencies other than the euro are converted:

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

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

The exchange rates used are listed in the table below:

CURRENCY	CURRENCY		AVERAGE RATE	
	31/12/2021	31/12/2020	2021	2020
US Dollar to 1 Euro	1.1326	1.2271	1.1827	1.1422
Brazilian Real to 1 Euro	6.3101	6.3735	6.3779	5.8943
Albanian Lek to 1 Euro	120.76	123.70	122.44	123.79

5

Measurement criteria

The valuation of the items in the financial statements was carried out in accordance with the general criteria of prudence and competence, with a view to the continuation of the business.

It should be noted that for the purposes of the going concern assumption pursuant to Article 2423-bis of the Civil Code, none of the Italian companies at 31/12/2020 had selected the exemption option provided for by paragraph 2, Article 38-quater of Law 77/2020 converting Decree Law 34/2020 ("Relaunch Decree"), introduced following the Covid-19 epidemiological emergency.

The application of the principle of prudence has entailed the individual valuation of the elements making up the individual items or items of assets or liabilities, in order to avoid offsetting losses that must be recognised and profits that must not be recognised because they have not been realised. In compliance with the accruals principle, the effect of transactions and other events has been recorded in the accounts and attributed to the period to which such transactions and events refer and not to the period in which the related cash movements (receipts and payments) take place. In application of the principle of relevance, the obligations relating to recognition, measurement, presentation and disclosure have not been complied with when their observance would have an irrelevant effect for the purposes of giving a true and fair view. Continuity in the application of the valuation criteria over time is a necessary element for the purposes of comparability of the financial statements in the various periods. The recognition and presentation of items in the financial statements has been made taking into account the substance of the transaction or contract (principle of substance over form).

Exceptional cases pursuant to Article 2423, fifth paragraph, of the Civil Code

There were no exceptional circumstances that made it necessary to resort to derogations pursuant to Article 2423, paragraph 5 of the Civil Code.

Suspension of depreciation - Article 60 Law 126/2020

It should be borne in mind that, pursuant to Article 60 of Law 126/2020, the Parent Company and STAR7 Printing, as an exception to Article 2426, first paragraph, number 2) of the Civil Code, deemed it appropriate not to carry out annual amortisation and depreciation of the cost of certain intangible assets and property, plant and equipment in the Financial Statements for the year ended 31/12/2020. This option was not exercised in the Financial Statements for the year ended 31/12/2021. As provided for by the above-mentioned provision, the amortisation and depreciation charge not applied, was recognised in the Income Statement for the following year, thus extending the original amortisation/depreciation schedule by one year. The Parent Company and STAR7 Printing had to use this option in the year ended 31/12/2020, because the pandemic caused by the Covid-19 virus had significantly slowed down the growth process undertaken and interrupted some activities such as the rebranding of the Group and its listing.

The following table shows the impact of the exception in terms of the balance sheet as at 31/12/2021 (there were no effects at an income statement level in the 2021 financial year):

BALANCE SHEET	WITH DEROGATION	WITHOUT DEROGATION	DIFFERENCE
Intangible fixed assets	41,085,421	40,695,418	390.003
Property, plant and equipment	6,468,229	6,188,125	280.104
Financial fixed assets	261,329	261,329	-
NON-CURRENT ASSETS	47,814,979	47,144,872	670.107
CURRENT ASSETS	54,725,657	54,725,657	-
ACCRUED INCOME AND PREPAID EXPENSES	1,632,214	1,632,214	-
TOTAL ASSETS	104,172,850	103,502,743	670.107
Share capital	599,340	599,340	-
Reserves	21,818,317	21,380,236	438.081
Net profit (loss) attributable to owners of the Parent	2,183,084	2,183,084	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE GROUP	24,600,741	24,162,660	438.081
Capital and reserves attributable to minority interests	616,480	535,698	80.782
Net profit (loss) attributable to minority interests	287,836	287,836	-
MINORITY INTERESTS	904,316	823,534	80.782
PROVISIONS FOR RISKS AND CHARGES	499,892	348,648	151.244
PROVISIONS FOR SEVERANCE	3,900,178	3,900,178	-
PAYABLES	71,143,422	71,143,422	-
ACCRUED EXPENSES AND DEFERRED INCOME	3,124,301	3,124,301	-
TOTAL LIABILITIES AND NET EQUITY	104,172,850	103,502,743	670.107

Changes in accounting policies

There have been no changes in accounting policies.

Comparability and adjustment issues

There are no problems with the comparability and adjustment of the figures in the Consolidated Financial Statements with those of the previous year.

Measurement criteria applied

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

Fixed assets

Intangible fixed assets

These are recognised at purchase or production cost, revalued if necessary in accordance with the law, net of depreciation and write-downs.

Research and advertising costs are normally charged to the income statement.

Amortisation using the direct method is carried out in accordance with the following Group criteria:

- start-up and expansion costs, and development costs with long-term utility are amortised over a period of 5 years;
- industrial patents, intellectual property rights, licenses and concessions are amortised at a rate of 33.33%;
- goodwill, recognised with the consent of the Board of Statutory Auditors, can be amortised over 10 years, in consideration of the actual profitability profile of the acquired or incorporated companies. For the amortisation of goodwill relating to the business unit acquired by Dante S.r.l., the exception already referred to, in Law 126/2020 relating to the suspension of depreciation, was applied in the 2020 financial year;
- leasehold improvements are amortised at rates that depend on the duration of the contract.

No development costs and/or assets under construction/development were recognised relating to Research and Development projects capitalised pursuant to OIC 24. If, irrespective of the amortisation already recognised, an impairment loss occurs, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

Property, plant and equipment

These are recognised at purchase or production cost, revalued if necessary in accordance with the law, net of depreciation and write-downs.

Depreciation charged to the Income Statement has been calculated on the basis of the criterion of the residual useful life of the assets, taking into account their use, destination and economic-technical duration. This criterion is deemed to be well represented by the following rates, which have remained unchanged with respect to the previous year and are reduced by half in the year the asset enters service:

- Land and buildings: 3%
- Lightweight constructions: 10%
- Plant and machinery: 15%
- Alarm, fire prevention and air conditioning systems: 30%
- Industrial and commercial equipment: 25%
- Office furniture: 12%
- Office machines: 20%
- Cars: 25%
- Trucks: 20%
- Forklifts: 10%
- Lifting equipment: 15%

If, irrespective of depreciation already recognised, there is a permanent impairment of value, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

Property, plant and equipment are only revalued if permitted by law (special, general or sector). No discretionary or voluntary revaluations were carried out, and the valuations carried out are limited to the objectively determined value in use of the asset itself.

Maintenance costs are expensed during the year if they are of an ordinary nature, or capitalised if they increase the value of the asset, and depreciated at the depreciation rate applicable to the asset in question.

Assets held under leasing contracts are recognised under technical fixed assets in the relevant classes and are depreciated, like owned assets, on a straight-line basis over their residual useful lives. As a balancing entry to the asset, short and medium/long term payables to the lessor financial institution are recognised; rentals are reversed from lease and rental costs and the interest accruing during the period is posted to financial charges. In this way, we obtain a representation of the leasing transaction according to the so-called “financial method” provided for by the international accounting standard IFRS 16, which better represents the economic substance of the leasing contracts in place.

Financial fixed assets

Investments in subsidiaries not consolidated on a line-by-line basis and in associated companies are valued by the equity method. Equity investments in other companies are posted at purchase or subscription cost, adjusted if necessary for impairment losses. Financial receivables are recorded at nominal value, adjusted if necessary for impairment losses.

Inventories

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

Receivables

Receivables are recorded in the financial statements according to the amortised cost criterion, taking into account the time factor and their presumed realisable value. The amortised cost criterion is not applied when the effects are insignificant, i.e. when the transaction costs, commissions paid between the parties and any other difference between the initial value and the value at maturity are insignificant or if the receivables are short-term (i.e. with a maturity of less than 12 months).

The value of receivables is adjusted to their estimated realisable value by means of a specific allowance for doubtful accounts, taking into account the existence of indicators of impairment. The amount of the write-down is recognised in the income statement.

Cash on hand

Cash and cash equivalents at the end of the fiscal year are valued at face value, which reasonably approximates the fair value. Cash denominated in foreign currency is translated at the year-end exchange rate.

Accruals and deferrals

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

Provisions for risks and charges

These are set aside to cover losses or debts whose existence is certain or likely, but whose exact amount and/or date of occurrence could not be determined at the end of the financial year. In the valuation of these provisions, the general criteria of prudence and competence were respected, and no generic risk provisions without economic justification were set up.

Contingent liabilities have been recorded in the financial statements and posted to the provisions since they are considered probable and the amount of the related charge can be reasonably estimated. Provisions for risks and charges are recorded with priority in the cost items of the income statement of the relevant classes (B, C or D). Whenever this correlation between the nature of the provision and one of the items in the above classes is not feasible, the provisions for risks and charges are posted to items B12 and B13 in the Income Statement.

Provision for severance pay

Represents the actual debt accrued to employees in accordance with applicable law and labor agreements. This liability is subject to revaluation by means of indices. This item includes the amount due to employees for severance indemnities accrued up to the month prior to the date on which each employee expressly or tacitly chose the fund to which to allocate the accruing severance indemnity pursuant to Legislative Decree 252 of 5 December 2005 and subsequent amendments and additions. In fact, it should be noted that, following the entry into force of the above-mentioned decree, the following were taken into account:

- (i) the employees' decision to allocate the severance indemnity fund to a pension fund (private or professional);
- (ii) of employees' decision to keep their severance pay with their employer.

Payables

Payables are recognised according to the amortised cost method, taking into account the time factor. The amortised cost criterion is not applied to payables if its effects are insignificant. Generally, the effects are considered insignificant for short-term payables (i.e. with maturities of less than 12 months).

Any discounting of trade payables is only carried out if the nominal value of the payables significantly exceeds the market price of the goods purchased with a short-term payment and if the extension granted significantly exceeds the following year.

Amounts due for vacations accrued by employees and deferred remuneration, including amounts due to social security institutions, are provided for on the basis of the amount that would be payable in the event of termination of employment at the balance sheet date.

Criteria for converting values expressed in foreign currency

Monetary assets and liabilities denominated in currencies other than the euro are recorded in the balance sheet at the official exchange rate at the end of the year (rates at 31 December); the gains and losses arising from the translation of individual receivables and payables at year-end exchange rates are respectively recognised in the income statement under financial income and expenses, in a single item (separately indicated), as a result of offsetting gains and losses. Any net gains are set aside, when allocating profit for the year, in the appropriate "Reserve for net exchange gains" that cannot be distributed until realised (in the case of minor profit for the year or a loss, the provision is reduced or not due). Any hedging transactions are taken into account.

Revenue and cost recognition

Revenues from sales of finished goods are recognised at the time of transfer of ownership with the associated risks and rewards, which is normally identified with delivery or shipment. Revenues for services rendered and those of a financial nature are posted on an accruals basis (when the service is rendered and completed or, in the case of ongoing services, when the fee is due). The same criteria apply to cost entry. Revenues and income, costs and charges relating to transactions in foreign currency are determined at the exchange rate in force on the date on which the transaction is carried out.

Income and expenses relating to sale and purchase transactions with the obligation to retrocession forward, including the difference between the forward price and the spot price, are recorded for the portion pertaining to the year.

Income Taxes

Income taxes include all taxes calculated on the taxable income of individual Group companies. Income taxes are recognised in the income statement, Other non-income related taxes, such as property taxes, are included in other operating expenses. Deferred taxes are allocated using the global allocation method. They are calculated on all temporary differences arising between the tax base of an asset or liability and its carrying amount in the consolidated financial statements. Deferred tax assets on tax losses and temporary differences are recognised to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred tax assets and liabilities are determined using the tax rates that are expected to apply, under the respective laws of the countries in which the Group operates, in the periods in which the temporary differences will be realised or settled.

Cash flow statement

The Statement of Cash Flows has been prepared in accordance with the format indicated in Article 2425 bis of the Civil Code and with the instructions given in OIC 10.

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Employment figures

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

Company	no. of employees as at 31/12/2021	executives	middle managers	office workers	manual workers	no. of employees as at 31/12/2020	executives	middle managers	office workers	manual workers
STAR7 S.P.A.	292	4	8	278	2	283	2	8	271	2
STAR7 PRINTING	38			12	26	40			10	30
STAR7 ENGINEERING	67			66	1	69			68	1
AD STUDIO	23			23		23			23	
STAR7 GMBH	4			4		4			4	
STAR ALBANIA	53			53		32			32	
STAR USA LLC						1			1	
TECHWORLD	16			16		16			16	
STAR COMUNICAÇÃO	117			41	76	54			40	14
GRAFICA STARCOM	0					24				24
CAL COMUNICAÇÃO	0					0				
THE GEO GROUP	10			10		0				
LOCALEYES LTD	100			100		0				
TOTAL	720	4	8	603	105	546	2	8	465	71

7

Activities

Fixed assets

Intangible fixed assets

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
41,085,421	8,305,500	32,779,921

Changes in this item were as follows:

Description	31/12/2020	Increases	Amortisation	Reclassifications	Change in the scope of consolidation	Change delta	31/12/2021
Start-up and expansion costs	638,294	200,000	-329,143	-21,204			487,947
Industrial patents and intellectual property rights	1,330,619	668,419	-619,870	62,459	54,611		1,496,238
Goodwill	4,805,043	31,630,496	-1,117,585			215,634	35,533,588
Assets under construction/development	668,223	95,325		-456,810			306,738
Others	863,321	2,893,829	-911,795	415,555			3,260,910
Total intangible assets	8,305,500	35,488,069	-2,978,393	0	54,611	215,634	41,085,421

The change in the scope of consolidation concerns the fixed assets of the companies included in the Consolidated Financial Statements in 2021 (LocalEyes and The Geo Group). The delta exchange rate relates to goodwill recorded in Star USA, relating to Tech-world Language Services Inc. and The Geo Group Corporation.

The difference between the total of the "Amortisation and depreciation" column and the corresponding item in the Income Statement (€17,697) is due to the exchange rate difference between the US dollar and the euro.

Long-term costs for listing on Euronext Growth Milan and costs relating to rebranding were re-allocated from assets under construction/development to the category "Other fixed assets".

The composition of the items as at 31/12/2020 was as follows:

	HISTORICAL COST	ACCUMULATED AMORTISATION/DEPRECIATION	NET VALUE
Start-up and expansion costs	1,474,386	-836,092	638,294
Industrial patents and intellectual property rights	2,461,309	-1,130,690	1,330,619
Goodwill	6,196,974	-1,391,931	4,805,043
Assets under construction/development	668,223	0	668,223
Others	1,420,529	-557,208	863,321
	12,221,421	-3,915,921	8,305,500

Goodwill is made up as follows:

	HISTORICAL COST	ACCUMULATED AMORTISATION/DEPRECIATION	NET VALUE
LocalEyes Ltd (2021)	30,142,485	-379,878	29,762,607
Techworld Language Services Inc. (2019)	3,279,331	-807,215	2,472,115
The Geo Group Corporation (2021)	1,428,011	-89,857	1,338,154
business unit acquired by Dante S.r.l. (2020 - start of amortisation in 2021)	1,286,356	-128,636	1,157,720
RES s.r.l. (2018)	816,481	-325,967	490,514
STAR7 Engineering s.r.l. (2013)	590,318	-531,286	59,032
STAR U.S.A. (2018)	287,889	-154,182	133,707
STAR7 GmbH (2016)	164,350	-98,611	65,739
Grafitec (2021)	60,000	-6,000	54,000
	38,055,221	-2,521,632	35,533,589

The item goodwill relating to consolidated companies originates from the allocation of the positive difference resulting from the elimination of the investment account against the shareholders' equity of the fully consolidated companies at the date of acquisition, where justified by the nature and substance of the transaction. Goodwill is amortised over 10 years and is subject to impairment testing in order to identify any impairment losses. Specifically:

- LocalEyes Ltd: goodwill derives from the acquisition of the group on 15/11/2021 and amortisation was calculated pro-rata from that date; the amount might change in the future depending on any price adjustments already provided for contractually;
- Techworld Language Services Inc.: company acquired by STAR USA LLC on 15 July 2019; goodwill originates when the sub-consolidated financial statements of STAR USA LLC were prepared, it is amortised over 10 years and in 2019 the amortisation rate was measured at 6 months because in the Consolidated Financial Statements the revenues and expenses of the investee were assumed from the date control was acquired. During 2020, goodwill increased by \$245,000 due to the elimination of contingent liabilities with a corresponding change in purchase price;
- The Geo Group Corporation company acquired by STAR USA LLC on 24 April 2021; the goodwill originates when the sub-consolidated financial statements of STAR USA LLC were prepared, it is amortised over 10 years and in 2021 the amortisation charge is calculated from the date of acquisition of control as the revenues and costs of the investee were assumed from that date;
- company branch acquired in 2020 from Dante s.r.l.: entered in the Parent Company's individual financial statements with the consent of the Board of Statutory Auditors, it is supported by an expert's report drawn up by independent third party professionals; has not been franked for tax purposes;
- RES: goodwill at the date of acquisition (2018) amounts to €816,481 and is supported by a sworn expert's report that has certified the fairness of the purchase price; in 2020 RES was merged by incorporation into STAR7 S.p.A.;
- STAR7 Engineering: the goodwill derives from the acquisition in 2013 of Wayred s.r.l., subsequently merged into STAR Engineering s.r.l.; goodwill at the date of

acquisition amounted to €590,318 and is justified by the fact that Wayred held supply contracts with an important client in the high-end automotive sector; the contract was therefore acquired by the STAR7 Group and is still active;

- Grafitec s.r.l.: company acquired in the first half of 2021.

No tax effect has been calculated on the goodwill recorded in the Consolidated Financial Statements, as such goodwill is only valid for statutory purposes and has no tax implications.

During 2021, the increases in the other categories, other than goodwill, mainly concern:

- start-up and expansion costs: €200,000 relating to software services for an on-line technical documentation management project for the automotive sector;
- licences, trademarks and similar rights: €502,653 relating to software purchased and programmes developed internally, €138,418 relating to the STAR7 brand and €27,348 for other minor items;
- other intangible fixed assets the largest increase concerns the long-term costs incurred for the listing on Euronext Growth Milan (€2,695,552, start of listing 21/12/2021) of which a part transferred from assets under construction/development (€299,025); other increases refer to improvements in third-party assets (€120,308) and other minor items.

There are no indicators of impairment of intangible fixed assets at 31/12/2021.

It should be noted that in 2020, the Parent Company, as a result of the Covid-19 epidemic, which prevented the completion of planned activities and slowed down the growth process undertaken, exercised its right to suspend amortisation for the following categories of intangible assets:

- licences, trademarks and similar rights: €261,991;
- goodwill on the company branch acquired from Dante s.r.l.: €128,012.

As a result, amortisation of €390,003 was suspended in 2020 (of which €261,991 deducted for tax purposes as goodwill has not been redeemed for tax purposes). It should also be noted that amortisation charges not recorded in the Income Statement but deducted for tax purposes gave rise to deferred taxation of €73,095 (theoretical tax rate of 27.9%). In the 2021 financial year, this option was no longer used.

Start-up and expansion costs

Pursuant to OIC 24, in 2018 start-up costs relating to new activities connected with new contracts with leading customers in the automotive sector for €1,384,755 were recorded under item BI1.

In 2020 and 2021, €130,000 and €200,000 were capitalised respectively relating to costs referred to software services for the on-line technical documentation management project for an important brand in the automotive sector.

No development costs and/or assets under construction/development were recorded relating to Research and Development projects capitalised pursuant to OIC 24. Pursuant to Article 10 of Law 72/1983, it should be noted that no monetary revaluation has ever been carried out on intangible fixed assets.

Property, plant and equipment

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
6,468,228	5,387,641	1,080,587

Changes in this item were as follows:

Description	31/12/2020	Increases	Decreases	Write-backs	Reclassifications	Amortisation	Change*	Change delta	31/12/2021
Land and buildings	2,017,589	41,206	0		-8,601	-54,949	55,595	158	2,050,999
Plant and machinery	2,278,378	1,601,630	-27,368		8,863	-812,073		2,589	3,052,019
Industrial and commercial equipment	135,761	7,500	-1,839		-106,662	-10,771	14,652		38,641
Other assets	955,913	545,479	-58,888		106,400	-372,402	148,429	1,636	1,326,568
Assets under development/ construction and payments on account	0								0
	5,387,641	2,195,815	-88,095	0	0	-1,250,193	218,676	4,384	6,468,228

*Book value or corresponding receivable

The change in the scope of consolidation concerns the fixed assets of the companies included in the Consolidated Financial Statements in 2021 (LocalEyes and The Geo Group).

Foreign exchange deltas relate to property, plant and equipment of Star Comunicação, Cal Comunicação, Star USA LLC, Techworld Language Services Inc. and The Geo Group Corporation.

The difference between the total of the "Amortisation and depreciation" column and the corresponding income statement item (€1,620) is due to the translation difference between the US dollar and the Brazilian real.

Increases for the year mostly relate to high-tech printing equipment, electronic machines and hardware. This includes the net book value of assets deriving from the incorporation of "Grafica e Editora Starcom Ltda" into "STAR Comunicação e Serviços Ltda" (€82,642).

Land and buildings also includes land and buildings held by the Parent Company under lease agreements for the following net book values:

- land €377,028
- buildings €987,813

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

There are no indicators of the impairment of property, plant and equipment at 31/12/2021.

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

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

Therefore, depreciation for a total of €280,104 was suspended in 2020, but deducted for tax purposes, and the related deferred taxes of €78,149 were recorded (theoretical tax rate of 27.9%). In the 2021 financial year, this option was no longer used.

Total revaluations of property, plant and equipment at the end of the year (Ref. Article 2427, first paragraph, no. 2, Civil Code)

Pursuant to Article 10 of Law 72/1983, in 2020 Star7 Printing carried out a revaluation of €250,000 on certain electronic printing systems and automatic operating machinery owned pursuant to Legislative Decree 104/2020 ("Relaunch" Decree). The revaluation was also carried out for tax purposes, with a balancing entry in the revaluation reserve in shareholders' equity net of substitute tax.

Financial fixed assets

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
261,329	511,857	-250,528

The category includes investments and receivables.

Equity investments

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Grafica e Editora Starcom Ltda	-	-	-
Starcom Argentina S.A.S.	-	-	-
SUBSIDIARIES	-	-	-
STAR Comunicação e Serviços - SCP	38,541	13,016	25,525
STAR Comunicação e Serviços - SCP II Felipe Caputo	3,178	-	3,178
IAMDEV S.T.P. S.R.L.	120,000	120,000	-
ASSOCIATED COMPANIES	161,719	133,016	28,703
	161,719	133,016	28,703

Equity investments in subsidiary undertakings refer exclusively to Starcom Argentina S.A.S., 100% owned, recorded in the financial statements of "STAR Comunicação e Serviços Ltda" at zero, and not consolidated on a line-by-line basis due to the immateriality of the amounts. In the first half of 2021, "STAR Comunicação e Serviços Ltda" incorporated "Grafica e Editora Starcom Ltda", which was valued using the equity method at zero as at 31/12/2020.

Investments in associated companies refer to "STAR COMUNICAÇÃO E SERVIÇOS - SCP", "STAR Comunicação e Serviços - SCP II Felipe Caputo" and "IAMdev S.t.p. s.r.l.".

SCP is an equal partnership between "STAR Comunicação e Serviços Ltda" and "STAR do Brasil" (controlled by STAR AG), valued using the equity method at €38,541 already in the separate financial statements of the subsidiary "STAR Comunicação e Serviços Ltda" (€13,016 as at 31/12/2020).

At the end of 2020, the Parent Company acquired 33% of the following Company deemed strategic:

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital	Profit (loss) for the last financial year	Net equity	Share held	Value in the financial statements*
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	120,000
							120,000

*Book value or corresponding receivable

Receivables

Long-term receivables are broken down as follows:

DESCRIPTION	31/12/2021	31/12/2020	CHANGE		WITHIN 12 MONTHS	AFTER 12 MONTHS
Grafica e Editora Starcom Ltda (subsidiary)	-	224,199	-224,199	of which	-	-
StarCom Argentina (subsidiary)	-	55,519	-55,519	of which	-	-
From others	99,610	99,123	487	of which	-	99,610
	99,610	378,841	-279,231		-	99,610

Non-current receivables due from others refer to guarantee deposits.

Long-term receivables are broken down by geographical area as follows:

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Italy	99,610	99,123	487
North America	-	4,156	-4,156
South America	-	275,562	-275,562
	99,610	378,841	-279,231

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

Current assets

Inventories

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
1,414,322	734,851	679,471

This item consists of the following:

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Raw and consumable materials	825,277	457,877	367,400
Work in progress and semi-finished products	393,092	-	393,092
Finished products and goods	191,264	276,974	-85,710
Payments on account	4,688	-	4,688
	1,414,321	734,851	679,470

Receivables

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
29,825,798	26,612,768	3,213,030

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

DESCRIPTION	WITHIN 12 MONTHS	BALANCE AS AT 31/12/2021 AFTER 12 MONTHS	AFTER 5 YEARS	TOTAL	BALANCE AS AT 31/12/2020	CHANGE
From customers	23,599,347			23,599,347	23,577,315	22,032
To/from subsidiaries not consolidated on a line-by-line basis	72,120			72,120	15,875	56,245
From associates	1,492,648			1,492,648	355,312	1,137,336
For tax receivables	2,411,907			2,411,907	1,617,032	794,875
Deferred tax assets/liabilities	477,315			477,315	420,594	56,721
From others	1,772,461			1,772,461	626,640	1,145,821
	29,825,798	-	-	29,825,798	26,612,768	3,213,030

Group Companies have exercised the option not to apply the amortised cost method to receivables in cases where the effects are immaterial, such as receivables due within 12 months; the receivables are then measured at the estimated realisable value and recognised net of the allowance for doubtful accounts (€577,283).

Receivables from subsidiaries not fully consolidated are entirely attributable to Starcom Argentina S.A.S.

Receivables due from associated undertakings break down as follows:

RECEIVABLES DUE FROM ASSOCIATED COMPANIES	COMMERCIAL	SUNDRY	TOTAL
STAR AG	1,077,354		1,077,354
TOTH COMUNICAÇÃO E LOGISTICA LTDA		262,367	262,367
STAR DEUTSCHLAND GMBH	43,282		43,282
STAR PARIS	37,685		37,685
STAR TECHNOLOGY SOLUTIONS	28,094		28,094
STAR Software, Translation, Artwork, Recording GmbH	18,380		18,380
STAR JAPAN CO., LTD	8,115		8,115
STAR UK LIMITED	5,557		5,557
STAR SA	5,484		5,484
STAR GROUP SCANDINAVIA AB	3,252		3,252
STAR GROUP AMERICA, LLC	2,023		2,023
STAR CZECH S.R.O.	587		587
STAR SERVICIOS LINGUISTICOS SLU	356		356
STAR Information Services Ltd. Sti.	112		112
	1,230,281	262,367	1,492,648

Tax credits include Research and Development / Industry 4.0 tax credits amount to €1,231,461.

The following table shows the details of deferred tax assets:

	Taxable					Deferred tax assets				
	31/12/2020	Increases	Returns	Change delta	31/12/2021	31/12/2020	Increases	Returns	Change delta	31/12/2021
Fondo svalutazione crediti - parte eccedente il limite fiscale (24%)	364,095	2,175			366,270	87,383	522	-	-	87,905
Mark-to-market strumenti finanziari derivati passivi (24%)	48,201	8,090			56,291	11,568	1,942	-	-	13,510
Fondo rischi e oneri - altri (24%)	50,000				50,000	12,000	-	-	-	12,000
Costi non dedotti da recuperare (24%)	514,468	462,742	-481,002		496,208	123,472	111,058	-115,440	-	119,090
Perdite fiscali riportabili (24%)	533,281	125,851		-	659,132	127,987	30,204	-	-	158,192
Leasing Star7 Printing e autoveicoli (27,9%)	45,913	82,967			128,880	12,810	23,148	-	-	35,958
Ammortamenti avviamento Techworld	158,800			10,798	169,598	39,770	-		3,318	43,088
Altre differenze su LocalEyes		38,176			38,176		4,772			4,772
Profitti intragruppo eliminati nel bilancio consolidato (27,9%)	20,081		-10,041		10,040	5,603	-	-2,801	-	2,801
	1,734,839	720,001	-491,043	10,798	1,974,595	420,593	171,646	-118,242	3,318	477,315

Receivables from others mainly include:

- 842,841 for costs incurred related to the construction of the new offices in front of the Parent Company's headquarters; these works are financed with a real estate lease and therefore €235,715 was transferred in 2020 from the account "Assets under construction";
- €236,145 relating to the amount accrued for employee severance indemnities of the company SDS, the same amount was posted under liabilities in the item Severance indemnities. The lease of this company branch by Star7 for three years, and expiring in November 2020, has been extended for another year. At the end of the lease of the company branch and in case of return of the same to the company SDS srl, the amounts will be offset;
- €272,437 relating to receivables from employees.

Receivables are broken down by geographical area as follows (gross of the allowance for doubtful accounts)

Cash on hand

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
23,485,538	5,996,519	17,489,019

The item is broken down as follows:

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Bank and postal deposits	23,478,324	5,991,502	17,486,822
Cash and cash equivalents	7,214	5,017	2,197
	23,485,538	5,996,519	17,489,019

This item represents cash and cash equivalents and the existence of cash and valuables at the end of the financial year. Reference should be made to the Statement of Cash Flows for a quantitative analysis of the cash flows that generated the change in the period.

Accrued income and prepaid expenses

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
1,632,214	873,399	758,815

These represent the liaison items for the financial year calculated on an accruals basis and mainly consist of prepaid expenses. As at 31/12/2021, this item broke down as follows:

DESCRIPTION	31/12/2021
Other ACCRUED INCOME	61
	61
PREPAID EXPENSES Long-term prepaid expenses with a duration of more than 5 years	696,034
Other deferrals	936,119
	1,632,153

As at 31/12/2021, prepaid expenses with a duration of more than five years refer to:

- €299,905 related to the existing real estate lease and the down payment for the new building under construction;
- €396,129 related to bond issue costs (mini-bond of €25 million).

8

Liabilities

A) Shareholders' equity

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
25,505,057	11,023,143	14,481,914

The following table shows changes during the year:

Description	31/12/2020	Allocation of previous year's result		Other changes		Profit (loss) for the year	31/12/2021
		Allocation of dividends	Allocation to reserve	Increases	Decreases		
Share capital	500,000			99,340			599,340
Share premium reserve				11,728,160			11,728,160
Legal reserve	100,000						100,000
Special reserve	7,291,413		632,123				7,923,536
Capital contributions	2,846						2,846
Consolidation reserve	1,765,173		471,159	198,377			2,434,709
Reserve for foreign exchange translation differences	-822,498				85,824		-736,674
Amnesty reserve	19,321						19,321
Reserve from suspended depreciation (art. 60 Law 126/2020)			390,003				390,003
Reserve for transactions to hedge expected cash flows	-39,839			-3,745			-43,584
Profit (loss) for the year	1,493,286		-1,493,286			2,183,084	2,183,084
Negative reserve for treasury shares in portfolio				3,000,000	-3,000,000		-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	10,309,702	-	-1	15,022,132	-2,914,176	2,183,084	24,600,741
Capital and reserves attributable to minority interests	521,609		94,871				616,480
Profit (loss) attributable to minority interests	191,832	-56,880	-134,952			287,836	287,836
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	713,441	-56,880	-40,081	-	-	287,836	904,316
TOTAL OWNERS' EQUITY	11,023,143	-56,880	-40,082	15,022,132	-2,914,176	2,470,920	25,505,057

The consolidation reserve includes:

- the reserves for accumulated profits made by subsidiaries, net of amortisation of goodwill for previous years;
- the revaluation reserve of €145,500 (Group's share) pursuant to Legislative Decree no. 104/2020 ("Relaunch" Decree), originated from the revaluation carried out in 2020 on certain electronic printing systems and automatic operating machinery owned by Star7 Printing;
- the Reserve from suspended depreciation (pursuant to Article 60 of Law 126/2020) of €280,104 for the portion of depreciation pertaining to 2020 suspended on certain advanced printing machinery of Star7 Printing.

The Parent Company suspended part of the amortisation and depreciation pertaining to 2020 (pursuant to Article 60 of Law 126/2020), setting aside the amount of €390,003 in a specific reserve under shareholders' equity.

The "Reserve for hedging transactions" (item A.VII under shareholders' equity) has been posted as a balancing entry to the allowance for financial instruments payable (see note on provisions for risks and charges), net of deferred tax assets.

The Parent Company purchased 10% of its treasury shares (50,000 shares at a price of 60 euros each) in view of the planned listing on the Euronext Growth Milan segment of Borsa Italiana, recording a specific negative reserve in shareholders' equity amounting to €3,000,000. As at 31/12/2021, the Parent Company no longer held treasury shares in its portfolio as these had all been placed on the market during the IPO process. Therefore, the reserve was reset to zero.

On 25/10/2021, a share capital increase of €27,650 for the entry of the Kairos investment fund was approved, with a concurrent premium of €2,972,350. The share capital was then further increased by €71,690 for the purpose of subsequent listing on Borsa Italiana, Euronext Growth Milan segment, with the issue of a premium of €8,755,810. These increases were fully subscribed and paid.

A pledge of 4% was issued for STAR7 S.p.A. shares, to guarantee the balance of the acquisition price of the 100% stake in LocalEyes Ltd (€5 million to be paid: €2 million by 31/05/2022, €1.5 million by 31/12/2023 and €1.5 million by 31/12/2024). The pledge was from the shareholders STAR AG and Dante s.r.l..

Details of the various other reserves

DESCRIPTION	AMOUNT
Amnesty reserve	19,321
Reserve Article 60 Decree Law 104/2020 (converted Law 126/2020)	390,003
TOTAL	409,324

Reconciliation between the Parent Company's statutory financial statements and the consolidated financial statements

The following table shows a reconciliation between shareholders' equity of the Parent Company, STAR7 S.p.A., and consolidated shareholders' equity:

STATEMENT OF RECONCILIATION BETWEEN NET EQUITY OF THE PARENT COMPANY AND CONSOLIDATED NET EQUITY AS AT 31 DECEMBER 2021							
	NET EQUITY 2020	Dividends	Changes in the scope of consolidation	Increase in capital and premium reserve	Other changes	Result for the period	NET EQUITY 31/12/2021
STAR7 S.p.A.	8,899,075	-	-	11,827,500	-6,149	726,661	21,447,087
Operating results of pro-rata subsidiaries	613,741					2,291,902	2,905,643
Intercompany dividends	-170,000				46,678	-152,232	-275,554
Pro-quota reserves of subsidiary companies' profits	2,282,261				160,620		2,442,881
Amortisation of goodwill	-875,562					-516,576	-1,392,138
Reversal of intercompany profits net of tax effect	-35,683					11,481	-24,202
Leasing accounting with the financial method	151,245					-9,470	141,775
Alignment of intercompany costs / revenues	-49,833						-49,833
Proceeds from PPP Loan (Star USA LLC)	174,663				-5,981	-168,682	-
Writeback under Italian Decree-Law 104/2020	145,500						145,500
Reserve for transactions to hedge expected cash flows	-3,207				-537		-3,744
Exchange rate differences on conversion of foreign currency items	-822,498				85,824		-736,674
CONSOLIDATED FINANCIAL STATEMENTS - GROUP SHARE	10,309,702	-	-	11,827,500	280,455	2,183,084	24,600,741

B) Provisions for risks and charges

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
499,892	534,426	-34,534

The breakdown of this item is as follows.

DESCRIPTION	31/12/2020	PROVISIONS	USES	OTHER CHANGES	31/12/2021
Pensions and similar obligations	90,930	64,000			154,930
Provision for taxes, including deferred taxes	225,525	15,647	-3,841		237,331
Financial derivative liabilities	53,546			4,085	57,631
Others	164,425		-114,425		50,000
	534,426	79,647	-118,266	4,085	499,892

The "Retirement reserve" refers to the reserve for severance indemnities of the Parent Company's Directors.

The allowance for deferred taxation primarily relates to the tax effect of recording the lease of the building in accordance with IFRS 16 (financial methodology) and the suspension of part of the accrued depreciation for 2020 pursuant to Law 126/2000, as described in the notes to intangible assets and property, plant and equipment. Details are shown in the following table:

	31/12/2020	Taxable Increases	Returns	31/12/2021	31/12/2020	Deferred tax assets Increases	Returns	31/12/2021
Suspended amortisation Article 60 Decree Law 104/2020 (conv. Law 126/2020) (27.9%)	261,991			261,991	73,095	-	-	73,095
Suspended depreciation Article 60 Decree Law 104/2020 (conv. Law 126/2020) (27.9%)	280,104			280,104	78,149	-	-	78,149
Real estate leasing and automatic machinery (27.9%)	245,154	51,549		296,703	68,398	14,382	-	82,780
5% dividends to collect from Star Comunicação Ltda (24%)	8,500	7,612	-2,334	13,778	2,040	1,827	-560	3,307
Other minor	10,000		-10,000	-	3,843	-	-3,843	-
	805,749	59,161	-12,334	852,576	225,525	16,209	-4,403	237,331

The fund derivative liabilities include:

- mark-to-market relating to 4 hedging interest rate swap contracts held by the Parent Company, referring to loans disbursed in 2019 by Intesa SanPaolo for €3,000,000, in 2020 by Credit Agricole for €2,250,000, in 2020 by Unicredit for €1,900,000 and in 2021 by Intesa SanPaolo for €3,000,000;
- mark-to-market interest rate swap hedging for Star7 Printing, relating to a loan disbursed in 2020 by Intesa SanPaolo for €850,000.

This was recognised in a balancing entry to the Reserve for expected cash flow hedges (item A.VII of shareholders' equity), net of deferred tax assets of €13,510. see the note on "Information relating to the fair value of financial derivatives" for further details; The risk provision of €50,000 set aside in previous years for commercial risks has been prudently maintained. The utilisation of €114,425 concerns:

- €96,910 for the provision set aside in 2020 by "STAR Comunicação e Serviços Ltda" to cover the losses of the subsidiary "Grafica e Editora Starcom Ltda", an amount used following the merger by incorporation of the latter entity;
- €17,515 in other minor provisions allocated in 2020 by Star7 GmbH.

C) Employee severance indemnity

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
3,900,178	3,280,750	619,428

The provision set aside represents the actual debt at 31/12/2021 due to employees in service at that date, net of advances paid. The change was as follows:

BALANCE AS AT 31/12/2020	3,280,750
Provisions	947,769
Other changes: acquisition of company branch from Grafitec s.r.l.	72,817
Uses	-401,158
BALANCE AS AT 31/12/2021	3,900,178

The other changes concern the employee severance indemnity provision for employees acquired as a result of the merger of the business unit taken over from Grafitec s.r.l.

D) Payables

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
71,143,422	32,391,583	38,751,839

Consolidated payables, after elimination of intercompany amounts, are broken down by maturity as follows:

DESCRIPTION	WITHIN 12 MONTHS	BALANCE AS AT 31/12/2021		TOTAL	BALANCE AS AT 31/12/2020	CHANGE
		AFTER 12 MONTHS	AFTER 5 YEARS			
Bonds		16,666,667	8,333,333	25,000,000	-	25,000,000
Borrowings from banks	10,230,468	12,836,696	31,299	23,098,463	20,159,716	2,938,747
Borrowings from other lenders	2,441,886	4,347,511	505,933	7,295,330	2,159,235	5,136,095
Trade payables	7,216,649			7,216,649	5,582,035	1,634,614
Payables to non-consolidated subsidiaries in full.	-			-	7,857	-7,857
Payables to associated companies	548,416			548,416	1,102,286	-553,870
Tax payables	1,229,354			1,229,354	583,132	646,222
Due to social security institutions	1,252,181			1,252,181	840,852	411,329
Other payables	5,503,029			5,503,029	1,956,470	3,546,559
	28,421,983	33,850,874	8,870,565	71,143,422	32,391,583	38,751,839

The most relevant payables as at 31/12/2021 are:

- bonds this item refers to two “mini-bonds” issued for a total of €25 million in order to partially finance the acquisition of 100% of the LocalEyes Ltd Group; the duration is 7 years with one year grace period (full repayment by 25/10/2028), and a fixed interest rate of 4.75%; a pledge was issued as a guarantee, on 100% of the shares/units of LocalEyes Ltd;
- borrowings from banks: this item includes several medium/long term loans provided by various banks; it also includes short term loans granted by various banks relating to invoice advance accounts and to “hot money” loans, all short term loan transactions used by the Company to cover very short-term needs;
- borrowings from other lenders: this item includes loans for the purchase of capital goods (€63,394), payables to leasing companies (€2,231,936, of which due over 5 years €505,933) and above all the residual debt relating to the acquisition of 100% of the LocalEyes Ltd Group (€5 million to be paid: €2 million by 31/05/2022, €1.5 million by 31/12/2023 and €1.5 million by 31/12/2024); as a guarantee of the debt, a pledge was granted on 4% of the shares of STAR7 S.p.A. held by the shareholders STAR AG and Dante s.r.l.

The item “Trade payables” includes payables arising from the purchase of services and goods destined directly for the production of finished products and services. Payables to subsidiaries not consolidated on a line-by-line basis at 31/12/2020 were all due to “Grafica e Editora Starcom Ltda”, which was merged in the first half of 2021 by “STAR Comunicação e Serviços Ltda”.

The item “Due within 12 months” primarily regards amounts due for withholding tax, VAT and income tax.

The balance of other payables includes deferred compensation of employees.

Other payables include, among others, €3,187,500 to STAR AG, a related party, for the balance of the shares of STAR7 S.p.A. purchased and then placed on the market during the IPO. The debt was settled on 4 January 2022. The amount indicated also explains the significant change in the item compared to the previous year.

There are no debts backed by collateral on company assets (Article 2427, first paragraph, no. 6, Civil Code), with the exception of information reported previously on debts for

bonds (a pledge of 100% on shares/units of LocalEyes issued). The debt to other lenders (€5 million for the remaining price to be paid against the acquisition of the LocalEyes Ltd Group) is guaranteed by a pledge on 4% of the shares owned by STAR AG and Dante s.r.l.).

As far as bank loans are concerned, the Group's Italian companies benefited in 2020 from the moratorium introduced by legislation to offset the Covid-19 epidemiological emergency, starting with Decree Law 23/2020 (Liquidity Decree). The amount of the capital shares subject to the benefit totalled €1,436,388 in 2020.

As the moratorium did not entail any change in contractual conditions or in the interest rates applied, which are in line with market rates, the amortised cost method was not applied to these loans, partly because the effects would not be significant. The Parent Company and Star Printing obtained the SACE / Mediocredito guarantee provided for by the Covid-19 epidemiological emergency regulations on the following loans.

LENDING INSTITUTION	AMOUNT OF LOAN	MAXIMUM AMOUNT GUARANTEED BY FUND	STATE AID QUANTIFICATION	LEGAL REFERENCE	GUARANTOR
UNICREDIT	2,000,000	1,800,000	-	Article 1 Decree Law 23/2020	SACE
CREDIT AGRICOLE	2,250,000	2,030,000	89,117	Guarantee Fund Law 662/96	MEDIOCREDITO
BANCA SELLA	1,000,000	1,000,000	-	Innovfin Guarantee	FEI FUND
INTESA SANPAOLO	1,650,000	1,320,000	52,245	Guarantee Fund Law 662/96	MEDIOCREDITO
BPM	500,000	450,000	17,811	Guarantee Fund Law 662/96	MEDIOCREDITO
BPM	1,500,000	1,200,000	47,495	Guarantee Fund Law 662/96	MEDIOCREDITO
BANCA SELLA	250,000	225,000	4,465	Guarantee Fund Law 662/96	MEDIOCREDITO
CASSA DI RISPARMIO DI ASTI	600,000	600,000	19,075	Guarantee Fund Law 662/96	MEDIOCREDITO
INTESA SANPAOLO	3,000,000	2,700,000	-	Article 1 Decree Law 23/2020	SACE
TOTAL	12,750,000	11,325,000	230,209		

The guarantees obtained in 2021 relate to two loans taken out in 2021 by Star7 Printing s.r.l. and STAR7 S.p.A., respectively, shown in the last two rows of the table above.

Payables are broken down by geographical area as follows:

	ITALY	EU	NON EU	TOTAL
Bond Issue	25,000,000			25,000,000
Borrowings from banks	23,039,469	58,994		23,098,463
Borrowings from other lenders	2,295,330		5,000,000	7,295,330
Trade payables	5,698,451	540,649	977,549	7,216,649
Payables to associated companies	47,898	259,037	241,481	548,416
Tax payables	915,879	250,433	63,042	1,229,354
Due to social security institutions	1,171,149	142	80,890	1,252,181
Other payables	2,073,271	70,806	3,358,952	5,503,029
	60,241,447	1,180,061	9,721,914	71,143,422

Payables to associated companies may be broken down as follows:

PAYABLES TO ASSOCIATED COMPANIES	COMMERCIAL
STAR AG	66,139
DANTE SRL	20,780
STAR CZECH S.R.O.	57,301
STAR POLAND EURO	44,737
STAR COMUNICAÇÃO E SERVIÇOS - SCP	44,001
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	39,633
STAR JAPAN TOKYO	27,717
IAMDEV	27,118
STAR SERV.LINGUISTICOS LDA	26,406
STAR INFORMATION ENGINEERING S.L.	22,031
STAR SERVICIOS LINGUISTICOS - BARCELONA	21,721
STAR SOFTWARE SHANGHAI CO. LTD	18,647
STAR HUNGARY KFT	16,246
STAR EGYPT MIDDLE EAST LTD CAIRO	15,904
STAR UK LIMITED	14,025
STAR Information Services & Tools S.R.L.	12,023
STAR KOREA AG	11,137
STAR SPB - RUSSIA	9,676
STAR TRANSLATION & SOFTWARE THAILAND CO.,	8,863
STAR DEUTSCHLAND GMBH	8,087
STAR AG TAIWAN BRANCH	7,964
STAR PARIS	7,782
STAR GROUP AMERICA LLC	7,596
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA	5,159
STAR SOFTWARE INDONESIA	2,594
STAR GROUP SCANDINAVIA AB	2,090
STAR TURKEY INF.SERVICES LTD STI	1,163
STAR TECHNOLOGY SOLUTIONS	639
GRAFICA E EDITORA STARCOM LTDA	629
STAR J&M FINNLAND OY	341
STAR CO., LTD	232
STAR SA	35
	548,416

E) Accrued expenses and deferred income

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
3,124,301	1,192,633	1,931,668

These represent the liaison items for the period calculated on an accruals basis, and consist primarily of deferred income for revenues paid in advance but pertaining to subsequent periods.

The item breaks down as follows:

	31/12/2021	31/12/2020	CHANGE
Accrued expenses	1,454,365	29,900	1,424,465
Deferred income	1,669,936	1,162,733	507,203
TOTAL	3,124,301	1,192,633	1,931,668

The most significant amounts of accrued expenses include accrued interest on the bond/minibond loan amounting to €159,417, amounts due to personnel for accrued production bonuses yet to be paid, amounting to €149,879 and the MBO allocation accrued in the year equal to €747,700, as well as other minor amounts for credit card expenses incurred in December but debited to the current account in January, employee expense accounts, and bank charges.

Deferred income relates mainly to invoices issued in advance in 2021 but related to activities that will be performed in 2022. Also included is a revenue from STAR AG related to the IPO costs of future years (€760,104).

As at 31/12/2021, there were no accruals or deferrals with a duration of more than five years.

9

Income Statement

A) Value of production

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
60,024,757	44,605,149	15,419,608

The details are as follows:

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Revenues from sales and services	58,992,426	43,460,628	15,531,798
Change in inventories of work in progress, semi-finished and finished products	-125,696	-205,116	79,420
Changes in contract work in progress	154,520	0	154,520
Other revenues and income			
Grants related to income	701,750	666,070	35,680
Others	301,757	683,567	-381,810
Total other revenues and income	1,003,507	1,349,637	-346,130
TOTAL VALUE OF PRODUCTION	60,024,757	44,605,149	15,419,608

The change is closely related to the matters discussed in the Report on Operations.

The breakdown of revenues by business segment is as follows:

BUSINESS SECTOR	31/12/2021	31/12/2020	CHANGE
Revenues from translation and interpreting	19,981,033	14,665,718	5,315,315
Revenues from authoring	25,370,721	17,458,690	7,912,031
Revenues from printing	3,842,354	3,600,908	241,446
Misc. services	9,798,319	7,735,312	2,063,007
TOTAL	58,992,426	43,460,628	15,531,798

The breakdown of the value of revenues by geographical area is as follows:

GEOGRAPHICAL AREA	31/12/2021	31/12/2020	CHANGE
Italy	42,335,080	33,967,445	8,367,635
EU	3,573,573	3,101,050	472,523
NON EU	13,083,773	6,392,133	6,691,640
TOTAL	58,992,426	43,460,628	15,531,798

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

	RESEARCH AND DEVELOPMENT	INDUSTRY 4.0	COVID-19	ECOBONUS	TOTAL
STAR7 S.p.A.	252,547		1,106		253,653
STAR7 Engineering srl	304,548		24,947		329,495
STAR7 Printing srl		109,832	6,820	1,950	118,602
AD Studio srl	-	-	-	-	-
	557,095	109,832	32,873	1,950	701,750

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

Revenues recognised from related parties are as follows:

PAYABLES TO ASSOCIATED COMPANIES	COMMERCIAL
STAR AG	442,536
STAR DEUTSCHLAND GMBH	165,190
STAR PARIS	83,638
STAR TECHNOLOGY SOLUTIONS	34,740
STAR GROUP SCANDINAVIA AB	18,725
STAR UK LIMITED	15,423
STAR Software, Translation, Artwork, Recording GmbH	14,176
STAR JAPAN CO., LTD	13,876
STAR CZECH S.R.O.	8,354
STAR SA	3,823
STAR GROUP AMERICA LLC	2,832
STAR SERVICIOS LINGUISTICOS - BARCELONA	1,116
STAR INFORMATION ENGINEERING S.L.	107
	804,536

B) Costs of production

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
56,033,975	42,080,435	13,953,540

Costs of production are all inherent in the production of revenues and accrued during the period.

COST OF PRODUCTION	31/12/2021	31/12/2020	CHANGE
Raw and ancillary materials, consumables and goods	4,002,824	2,994,114	1,008,710
Services	22,537,958	19,108,749	3,429,209
Leased assets	1,322,995	1,426,375	-103,380

PERSONNEL COSTS

a) wages and salaries	17,186,914	11,489,329	5,697,585
b) social security contributions	4,587,710	3,530,881	1,056,829
c) employees' leaving entitlement	947,769	798,697	149,072
d) pensions and similar obligations	0	0	0
e) other costs	255,189	117,925	137,264
TOTAL PERSONNEL COSTS	22,977,582	15,936,832	7,040,750

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

a) amortisation of intangible fixed assets	2,960,696	1,101,567	1,859,129
b) depreciation of tangible fixed assets	1,248,573	585,053	663,520
c) other write-downs of fixed assets	0	0	0
d) write-downs of receivables included in current assets and of cash and cash equivalents	15,818	129,992	-114,174
TOTAL AMORTISATION, DEPRECIATION AND WRITE-DOWNS	4,225,087	1,816,612	2,408,475

11) changes in inventories of raw, ancillary and consumable materials and goods	-243,228	-236,629	-6,599
12) Provisions for risks	64,000	40,000	24,000
13) other provisions	0	0	0
14) Sundry operating expenses	1,146,757	994,382	152,375
TOTAL COSTS OF PRODUCTION	56,033,975	42,080,435	13,953,540

Cost of raw materials, ancillary materials, consumables and goods for resale and Cost of services

They are closely related to the information provided in the section of the Report on Operations and the performance of item A (Value of Production) of the Income Statement.

Personnel costs

This item includes all expenses for employees, including merit payments, changes in category, contingency payments, the cost of unused vacation time and provisions pursuant to legislation and collective labour agreements.

In 2021 the Italian Companies of the Group did not use the welfare measures provided for in the regulations issued to counter the negative effects of the Covid-19 epidemiological emergency, while in 2020 the temporary redundancy fund CIG was used at three different times during the year, regarding an average of 150 employees. The use of the wage supplementation allowance was the subject of an audit in the early months of 2021 by the Tax Authorities of Alessandria, which ended without any findings regarding Group Companies, having correctly complied with the provisions of the Law

Amortisation and depreciation

Depreciation/amortisation has been calculated on the basis of the useful life of the assets and their participation in the production phase.

The costs received from related parties are as follows:

COSTS FROM ASSOCIATED COMPANIES	COMMERCIAL
DANTE SRL	480,000
STAR AG	406,950
STAR CZECH S.R.O.	269,951
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	246,640
STAR SERV.LINGUISTICOS LDA	160,573
STAR POLAND	156,218
STAR JAPAN CO., LTD	106,659
STAR INFORMATION ENGINEERING S.L.	82,194
STAR SOFTWARE SHANGHAI CO. LTD	65,627
STAR UK LIMITED	63,632
STAR HUNGARY KFT	62,210
STAR Information Services & Tools S.R.L.	60,164
STAR EGYPT MIDDLE EAST LTD CAIRO	26,933
STAR SPB - RUSSIA	18,342
STAR KOREA AG	18,033
STAR SOFTWARE INDONESIA	17,714
STAR SERVICIOS LINGUISTICOS - BARCELONA	17,027
STAR AG TAIWAN BRANCH	15,283
STAR GROUP SCANDINAVIA AB	15,164
STAR DEUTSCHLAND GMBH	14,066
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD	12,652
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA	11,362
STAR TURKEY INF.SERVICES LTD STI	9,819
STAR PARIS	8,134
STAR GROUP AMERICA LLC	6,303
STAR Software, Translation, Artwork, Recording GmbH	2,786
STAR J&M FINNLAND OY	2,233
STAR CO., LTD	335
STAR TECHNOLOGY SOLUTIONS	315
STAR VERTALINGEN B.V.	238
STAR SA	85
	2,357,642

C) Financial income and charges

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
-632,967	-317,711	-315,256

Breakdown of interest and other financial expense by type of debt

TYPE OF FINANCIAL EXPENSES	31/12/2021	31/12/2020	CHANGE
Interest payable on current accounts, advances, factoring	138,011	179,979	-41,968
Interest payable on loans	427,567	69,142	358,425
Interest payable on leases	92,623	80,787	11,836
Interest due to suppliers and other charges	18,645	5,635	13,010
TOTAL	676,846	335,543	341,303

Interest expense on loans includes €159,417 for interest accrued from 15/11/2021 to 31/12/2021 on the bond loan of €25,000,000.

No details are provided for financial income due to the insignificance of the amounts.

The details of exchange gains and losses are not indicated as the amounts are not significant. The balance in the income statement refers entirely to realised exchange differences.

D) Value adjustments to financial assets and liabilities

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
751	-73,589	74,340

The revaluation of €40,803 relates to the equity valuation of the investment in the Brazilian subsidiary "Star Comunicação e Serviços - SCP".

The write-down of €40,052 reflects the alignment of the value of the investment in the Brazilian associate "Grafica e Editora Starcom Ltda", which was merged into "STAR Comunicação e Serviços Ltda" in the first half of 2021.

Current and deferred income taxes

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
887,647	448,296	439,351

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Current taxes	962,661	576,914	385,747
IRES - IRAP - other taxes	962,661	576,914	385,747
Prior year taxes	-	-	-
(Deferred) tax assets	-75,014	-128,618	53,604
TOTAL	887,647	448,296	439,351

Deferred tax assets/liabilities

For details of deferred tax assets, please refer to the table included in the note on receivables from current assets, while reference is made for details of deferred tax liabilities to the table included in the note on provisions for risks and charges.

Cash flow statement

With regard to the Cash Flow Statement, the following should be noted:

- the item "Total adjustments for non-monetary items without a balancing entry in net working capital" includes, among others, employee severance indemnities deriving from the acquisition of the business unit from Grafitec s.r.l. (€72,817), increases in fixed assets due to changes in the scope of consolidation (€273,287) and the change in the provision for risks and charges for financial derivative liabilities;
- investments in intangible assets do not include goodwill relating to LocalEyes Ltd, The Geo Group and the business unit of Grafitec s.r.l., as these components are more fittingly indicated under the line item "Acquisition of business units net of cash and cash equivalents".

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

During the year, the following fees were paid to the members of the Board of Directors and the Board of Statutory Auditors of the Parent Company:

	DIRECTORS	STATUTORY AUDITORS
Fees	874,273	29,987

No advances were paid or loans granted to directors and auditors, nor were guarantees issued in their favour.

Fees to the statutory auditor or auditing company

In accordance with the law, the fees for the year for services provided by the Independent Auditors and by entities belonging to their network are shown:

	VALUE
Legal audit of annual accounts	19,000
TOTAL FEES DUE TO THE STATUTORY AUDITOR OR THE AUDITING FIRM	19,000

Information on financial instruments issued by Group companies

The share capital of the Parent Company, fully subscribed and paid-up, is composed as follows (Article 2427, first paragraph, nos. 17 and 18, Civil Code).

SHARES/QUOTAS	NUMBER	NOMINAL VALUE IN EURO
Ordinary Shares	7,649,752	without par value
PAS Special Shares	1,350,000	without par value
	8,999,752	

In 2021, the following shares were issued (Extraordinary Shareholders' Meeting of 29/11/2021 and Board of Directors' meeting of 20/12/2021).

SHARES ISSUED BY THE COMPANY BY CATEGORIES		
DESCRIPTION	ORDINARY SHARES	PAS SPECIAL SHARES
Shares subscribed during the year, number	7,649,752	1,350,000
Shares subscribed during the year, par value	not indicated	not indicated
Opening amount, number	500,000	
Closing amount, number	7,649,752	1,350,000
Opening amount, par value	500,000	
Closing amount, par value	not indicated	not indicated

For the purpose of admission to listing on the Euronext Growth Milan market, the existing ordinary shares as at 31/12/2020 (500,000 with a unit value of €1.00) were cancelled as new ordinary shares were issued, dematerialised, with no indication of the par value. Of the latter, 1,350,000 were converted into special PAS shares in accordance with Article 6 of the Bylaws (of which 750,000 held by Dante s.r.l. and 600,000 held by STAR AG). On 20 December 2021, the Board of Directors subsequently resolved on a capital increase with the issue of 1,499,752 new ordinary shares, of which 429,752 subscribed by Kairos Partners SGR S.p.A. and 1,070,000 offered for placement on the market.

Securities issued by Group companies

As already mentioned, the Parent Company issued the following securities during the year that are not included in the share capital: two issues of bonds/mini-bonds for a total of €25 million in order to partially finance the acquisition of 100% of the LocalEyes Ltd Group; the duration is 7 years with one year grace period (full repayment by 25/10/2028), and a fixed interest rate of 4.75%; as a guarantee, a pledge has been issued on 100% of the shares/units of LocalEyes Ltd.

Commitments, guarantees and contingent liabilities not shown in the balance sheet

To guarantee the repayment of the bonds/mini-bonds issued in 2021, a pledge has been issued on 100% of the shares/units of LocalEyes Ltd.

Information on the fair value of financial derivatives

Pursuant to Article 2427-bis, first paragraph, Civil Code, we inform you that some Group Companies have entered into the following, unlisted, derivative financial contracts, of which the main characteristics and their fair value, recognised in the financial statements in accordance with accounting standard OIC 32, are summarised below.

TYPE OF CONTRACT	PURPOSE	NOTIONAL VALUE	FAIR VALUE POSITIVE	FAIR VALUE NEGATIVE	DATE OF EXECUTION	EXPIRY
Intesa San Paolo Interest rate swap	hedging	3,000,000		2,671	06/06/2019	28/04/2023
Credit Agricole interest rate swap	hedging	2,250,000		7,707	05/10/2020	05/10/2026
Unicredit interest rate swap	hedging	1,900,000		3,401	18/11/2020	30/09/2026
Intesa San Paolo Interest rate swap	hedging	3,000,000	5,689		29/01/2021	31/12/2026
Intesa San Paolo Interest rate swap	hedging	850,000		1,340	03/02/2020	31/01/2025
		11,000,000	5,689	15,119		

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

No financial assets are recorded in the consolidated financial statements at a value greater than their fair value.

Information on transactions carried out with related parties (ref. Article 38, first paragraph, letter o-quinquies), Legislative Decree 127/1991)

Transactions with related parties were mainly with STAR AG, Dante s.r.l. and companies in which they hold investments. These transactions were carried out at conditions in line with market conditions. Details are provided in the notes to the various balance sheet and income statement items.

Information on agreements not shown in the balance sheet (ref. Article 38, first paragraph, letter o-sexies), Legislative Decree 127/1991

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

Information on significant events after the end of the financial year

No significant events occurred after the end of the year that could have significant capital, economic and financial effects on the consolidated financial statements as at 31/12/2021.

However, it is worth noting the continuation of the Covid-19 epidemiological emergency, which has severely strained the health systems of almost every country in the world over the past two years, as well as causing serious social and economic resilience problems, especially in western nations. The phenomenon is receding, however, thanks to ongoing vaccination campaigns and the state of emergency is expected to end on 1 April 2022.

On 24 February 2022, an armed conflict between Russia and Ukraine began, following the invasion of Russian armed forces in Ukrainian territory. As of today, it is not possible to predict how long the conflict will last and how it will develop in the future, but it has swept away an axiom that had been taken for granted, and namely that there would be no more wars on European soil. This conflict will undoubtedly have a negative effect on all economic operators worldwide, as it causes uncertainty and political instability, factors that are unwelcome to those who do business. The most immediate consequence is the significant increase in energy prices: in particular for Italy, the conflict has laid bare the problem of the high cost of energy for Italian companies, as well as the need for a greater diversification of energy sources in order to not be overly dependent on any one source.

In the light of the information available as of today, there is no direct impact on the performance of the 2022 financial year.

We inform you that the Group has relations with Russian counterparties and, therefore, will comply with the recently introduced legislation on economic and financial transactions with Russian operators.

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

It should be noted that operating grants, the details of which are included in the table in the note on "Other revenues and income", have been recognised.

With regard to the quantification of State aid relating to the guarantees obtained by Sace/Mediocredito on the loans payable, under the Covid-19 regulation, reference should be made to the specific table shown in the Notes to the Payables.

Outlook for 2022

The trend of the first few months following 31/12/2021 confirmed a good performance, despite an international context complicated by recent geopolitical events. The outlook for the entire year 2022 points to the achievement of a net profit.

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

Pursuant to the law, we provide the information required by Article 2427, first paragraph, no. 22 quinquies and sexies) of the Civil Code.

Following the listing of the shares on the Euronext Growth Milan market, the case no longer exists, as STAR AG (based in Switzerland, tax identification number CHE-02.892.540), which at 31/12/2020 held 50% of the shares of STAR7 S.p.A., currently holds 33.4%.

Other information

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

Maranello, 28 March 2022

Chairman of the Board of Directors
Lorenzo Mondo

INDEPENDENT AUDITOR'S REPORT



on the Consolidated Financial Statements as at 31/12/2021



STAR7 S.p.A.

Report of the independent auditors
pursuant to art. 14 of Legislative Decree
no. 39 of 27 January 2010

Consolidated financial statements at 31 December 2021



ABNG/MSCC/Abro-RC085002021BD1557





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40125 Bologna

Report of the independent auditors

pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of
Star7 S.p.A.

Report on the audit of the consolidated financial statements

Judgment

We have audited the accompanying consolidated financial statements of Star7 Group (the Group), which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statement of income, the consolidated statement of cash flows for the year then ended, and the related notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021, and of its results of operations and its cash flows for the year then ended in accordance with Italian regulations governing the criteria for their preparation.

Elements underlying the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for Auditing the Consolidated Financial Statements* section of this report. We are independent of Star7 S.p.A. in accordance with the rules and principles on ethics and independence applicable in Italian law to the auditing of financial statements.

We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

Responsibility of the directors and the Board of Statutory Auditors for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Italian law governing the criteria for their preparation and, within the terms of the law, for that part of the internal control they consider necessary to enable the preparation of financial statements that do not contain material misstatements, whether due to fraud or unintentional conduct or events.

The directors are responsible for assessing the Group's ability to continue to operate as a going concern and, in preparing the consolidated financial statements, for the appropriateness of the use of the going concern assumption, as well as for adequate disclosure in this regard. The directors use the going concern assumption in preparing the consolidated financial statements unless they have assessed that the conditions exist for the liquidation of the parent company Star7 S.p.A. or for discontinuing operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for supervising, within the terms of the law, the process of preparing the Group's financial reports.

Bari, Bologna, Brescia, Cagliari, Florence, Genoa, Milan, Naples, Padua, Palermo, Rome, Turin, Verona

BDO Italia S.p.A. - Registered Office: Viale Abruzzi, 94 - 20131 Milan - Share Capital Euro 1,000,000 fully paid up.

Tax ID Code: VAT number and Milan Company Register no. 07722780967 - R.E.A. Milan 1977842

Entered in the Register of Auditors at no. 167911 with Ministerial Decree of 15/03/2013 G.U. no. 26 of 02/04/2013

BDO Italia S.p.A., an Italian joint-stock company, is a member of BDO International Limited, a company limited by guarantee under English law, and is part of the international BDO network of independent companies.



Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement, whether due to fraud or unintentional conduct or events, and to issue an audit report that includes our opinion. Reasonable assurance is defined as a high level of assurance that an audit performed in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement, if any. Errors may arise from fraud or from unintentional conduct or events and are considered significant when they can reasonably be expected, either individually or collectively, to influence the economic decisions made by users on the basis of the consolidated financial statements.

As part of an audit performed in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgment and maintained professional scepticism throughout the audit. Also:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements due to fraud or unintentional conduct or events; we defined and performed audit procedures in response to these risks; we have obtained sufficient and appropriate evidence on which to base our opinion. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional conduct or events, as fraud may involve collusion, falsification, intentional omissions, misrepresentation, or forcing of internal control;
- we have obtained an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we assessed the appropriateness of the accounting policies used as well as the reasonableness of the accounting estimates made by the directors, including the related disclosures;
- we have reached a conclusion on the appropriateness of the directors' use of the going concern assumption and, based on the evidence obtained, on whether there is any material uncertainty about events or circumstances that may cast significant doubt about the Group's ability to continue as a going concern. If there is a material uncertainty, we are required to draw attention in the audit report to the relevant financial statement disclosures or, if such disclosures are inadequate, to reflect that fact in the formulation of our opinion. Our conclusions are based on the evidence obtained through the date of this report. However, subsequent events or circumstances may result in the Group ceasing to operate as a going concern;
- we evaluated the presentation, structure, and content of the consolidated financial statements as a whole, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that provides a fair presentation.
- we have obtained sufficient and appropriate evidence on the financial information of the businesses or the different economic activities carried out within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, oversight and performance of the Group's audit engagement. We are solely responsible for our audit opinion on the consolidated financial statements.

We communicated to those responsible for governance activities, identified at an appropriate level as required by ISA Italy, among other matters, the planned scope and timing of the audit and the significant findings that arose, including any significant deficiencies in internal control identified during the audit.

STAR7 S.p.A. | Report of the independent auditors pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010



Report on other statutory and regulatory requirements

Judgment pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10

The directors of Star7 S.p.A. are responsible for the preparation of the Star7 Group's report on operations as of 31 December 2021, including its consistency with the related consolidated financial statements and its compliance with legal requirements.

We have performed the procedures indicated in Auditing Standard (SA Italy) No. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Star7 Group as at 31 December 2021, and on their compliance with legal requirements, as well as to issue a statement on any significant errors.

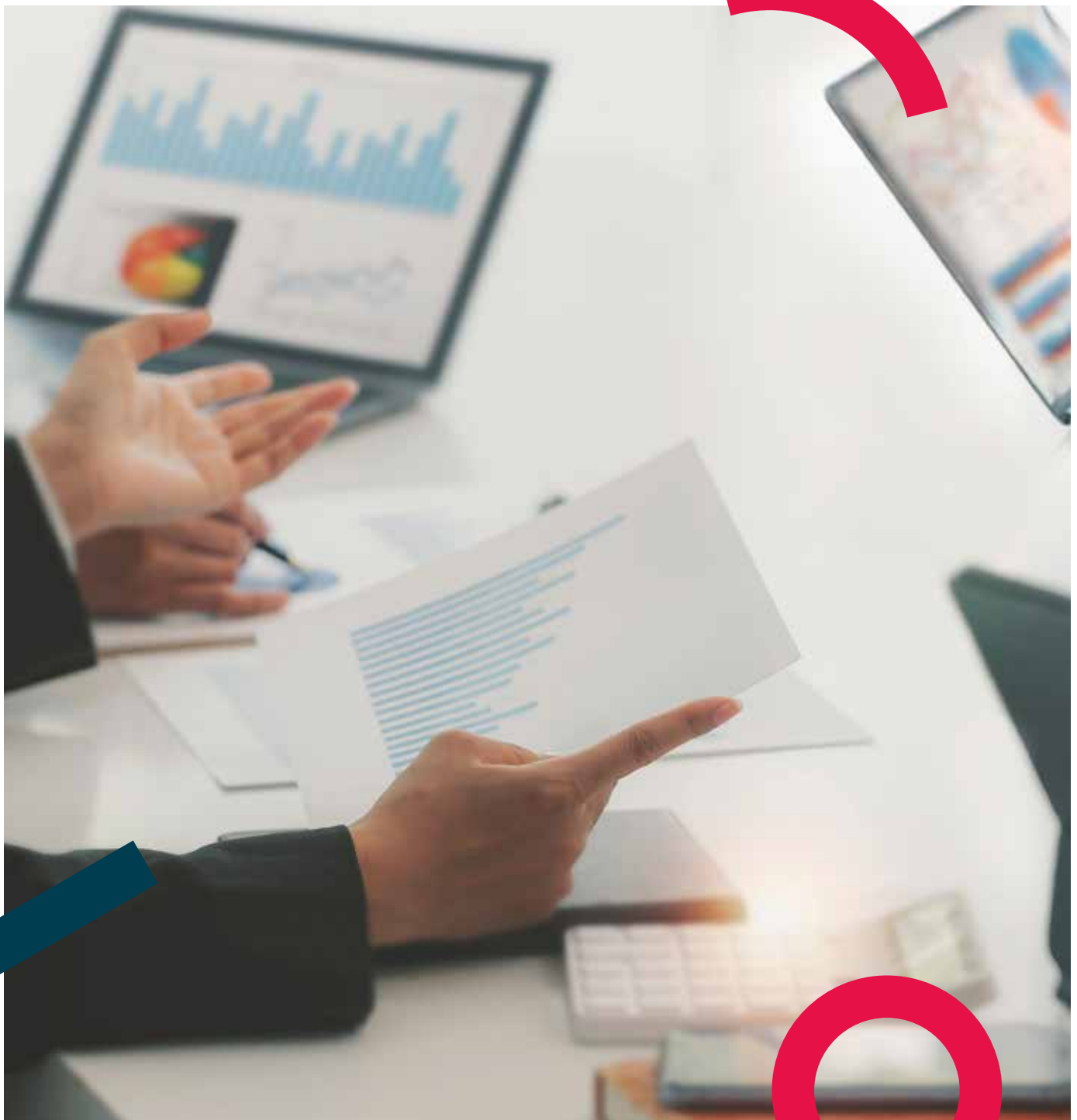
In our opinion, the report on operations referred to above is consistent with the Star7 Group's consolidated financial statements for the year ended 31 December 2021, and has been prepared in accordance with the requirements of the law.

With reference to the statement pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired during the audit, we have nothing to report.

Turin, 13 April 2022

BDO Italia S.p.A.

Anna Maria Bongiovanni
Partner



REPORT ON OPERATIONS

—
accompanying the Financial Statements as at 31/12/2021

The year ended on 31/12/2021 shows a profit equal to:

€ 726,661
(€ 1,022,127 as at 31/12/2020)

1

Operating conditions and business development

Your company operates in the field of translation and interpreting, automation of translation processes and language technologies, technical authoring and engineering content, dedicated IT development, and print on demand.

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

From a legal point of view, the company directly controls the following companies that carry out activities that are complementary and/or functional to the group's core business.

COMPANY	REGISTERED OFFICE	SHAREHOLDING	CONTROL	ACTIVITY
STAR7 PRINTING S.R.L.	ASTI - ITALY	60%	60%	printing & logistics
STAR7 ENGINEERING S.R.L.	MARANELLO (MO) - ITALY	100%	100%	process engineering, VR, AR, IR
AD STUDIO S.R.L.	LUGO (RA) - ITALY	100%	100%	technical authoring
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE - BRAZIL	75%	75%	printing, logistics, technical authoring
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE - BRAZIL	75%	75%	logistics
STARCOM ARGENTINA S.A.S	CORDOBA - ARGENTINA	75%	75%	translation
STAR USA LLC	DOVER - DELAWARE - USA	100%	100%	translation, technical authoring
TECHWORLD LANGUAGE SERVICES INC.	TROY - MICHIGAN - USA	100%	100%	translation
THE GEO GROUP CORPORATION	MADISON - WISCONSIN - USA	100%	100%	translation
STAR7 ALBANIA SHPK	TIRANA - ALBANIA	100%	100%	translation, technical authoring
STAR7 GMBH	LINZ - AUSTRIA	100%	100%	translation, technical authoring
LOCALEYES LTD	CORK - IRELAND	100%	100%	translation
LOCALEYES TIRANA	TIRANA - ALBANIA	100%	100%	translation
LOCALEYES MADRID	MADRID - SPAIN	100%	100%	translation
LOCALEYES AMSTERDAM	AMSTERDAM - HOLLAND	100%	100%	translation
LOCALEYES HELSINKI	HELSINKI - FINLAND	100%	100%	translation
LOCALEYES USA	SAN FRANCISCO - USA	100%	100%	translation

2

Operating performance

The 2021 financial year marked an important moment in the company's growth, characterised by major transactions both in terms of growth through acquisitions and opening up to the market with the listing on Euronext Growth Milan in December. Significant M&A transactions were carried out during the year, enabling and accelerating the growth of the entire Group headed by your company in the international arena.

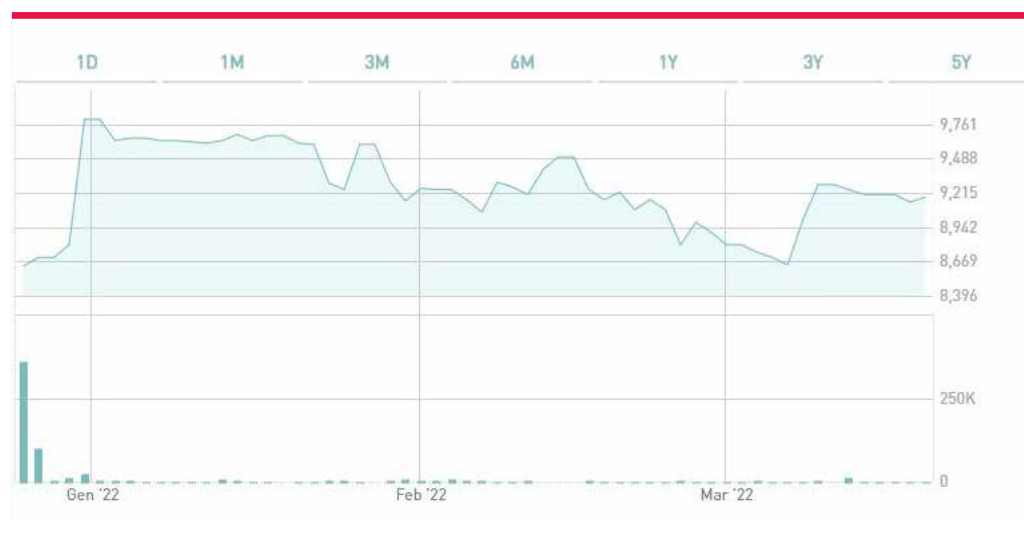
March 2021 saw the finalisation of the acquisition of the production branch of Grafitec srl, which operates in the printing sector and specialises in defence sector documentation, both classified and standard, enabling STAR7 to expand its scope of business to the Aerospace & Defense industry.

In April, the subsidiary STAR USA LLC acquired 100% of the Geo Group Corporation, with the aim of increasing the Group's local presence in the United States, in the translation business, logistically positioning itself in an area where one of our global customers (CNH Group) is present, along with other interesting potential customers in the industrial sector to whom we can offer our services locally.

November saw the biggest acquisition, both in size and value, that STAR7 has made in its history. In November, the 100% acquisition of the Cork-based company LocalEyes LTD in Ireland was completed, which in turn controls five other companies in Europe and the USA, specialising in the translation business in the Tech sector in which the STAR7 Group was not yet present. This transaction has allowed the company to add the market-leading Apple brand to the pool of premium customers and this will enable the STAR7 Group to have an increasingly qualified presence in the United States, which remains the leading market in terms of volume and development opportunities in the translation business. This transaction required a major financial commitment from your company, supported by the excellent results of the acquired company, with the issue of two mini-bonds, for a total value of 25 million, also listed on the Extra MOT3 market. In addition, in November the company began its journey to open up to minority interests through a reserved capital increase subscribed by the Kairos fund through its ELTIF Kairos Renaissance subfund, which provided further financial support for the completion of the LocalEyes acquisition.

After the acquisition, STAR7 SPA appeared on the market with a new, more international dimension, entering the tech sector through the market's most important customer. With entry on the Borsa Italiana- Euronext Growth Milan - December finally marked the development of a project that had begun in 2020 and been put on hold by the epidemiological emergency caused by the Covid-19 pandemic. This project will launch STAR7 on a new path of international growth. 24.9% of the company's capital was placed on the market, both through the sale of treasury shares in the portfolio and through a dedicated capital increase for a total of €15 million at a placement price of €8.25 per share, closing at the end of the first day at €8.63 per share. Kairos further increased its stake with another subscription during the IPO, to hold 6.1% through ELTIF Kairos Renaissance.

Share performance was positive.



Parallel to these activities, research and development in the area of Virtual, Immersive and Augmented Reality continued at a fast pace, through the realisation of products and solutions that respond extremely well to the ever-increasing demand for virtual businesses, enabling the entire STAR7 Group to provide state-of-the-art solutions in the field of Virtual Training, Virtual Showroom and Product Experience by making the most of its technical information management skills acquired over time through engineering and technical authoring.

Turnover, which had already recovered robustly in the first six months of the year after the slowdown due to the pandemic in the first half of 2020, confirmed its upward trend in the second half of the year as well, with the company returning to its traditional growth trend.

Your company has increasingly taken on the structure and configuration of a multinational company, positioning itself as a solid partner in offering its services to large international groups. Financial performance, which was obviously affected by the indebtedness related to the acquisition of LocalEyes, was rebalanced by the funds raised through the IPO, and therefore the company is in a balanced situation, with the liquidity to continue its development process, which includes both internal growth and certainly also further M&A activities for which possible target companies had already been identified.

With these important activities carried out during 2021 and the results obtained, STAR7, although in an international context complicated by recent geopolitical events, began 2022 by confirming its growth process - renewing important long-term contracts and also acquiring major customers in sectors where it did not already have such a strong presence, particularly in the translation business.

The outlook for the future continues to be positive, and scouting activities are ongoing, to identify strategic targets to acquire in order to continue our growth, especially in the international arena.

3

Research and development activities

Pursuant to Article 2428, paragraph 3, number 1 of the Civil Code, the following disclosures are made: During 2021, as well as in the previous five years, as in part already formally explained in the Report on operations of previous financial statements, research and development projects went ahead, which are eligible for subsidies pursuant to Article 3 of Decree 174 of 29 May 2015 of the Ministry of Economy and Finance (pursuant to Decree Law 145/2013 converted into Law 190/2014).

As a leading Group in the field of language and translation services, both on the national and international geographic market, we have in fact implemented Experimental Development Projects, where the development activity consisted in the conceptual definition and implementation of new products, processes or services. High value-added editorial technologies have been developed in the various Business Areas (Authoring, Language Services, After Sales), succeeding in developing innovative ideas and applications of already existing services, as well as co-developing - also with dedicated internal resources - and increasing the potential and integration of already available software and creating new integrated platforms.

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

Operating performance in the sectors in which the Company operates

As far as your company is concerned, the past financial year must be considered positive.

4

Summary of financial statements (figures in euros)

	31/12/2021	31/12/2020	CHANGE	31/12/2019
Revenues from sales and services	43,568,017	34,191,076	9,376,941	39,887,939
Value of production	44,006,715	34,781,507	9,225,208	41,120,475
Gross operating margin (M.O.L. or EBITDA)	3,320,514	2,035,712	1,284,802	2,731,753
Operating income (EBIT)	1,287,705	1,336,437	-48,732	2,065,520
Profit (loss) before taxes	974,565	1,320,083	-345,518	2,213,027
Profit (loss) after taxes	726,661	1,022,127	-295,466	1,346,901
Fixed assets	41,838,160	7,142,321	34,695,839	5,370,614
Total net equity	21,447,086	8,899,075	12,548,011	7,913,580
Net financial position	-33,051,747	-12,841,878	-20,209,869	-15,166,717

Main income data

The Company's reclassified Income Statement compared with that of the previous year is as follows (in euros):

	31/12/2021	31/12/2020	CHANGE	31/12/2019
Net revenues	43,568,017	34,191,076	9,376,941	39,887,939
External costs	-26,819,470	-22,186,209	-4,633,261	-27,927,600
VALUE ADDED	16,748,547	12,004,867	4,743,680	11,960,339
Personnel costs	-13,930,731	-10,525,097	-3,405,634	-10,569,152
EBITDA	2,817,816	1,479,770	1,338,046	1,391,187
Amortisation, depreciation, write-downs and other provisions	-1,968,809	-768,958	-1,199,851	-640,769
OPERATING PROFIT (LOSS) (EBIT)	849,007	710,812	138,195	750,418
Non-recurring income	438,698	625,625	-186,927	1,315,102
Financial income and charges	-313,140	-16,354	-296,786	147,507
PROFIT (LOSS) BEFORE NON-RECURRING ITEMS	974,565	1,320,083	-345,518	2,213,027
Revaluations and write-downs	0	0	0	0
PROFIT BEFORE TAX	974,565	1,320,083	-345,518	2,213,027
Income Taxes	-247,904	-297,956	50,052	-866,126
NET PROFIT (LOSS)	726,661	1,022,127	-295,466	1,346,901

In order to provide a clearer picture of the Company's earnings performance, the table below shows certain profitability indicators compared with the same indicators for previous years' financial statements.

	31/12/2021	31/12/2020	31/12/2019
ROE (Return On Equity)	3.4%	11.5%	17.0%
ROI (Return On Invested Capital)	2.4%	6.1%	8.9%
ROE (Return On Sales)	3.0%	3.9%	5.2%

Main balance sheet data

The reclassified Balance Sheet of the Company compared with the previous year's figures is as follows (in euros):

	31/12/2021	31/12/2020	CHANGE	31/12/2019
Net intangible fixed assets	6,315,439	4,433,581	1,881,858	1,499,405
Net property, plant and equipment	743,923	661,232	82,691	946,202
Equity investments and other financial fixed assets	34,778,798	2,047,508	32,731,290	2,637,507
NON-CURRENT ASSETS (A)	41,838,160	7,142,321	34,695,839	5,083,114
Inventories	17,284	17,284	-	52,478
Trade receivables	19,218,903	20,416,607	-1,197,704	21,781,999
Receivables from subsidiaries	6,855,893	4,132,666	2,723,227	4,391,651
Receivables due from associated companies	1,226,077	355,312	870,765	241,094
Tax credits and other receivables	2,586,394	1,259,758	1,326,636	990,970
Deferred tax assets	222,044	206,159	15,885	97,476
Accrued income and prepaid expenses	1,444,079	839,778	604,301	673,840
SHORT-TERM OPERATING ASSETS (B)	31,570,674	27,227,564	4,343,110	28,229,508
Trade payables	-5,076,261	-3,429,345	-1,646,916	-3,629,410
Payables to subsidiaries	-1,748,474	-2,703,849	955,375	-1,694,684
Payables to associated companies	-486,685	-1,043,715	557,030	-547,230
Payments on account	-	-	-	-
Tax and social security payables	-1,444,815	-956,707	-488,108	-1,131,555
Other payables	-4,687,253	-1,295,748	-3,391,505	-1,218,920
Accrued expenses and deferred income	-2,104,728	-351,845	-1,752,883	-16,697
SHORT-TERM OPERATING LIABILITIES (C)	-15,548,216	-9,781,209	-5,767,007	-8,238,496
NET WORKING CAPITAL (B-C=D)	16,022,458	17,446,355	-1,423,897	19,991,012
Employee severance indemnity	-3,024,162	-2,583,457	-440,705	-1,892,901
Taxes and social security payables (beyond the next financial year)	-	-	-	-
Other medium- and long-term liabilities	-337,623	-264,266	-73,357	-100,930
MEDIUM- TO LONG-TERM LIABILITIES (E)	-3,361,785	-2,847,723	-514,062	-1,993,831
INVESTED CAPITAL (A+D-E)	54,498,833	21,740,953	32,757,880	23,080,295
Net equity	-21,447,086	-8,899,075	-12,548,011	-7,913,579
Short-term net financial position	6,516,389	-2,538,471	9,054,860	-13,065,307
Medium/long-term net financial position	-39,568,136	-10,303,407	-29,264,729	-2,101,409
EQUITY AND NET FINANCIAL DEBT	-54,498,833	-21,740,953	-32,757,880	-23,080,295

The reclassified balance sheet shows the company's financial soundness (i.e. its ability to maintain a financial balance in the medium/long term).

In order to provide a better description of the company's financial solidity, the table below shows some balance sheet ratios relating both to (i) the methods of financing medium/long-term loans and (ii) the composition of the sources of financing, compared with the same ratios for the financial statements of previous years.

	31/12/2021	31/12/2020	31/12/2019
Primary structural margin (equity-fixed assets)	-20,391,074	1,756,754	2,830,465
Primary structural quotient (capital/fixed assets)	0.51	1.25	1.56
Secondary structural margin (permanent sources of capital/fixed assets)	22,538,847	14,907,884	6,925,705
Secondary Structure Quotient	1.54	3.09	2.50

Financial highlights

The net financial position as at 31/12/2021 was as follows (in euros):

	31/12/2021	31/12/2020	CHANGE	31/12/2019
Bank deposits	17,318,293	4,103,394	13,214,899	1,568,153
Cash and other valuables on hand	1,409	411	998	3,361
LIQUID FUNDS	17,319,702	4,103,805	13,215,897	1,571,514
CURRENT FINANCIAL ASSETS	0	0	0	0
Due to banks (within one year)	-8,766,023	-6,581,222	-2,184,801	-14,924,322
Payables due to other financial institutions (within one year)	-2,037,290	-61,054	-1,976,236	0
Financial receivables (due within the next financial year)	0	0	0	0
Financial debts and obligations (due within the next financial year)	0	0	0	287,500
SHORT-TERM FINANCIAL PAYABLES	-10,803,313	-6,642,276	-4,161,037	-14,636,822
SHORT-TERM NET FINANCIAL POSITION	6,516,389	-2,538,471	9,054,860	-13,065,308
Due to banks (beyond the next financial year)	-11,568,136	-10,303,407	-1,264,729	-2,101,409
Due to other financial institutions (beyond the subsequent year)	-3,000,000	0	-3,000,000	0
Financial receivables (beyond one year)	0	0	0	0
Financial debts and obligations (due after the next financial year)	-25,000,000	0	-25,000,000	0
MEDIUM/LONG-TERM NET FINANCIAL POSITION	-39,568,136	-10,303,407	-29,264,729	-2,101,409
NET FINANCIAL POSITION	-33,051,747	-12,841,878	-20,209,869	-15,166,717

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

	31/12/2021	31/12/2020	1/12/2019
Primary liquidity	1.85	1.91	1.30
Secondary liquidity	1.86	1.91	1.30
Indebtedness (Financial debt/equity)	2.35	1.90	2.15
Coverage rate of fixed assets	1.46	2.69	1.97
Net financial debt/equity	1.54	1.44	1.92
EBITDA/net financial expense	6.87	10.81	18.51
Net financial debt/Ebitda	9.95	6.31	5.55

The primary liquidity ratio is 1.85. The company's current financial position is to be considered good. The secondary liquidity ratio is 1.86. The value assumed by the net working capital is certainly satisfactory in relation to the amount of current payables. The debt ratio is 2.35 following the acquisition of the subsidiary LocalEyes. The amount of debt is considered appropriate in relation to existing equity. The coverage ratio of fixed assets of 1.46 shows that the amount of consolidated equity and debt is appropriate in relation to the amount of fixed assets. Shareholders' equity together with consolidated payables are considered to be of an appropriate amount in relation to the amount of fixed assets.

Environmental and personnel information

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

Environment

The Company does not engage in polluting industrial processes.

Staff

No on-the-job deaths occurred during the year among personnel listed in the register. During the year, there were no serious accidents at work involving serious or very serious injuries to personnel listed in the register of employees. During the year there were no charges relating to occupational illnesses on employees or former employees and mobbing cases.

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Investments

During the first half of the year, investments were made in the following areas:

FIXED ASSETS	ACQUISITIONS DURING THE YEAR
Land and buildings	10,000
Plant and machinery	6,050
Industrial and commercial equipment	3,500
Other assets	230,310

The most significant item of fixed assets, "Other assets", consists of hardware and electronic equipment.

Relations with associated, parent and sister companies

The following table shows the data from the latest approved financial statements of the subsidiaries, understood to be those companies in which STAR7 Spa holds the majority of votes that can be exercised at the Shareholders' Meeting (Article 2359 of the Civil Code)

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital	Profit (Loss) last year	Net equity	Share held	Value in the financial statements*	Net equity pro-rata
STAR7 PRINTING S.R.L.	ASTI	01495260059	10,000	12,446	598,589	60%	6,000	359,153
STAR7 ENGINEERING S.R.L.	MARANELLO (MO)	02436770065	40,000	643,081	1,670,578	100%	674,920	1,670,578
AD STUDIO S.R.L.	LUGO (RA)	02552920395	10,000	4,735	112,758	100%	10,000	112,758
LOCALEYES LTD	CORK (IRELAND)			340,713	2,690,973	100%	32,626,886	2,690,973
STAR7 AUSTRIA GMBH	LINZ (AUSTRIA)	ATU71651312	35,000	54,094	90,220	100%	199,350	90,220
STAR ALBANIA SHPK	TIRANA (ALBANIA)		4,106	5,690	25,770	100%	4,143	25,770
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE (BRAZIL)		320,704	1,189,845	2,730,073	75%	379,679	2,047,555
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE (BRAZIL)		110,725	-5,681	12,555	75%	122,228	9,416
STAR USA LLC	USA		6,114	-246,288	-30,386	100%	292,474	-30,386
							34,315,680	6,976,037

*Book value or corresponding receivable

Techworld Language Services Inc. and The Geo Group, indirectly controlled through STAR USA LLC, which holds 100% of the share capital, should be added to this list.

Below are the figures for the associated company IAMDEV S.t.p. SRL, a strategic software company:

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital	Profit (loss) for the last financial year	Net equity	Share held	Value in the financial statements*
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	120,000
							120,000

*Book value or corresponding receivable

The company has had the following dealings with subsidiary Group companies:

COMPANY	FINANCIAL RECEIVABLES	FINANCIAL PAYABLES	TRADE RECEIVABLES	TRADE PAYABLES	TRADE REVENUES	TRADE COSTS
STAR7 PRINTING SRL			4,733	1,093,518	15,803	6,382,721
STAR7 ENGINEERING SRL			7,898	68,989	28,642	380,421
AD STUDIO SRL	400,000		10,162	302,083	19,076	1,139,281
STAR7 AUSTRIA GMBH			5,102	13,713	4,313	215,240
STAR COMUNICAÇÃO E SERVIÇOS LTDA	228,457		53,474	1,873	7,475	809
STAR USA LLC	4,468,634		1,220,989		1,209,393	
STAR ALBANIA SHPK	400,000		6,569	263,505		763,259
TECHWORLD LANGUAGE SERVICES INC,				4,794		
CAL COMUNICAÇÃO LTDA						
LOCALEYES LTD			49,875			
TOTAL	5,497,091	-	1,358,802	1,748,474	1,284,702	8,881,731

The company had the following relationships with associated Group companies:

COMPANY	FINANCIAL RECEIVABLES	FINANCIAL PAYABLES	TRADE RECEIVABLES	TRADE PAYABLES	TRADE REVENUES	TRADE COSTS
STAR AG			1,077,354	66,139	442,536	406,950
STAR SOFTWARE SHANGHAI CO. LTD				18,647		65,627
DANTE SRL				3,050		480,000
STAR BARCELONA			356	21,721	1,116	17,027
STAR PREVAJALSKE STORITVE D.O.O Ljubljana				39,633		246,640
STAR INFORMATION ENGINEERING S.L.				22,031	107	82,194
STAR CZECH S.R.O.			587	57,301	8,354	269,951
STAR POLAND EURO				44,737		
STAR JAPAN CO., LTD			8,115	27,717	13,876	106,659
STAR HUNGARY KFT				16,246		62,210
STAR AG TAIWAN BRANCH				7,964		15,283
STAR SERVICIOS LINGUISTICOS LDA				26,406		160,573
STAR Information Services & Tools S.R.L.				12,023		60,164
STAR Information Services Ltd. Sti.			112			
STAR GROUP SCANDINAVIA AB			3,252	2,090	18,725	15,164
STAR EGYPT MIDDLE EAST LTD CAIRO				15,904		26,933
STAR KOREA AG				11,137		18,033
STAR GROUP AMERICA LLC			2,023	7,596	2,832	6,303
STAR IRELAND						
STAR UK LIMITED			5,557	14,025	15,423	63,632
STAR SWEDEN						
STAR SPB - RUSSIA				9,676		18,342
STAR TURKEY INF.SERVICES LTD STI				1,163		9,819
STAR SOFTWARE INDONESIA				2,594		17,714
STAR PARIS			37,685	7,782	83,638	8,134
STAR J&M FINNLAND OY				341		2,233
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA LTDA				5,159		11,362
STAR POLAND ZLOTY						156,218
STAR ROMANIA						
STAR CO., LTD				232		335
STAR DEUTSCHLAND GMBH			43,282		165,190	14,066
STAR Software, Translation, Artwork, Recording GmbH			14,176		14,176	2,786
STAR TRANSLATION & SOFTWARE THAILAND CO., LTD				8,863		12,652
STAR TECHNOLOGY SOLUTIONS			28,094	639	34,740	315
STAR SA			5,484	35	3,823	85
GRAFICA E EDITORA STARCOM LTDA						
STAR VERTALINGEN BV						238
TOTAL	-	-	1,226,077	450,851	804,537	2,357,640

These transactions, which do not include any atypical and/or unusual operations, are conducted on an arm's length basis.

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Information on risks and uncertainties pursuant to Article 2428, paragraph 3, point 6-bis of the Civil Code

Credit risk

The company's receivables are carefully monitored, and the credit risk is deemed to be covered by the related provision of €493,368.95.

Liquidity risk

Note:

- lines of credit exist to meet liquidity needs;
- the company holds deposits with credit institutions to meet liquidity needs;
- there are no significant concentrations of liquidity risk on either the side of financial assets or sources of funding
- the terms of collection are adjusted to those of payment

Market risk

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

- interest rate risk
- price risk
- exchange rate risk

Given the limited risks, the company has no hedging activities in place. Key risks are continuously monitored by the Chairman of the Board of Directors.

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Information on treasury shares

It should be underlined that as at the closing date of these Financial Statements, the Company did not hold any of its own shares and/or shares and quotas of parent companies, including through trust companies or third parties.

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Outlook

Activity in the first few months of this year confirms a trend in line with last year and the prospect of a positive result.

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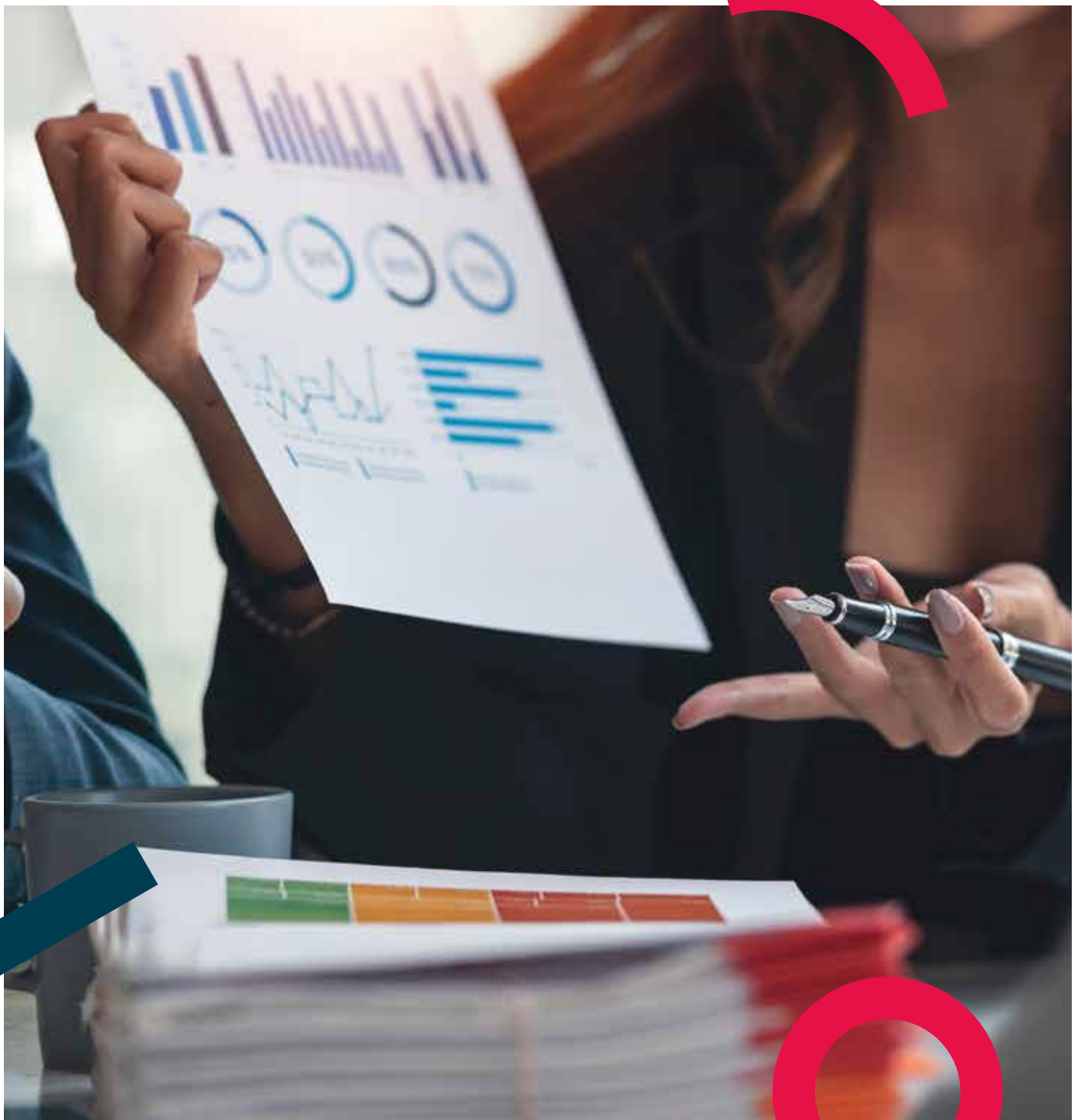
Fulfilments pursuant to Articles 375 and 377 of Legislative Decree 14/2019 (Business Crisis Code)

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

The Company has an adequate organisational chart, also in view of the planned listing, and has adequate instruments for the constant monitoring of corporate activities, the economic and financial performance and a management control system. The indicators relating to negative or below-par shareholders' equity and the DSGR (Debt Service Coverage Ratio) do not reveal any critical aspects.

We thank you for the trust you have placed in us and invite you to approve the financial statements as presented.

Maranello, 28 March 2022
Chairman of the Board of Directors
Lorenzo Mondo



FINANCIAL STATEMENTS

as at 31/12/2021

REGISTRY DETAILS

Headquarters in	ALESSANDRIA
Tax ID No	01255170050
REA Index number	AL 208355
VAT No.	01255170050
Share capital in Euro	599,340
Legal form	SOCIETÀ PER AZIONI (SPA)
Company in liquidation	no
Single member company	no
Company subject to management and coordination by another party	no
Group membership	yes
Name of the parent company	STAR7 S.P.A.

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Balance sheet

Assets

	31/12/2021	31/12/2020
B) FIXED ASSETS		
I - INTANGIBLE FIXED ASSETS		
1) Start-up and expansion costs	514,951	657,902
4) Industrial patents and intellectual property rights	1,360,345	1,228,526
5) Goodwill	1,599,756	1,722,974
6) Assets under development/construction and payments on account	287,016	586,041
7) Others	2,553,371	238,138
TOTAL INTANGIBLE ASSETS	6,315,439	4,433,581
II - PROPERTY, PLANT AND EQUIPMENT		
1) Land and buildings	230,399	222,505
2) Plant and machinery	17,248	15,375
3) Industrial and commercial equipment	6,936	8,321
4) Other assets	489,340	415,031
TOTAL PROPERTY, PLANT AND EQUIPMENT	743,923	661,232
III - FINANCIAL FIXED ASSETS		
1) Equity investments in		
a) subsidiaries	34,315,680	1,688,794
b) associated companies	120,000	120,000
Total equity investments	34,435,680	1,808,794
2) Receivables		
a) from subsidiaries		
due after the next financial year	275,554	170,000
Total receivables from subsidiaries	275,554	170,000
d-bis) from others		
due after the next financial year	67,564	68,714
Total receivables from others	67,564	68,714
Total receivables	343,118	238,714
TOTAL FINANCIAL FIXED ASSETS	34,778,798	2,047,508
TOTAL FIXED ASSETS (B)	41,838,160	7,142,321

	31/12/2021	31/12/2020
C) CURRENT ASSETS		
I - INVENTORY		
4) Finished products and goods	17,284	17,284
TOTAL INVENTORIES	17,284	17,284
II - RECEIVABLES		
1) from customers		
due within the next financial year	19,218,903	20,416,607
Total trade receivables	19,218,903	20,416,607
2) from subsidiaries		
due within the next financial year	6,855,893	4,132,666
Total receivables from subsidiaries	6,855,893	4,132,666
3) from associates		
due within the next financial year	1,226,077	355,312
Total receivables from associated companies	1,226,077	355,312
5-bis) tax receivables		
due within the next financial year	1,074,654	791,524
Total tax receivables	1,074,654	791,524
5-ter) Deferred tax assets/liabilities	222,044	206,159
5-quater) from others		
due within the next financial year	1,511,740	468,234
Total receivables from others	1,511,740	468,234
TOTAL RECEIVABLES	30,109,311	26,370,502
IV - CASH AND CASH EQUIVALENTS		
1) Bank and postal deposits	17,318,293	4,103,394
3) Cash and cash equivalents	1,409	411
TOTAL CASH AND CASH EQUIVALENTS	17,319,702	4,103,805
TOTAL CURRENT ASSETS (C)	47,446,297	30,491,591
D) ACCRUALS AND DEFERRALS		
	1,444,079	839,778
TOTAL ASSETS	90,728,536	38,473,690

Liabilities

	31/12/2021	31/12/2020
A) NET EQUITY		
I - CAPITAL	599,340	500,000
II - SHARE PREMIUM RESERVE	11,728,160	-
IV - LEGAL RESERVE	100,000	100,000
VI - OTHER RESERVES, INDICATED SEPARATELY		
Special reserve	7,923,536	7,291,413
Capital contributions	2,846	2,846
Misc, other reserves	409,324	19,321
TOTAL OTHER RESERVES	8,335,706	7,313,580
VII - RESERVE FOR TRANSACTIONS TO HEDGE EXPECTED CASH FLOWS	(42,781)	(36,632)
IX - PROFIT (LOSS) FOR THE YEAR	726,661	1,022,127
TOTAL NET EQUITY	21,447,086	8,899,075
B) PROVISIONS FOR RISKS AND CHARGES		
1) For pensions and similar obligations	154,930	90,930
2) For taxes, including deferred taxes	76,402	75,135
3) Financial derivative liabilities	56,291	48,201
4) others	50,000	50,000
TOTAL PROVISIONS FOR RISKS AND CHARGES	337,623	264,266
C) EMPLOYEE SEVERANCE INDEMNITY		
	3,024,162	2,583,457

	31/12/2021	31/12/2020
D) PAYABLES		
1) Bonds		
due after the next financial year	25,000,000	-
Total bonds	25,000,000	-
4) Borrowings from banks		
due within the next financial year	8,766,023	6,581,222
due after the next financial year	11,568,136	10,303,407
Total due to banks	20,334,159	16,884,629
5) Borrowings from other lenders		
due within the next financial year	2,037,290	61,054
due after the next financial year	3,000,000	-
Total borrowings from other lenders	5,037,290	61,054
7) Trade payables		
due within the next financial year	5,076,261	3,429,345
Total trade payables	5,076,261	3,429,345
9) Payables to subsidiaries		
due within the next financial year	1,748,474	2,703,849
Total payables to subsidiaries	1,748,474	2,703,849
10) Payables to associated companies		
due within the next financial year	486,685	1,043,715
Total payables to associated companies	486,685	1,043,715
12) Tax payables		
due within the next financial year	594,988	322,225
Total taxes payable	594,988	322,225
13) Due to social security institutions		
due within the next financial year	849,827	634,482
Total payables to social security institutions	849,827	634,482
14) Other payables		
due within the next financial year	4,687,253	1,295,748
Total other payables	4,687,253	1,295,748
TOTAL PAYABLES	63,814,937	26,375,047
E) ACCRUALS AND DEFERRALS		
	2,104,728	351,845
TOTAL LIABILITIES	90,728,536	38,473,690

2

Income Statement

Income Statement

	31/12/2021	31/12/2020
A) VALUE OF PRODUCTION		
1) revenues from sales and services	43,568,017	34,191,076
2) Change in inventories of work in progress, semi-finished and finished products	-	(35,194)
5) Other revenues and income		
grants related to income	253,653	248,413
others	185,045	377,212
Total other revenues and income	438,698	625,625
TOTAL VALUE OF PRODUCTION	44,006,715	34,781,507
B) COST OF PRODUCTION		
6) raw and ancillary materials, consumables and goods	1,041,357	1,215,359
7) for services	23,898,286	19,515,139
8) leases and rentals	927,336	691,449
9) personnel		
a) wages and salaries	10,296,811	7,537,213
b) social security contributions	2,828,130	2,334,828
c) employees' leaving entitlement	641,446	547,562
e) other costs	164,344	105,494
Total personnel costs	13,930,731	10,525,097
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	1,803,579	503,467
b) depreciation of tangible fixed assets	165,230	155,808
d) write-downs of receivables included in current assets and of cash and cash equivalents	-	109,683
Total amortisation, depreciation and write-downs	1,968,809	768,958
12) Provisions for risks	64,000	40,000
14) Sundry operating expenses	888,491	689,068
TOTAL COSTS OF PRODUCTION	42,719,010	33,445,070
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	1,287,705	1,336,437

	31/12/2021	31/12/2020
C) FINANCIAL INCOME AND CHARGES		
15) Income from shareholdings		
from subsidiaries	152,232	170,000
Total income from equity investments	152,232	170,000
16) Other financial income		
d) income other than the above		
others	18,018	3,490
Total income other than the above	18,018	3,490
Total other financial income	18,018	3,490
17) Interest and other financial expenses		
others	483,201	188,364
Total interest and other financial expenses	483,201	188,364
17-bis) exchange gains and losses	(189)	(1,480)
TOTAL FINANCIAL INCOME AND EXPENSES (15 + 16 - 17 + - 17-BIS)	(313,140)	(16,354)
PROFIT (LOSS) BEFORE TAX (A - B + - C + - D)	974,565	1,320,083
20) Current, deferred and prepaid income taxes for the period		
current taxes	357,695	319,934
Deferred tax assets and liabilities	(109,791)	(21,978)
Total current and deferred income tax assets and liabilities	247,904	297,956
21) Consolidated net income (loss) for the year	726,661	1,022,127

3

Cash flow statement, indirect method

Cash flow statement, indirect method

	31/12/2021	31/12/2020
A) CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	726,661	1,022,127
Income Taxes	247,904	297,956
Interest expense/(income)	465,183	184,874
(Dividends)	(152,232)	(170,000)
(Gains)/Losses from disposal of assets	(173)	30,953
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	1,287,343	1,365,910
Adjustments for non-cash items that did not have a balancing entry in net working capital		
Provisions	706,713	587,562
Depreciation/amortisation of fixed assets	1,968,809	659,275
Value adjustments to financial assets and liabilities of derivative financial instruments not involving monetary movements	8,090	-
Other adjustments up/(down) for non-cash items	72,817	389,447
Total adjustments for non-monetary items that did not have a balancing entry in net working capital	2,756,429	1,636,284
2) Cash flow before changes in net working capital in net working capital	4,043,772	3,002,194
Change in net working capital		
Decrease/(Increase) in inventories	-	35,194
Decrease/(Increase) in trade receivables	1,197,704	1,365,391
Increase/(Decrease) in trade payables	1,646,916	(200,065)
Decrease/(Increase) in accrued income and prepaid expenses	(604,301)	(165,938)
Increase/(Decrease) in accrued expenses and deferred income	1,593,466	335,149
Other decreases/(Other increases) in net working capital	(2,784,889)	1,705,301
Total change in net working capital	1,048,896	3,075,032
3) Cash flow after changes in net working capital	5,092,668	6,077,226
Other adjustments		
Interest received/(paid)	(305,766)	(184,874)
(Income taxes paid)	(38,470)	(581,045)
Dividends received	46,678	-
(Use of provisions)	(273,558)	(171,318)
Total other adjustments	(571,116)	(937,237)
CASH FLOW FROM OPERATING ACTIVITIES (A)	4,521,552	5,139,989

	31/12/2021	31/12/2020
B) CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment		
(Investments)	(249,860)	(234,311)
Divestments	2,112	96,804
Intangible fixed assets		
(Investments)	(3,625,437)	(2,557,643)
Financial fixed assets		
(Investments)	(32,626,886)	(120,000)
Divestments	1,150	287,500
(Acquisition of business units net of cash and cash equivalents)	(60,000)	-
CASH FLOW FROM INVESTING ACTIVITIES (B)	(36,558,921)	(2,527,650)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Loan funds		
Increase/(Decrease) in short-term payables to banks	425,216	(8,391,634)
Financing	34,000,000	8,900,000
(Repayment of loans)	(999,450)	(588,414)
Own funds		
Paid capital increase	11,827,500	-
CASH FLOW FROM FINANCING ACTIVITIES (C)	45,253,266	(80,048)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	13,215,897	2,532,291
Cash and cash equivalents at beginning of year		
Bank and postal deposits	4,103,394	1,568,153
Cash and cash equivalents	411	3,361
Total cash and cash equivalents at beginning of year	4,103,805	1,571,514
Cash and cash equivalents at end of year		
Bank and postal deposits	17,318,293	4,103,394
Cash and cash equivalents	1,409	411
Total cash and cash equivalents at end of year	17,319,702	4,103,805

NOTES TO THE

Financial Statements for the year ended 31/12/2021

1

Introduction

These financial statements, submitted for your examination and approval, show a net profit for the year of €726,661 (€1,022,127 as at 31/12/2020).

Your company produces and translates technical documentation, interpreting, automates editorial processes, develops dedicated software, and prints on demand. It stands out for its expertise and experience, as well as its great commitment to the search for new and innovative solutions.

Research and development activities

During the year, STAR7 S.p.A. developed Research and Development Projects, eligible for subsidies pursuant to Article 3 of Decree no. 174 of 29 May 2015 of the Ministry of Economy and Finance.

It has been decided to consider this activity worthy of recognition in the current financial statements both for tax purposes, with the consequent determination of a Research and Development Credit to be used as compensation, and for accounting purposes, with the recognition of income under "Other revenues" of €252,547, allocating this amount to item A5) Other revenues and income - b) Operating grants. This has entailed recognition of a research and development receivable in these financial statements, all on the assumption that the eligible costs underlying the calculation are fully recognised in the income statement.

Significant events occurring during the year

The 2021 financial year was still marked by the Covid-19 epidemiological emergency, although the situation is gradually easing thanks to the vaccination campaigns undertaken in all countries of the world.

Italy is one of the main nations affected by the emergency, but in 2021 it was not necessary to adopt drastic measures, such as a nationwide lockdown.

Notwithstanding the contingent situation described above, in 2021 the Company continued to make some important changes to its organisation, continuing the re-branding process, which began operationally on 7/7/2020, with the change of name from STAR S.p.A. to STAR7 S.p.A. in order to enhance both the Company's founding values and specific characteristics of the services it provides with expertise and innovation in the global market.

During the first few months of 2021 the production branch of Grafitec S.r.l. was acquired. This company operates in the printing sector, specialising in both classified and ordinary defense industry documentation.

With effect from 24 April 2021, a 100% stake was acquired in The Geo Group Inc., a US company based in Madison (Wisconsin - USA) specialising in translation activities. On 15 November 2021, the acquisition of 100% of the LocalEyes Ltd Group, a company based in Cork, Ireland, specialising in the Tech translation business in which the Star7 Group was not yet present, was finalised. This transaction added the market-leading Apple brand to the company's premium customers and allowed the Star7 Group to have a qualified presence in the US market. This acquisition was largely financed through the issue of a bond/mini-bond for €25 million.

In addition, in November the company began its journey to open up to minority interests through a reserved capital increase subscribed by the Kairos fund through its ELTIF Kairos Renaissance subfund, which provided further financial support for the completion of the LocalEyes acquisition. As a result, a share capital increase of €27,650 was approved, reserved for the entry of the investment fund mentioned above, with a simultaneous share premium of €2,972,350. The share capital was then further increased by €71,690 for the purpose of subsequent listing on the Euronext Growth Milan segment.

Finally, 23 December 2021 was the first day of STAR7 S.p.A.'s shares being listed on the Euronext Growth Milan segment (formerly AIM Italia), crowning the process undertaken in 2019 and then slowed down by necessity, due to the Covid-19 emergency. For the listing, treasury shares (€3 million) were acquired for subsequent placement on the market with a concurrent premium of €8,755,810. Development in translation services continued, both nationwide and abroad, which may take place in 2022 through future acquisitions.

2

Basis of presentation

The criteria used in the preparation and measurement of the Financial Statements items for the year ended 31/12/2021 take into account the changes introduced into the national legislation by Legislative Decree 139/2015, through which Directive 2013/34/EU was implemented. As a result of Legislative Decree 139/2015, the national accounting standards OIC were amended. These Financial Statements comply with the provisions of Articles 2423 and following of the Civil Code, as illustrated in these Notes, which have been drawn up in accordance with Article 2427 of the Civil Code and constitute, pursuant to Article 2423, an integral part of the Financial Statements. Carrying amounts are shown in Euro units by rounding off the relevant amounts. Any rounding differences were posted to the item "Euro rounding reserve" under shareholders' equity; pursuant to Article 2423, sixth para., of the Civil Code, the Notes to the Financial Statements have been drawn up in euros.

The Notes to the Financial Statements present information on items in the Balance Sheet and Income Statement in the order in which the relevant items are shown in the respective financial statements.

Basis of preparation

(Ref. Articles 2423 and 2423-bis C.C.)

The valuation of the items in the financial statements was carried out in accordance with the general criteria of prudence and competence, with a view to the continuation of the business.

The application of the principle of prudence has entailed the individual valuation of the elements making up the individual items of assets or liabilities, in order to avoid offsetting losses that must be recognised with profits that must not be recognised as they have not yet been realised. In accordance with the accruals principle, the effect of transactions and other events has been recorded in the accounts and attributed to the period to which such transactions and events refer, and not to the period in which the related cash movements (receipts and payments) take place. In application of the principle of materiality, the obligations concerning recognition, measurement, presentation and disclosure have not been complied with when their observance would have an irrelevant effect on the true and fair view. The continuity of application of the valuation criteria over time is a necessary element for the purposes of comparability of the company's financial statements in the various financial years. Recognition and presentation of items in the financial statements has been made taking into account the substance of the transaction or contract.

Exceptional cases pursuant to Article 2423, fifth paragraph, of the Civil Code

(Ref. Article 2423, fifth paragraph, Civil Code)

There were no exceptional circumstances that made it necessary to resort to derogations pursuant to Article 2423, paragraph 5 of the Civil Code.

Suspension of depreciation - Article 60 Law 126/2020

It should be borne in mind that pursuant to Article 60 of Law no. 126/2020 the Company, as an exception to Article 2426, paragraph 1, number 2) of the Civil Code, had decided not to carry out annual amortisation of the cost of certain intangible assets in the Financial Statements as at 31/12/2020; this option was not exercised in the Financial Statements for the year ended 31/12/2021. As provided for by the above-mentioned legal provision, the portion of amortisation not carried out is charged to the Income Statement for the following year, thus extending the original amortisation schedule by one year. The Company had been led to use the aforementioned exception in the financial year ended 31/12/2020, as the pandemic caused by the Covid-19 virus had significantly slowed the growth process undertaken and interrupted certain activities such as the Group's rebranding and listing.

The following table shows the impact of the exception in terms of the balance sheet as at 31/12/2021 (there were no effects at an income statement level in the 2021 financial year).

BALANCE SHEET	WITH DEROGATION	WITHOUT DEROGATION	DIFFERENCE
Intangible fixed assets	6,315,439	5,925,436	390,003
Property, plant and equipment	743,923	743,923	-
Financial fixed assets	34,778,798	34,778,798	-
NON-CURRENT ASSETS	41,838,160	41,448,157	390,003
CURRENT ASSETS	47,446,297	47,446,297	-
ACCRUED INCOME AND PREPAID EXPENSES	1,444,079	1,444,079	-
TOTAL ASSETS	90,728,536	90,338,533	390,003
Share capital	599,340	599,340	-
Reserves	20,121,085	19,804,177	316,908
Net profit (loss) for the year	726,661	726,661	-
NET EQUITY	21,447,086	21,130,178	316,908
PROVISIONS FOR RISKS AND CHARGES	337,623	264,528	73,095
PROVISIONS FOR SEVERANCE	3,024,162	3,024,162	-
PAYABLES	63,814,937	63,814,937	-
RATEI E RISCONTI PASSIVI	2,104,728	2,104,728	-
ACCRUED EXPENSES AND DEFERRED INCOME	90,728,536	90,338,533	390,003

Changes in accounting policies

The Company has not changed its accounting policies.

Comparability and adjustment issues

There are no problems with the comparability and adjustment of the figures in the Financial Statements for the year with those in the Financial Statements for the previous year.

Measurement criteria applied

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

Fixed assets

Intangible fixed assets

These are recorded at the historical cost of acquisition and shown net of amortisation charged directly to the individual items.

Start-up and expansion costs benefiting future periods have been capitalised with the consent of the Board of Statutory Auditors. Start-up and expansion costs are amortised over five years.

Licenses and software are amortised at an annual rate of 33.33%.

The costs of creating the website are amortised at an annual rate of 20%.

Goodwill, recognised with the consent of the Board of Statutory Auditors, can be amortised over 10 years, in consideration of the actual profitability profile of the acquired or incorporated companies. For the amortisation of goodwill relating to the business unit acquired by Dante S.r.l., the exception already referred to, in Law 126/2020 relating to the suspension of depreciation, had been applied in the 2020 financial year; Leasehold improvements are depreciated at rates that depend on the duration of the lease of the property being improved.

No development costs and/or assets under construction/development were recognised relating to Research and Development projects capitalised pursuant to OIC 24. If, irrespective of the amortisation already recognised, an impairment loss occurs, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

Property, plant and equipment

This item is recorded at historic or production cost and adjusted by corresponding accumulated depreciation. Ancillary charges and costs incurred in using the asset were taken into account in the value recorded in the financial statements, reducing the cost of trade discounts and cash discounts of a significant amount.

The depreciation charges charged to the Income Statement have been calculated on the basis of the criterion of the residual useful life of the assets, taking into account their use, destination and economic-technical duration, a criterion which we consider to be well represented by the following rates, which have not been modified with respect to the previous year and which are reduced by half in the year the assets enter service:

ASSET CATEGORY	% AMORTISATION/DEPRECIATION
Buildings	3%
Plant and machinery	15%
Equipment	15%
Furniture	12%
Electronic office machines	20%
Trucks	20%

If, irrespective of the amortisation already recognised, an impairment loss occurs, the asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation/amortisation.

There is no property, plant and equipment with monetary or economic revaluation. There are no capitalised borrowing costs.

Receivables

The amortised cost rule has not been applied as the effects are irrelevant for the purposes of giving a true and fair view; therefore, receivables are shown at their estimated realisable value.

The nominal value of receivables is adjusted to their estimated realisable value by means of a specific allowance for doubtful accounts, taking into account the existence of indicators of uncollectibility as well as the general economic situation, negatively affected by the Covid-19 epidemic.

Payables

The amortised cost rule has not been applied as the effects are irrelevant for the purposes of giving a true and fair view; therefore, payables are shown at their nominal value, which reasonably approximates their discharge value.

Accruals and deferrals

They have been determined in accordance with the criterion of actual accrual for the year. For long-term accruals and deferrals, the conditions that determined their original booking were verified, adopting the appropriate changes where necessary.

Inventories

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

Equity investments

Shareholdings in subsidiaries, entered under financial fixed assets, are valued at purchase or subscription cost. Investments recorded as fixed assets represent a long-term, strategic investment by the Company. Investments recorded at purchase cost have not been written down because there are no indicators of impairment, despite the negative effects caused by the Covid-19 epidemiological emergency.

Provisions for risks and charges

These are set aside to cover losses or payables whose existence is certain or likely, but whose amount or date of occurrence could not be determined at the end of the financial year.

In the valuation of these provisions, the general criteria of prudence and accruals were respected and no generic risk provisions without economic justification were set up. Contingent liabilities have been recorded in the financial statements and posted to the provisions since they are considered probable and the amount of the related charge can be reasonably estimated.

Provision for severance pay

The provision represents the actual debt accrued to employees in accordance with the law and current labor contracts, considering all forms of remuneration of an ongoing nature. The fund does not include the indemnities accrued as at 1 January 2007 and destined for complementary pension schemes pursuant to Legislative Decree no. 252 of 5 December 2005.

Income Taxes

Taxes are accounted for on an accruals basis and therefore represent provisions for taxes settled for the year, determined in accordance with current rates and regulations. Deferred taxation was recognised on differences of a temporary nature between the statutory values and tax values of the positive and negative income components.

Revenue and cost recognition

Revenue from sales of products is recognised at the time of transfer of the typical risks and rewards of ownership, which is normally identified with the delivery or shipment of the goods. Revenues from services and those of a financial nature are recognised on an accruals basis.

The same criteria apply to cost entry. Revenues and income, costs and charges relating to transactions denominated in foreign currency are accounted for at the exchange rate in force on the date on which the transaction is carried out.

Translation of monetary assets and liabilities not denominated in euro

There are no monetary assets or liabilities denominated in foreign currencies in these financial statements.

3

Notes, Assets

Fixed assets

Intangible fixed assets

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
6,315,439	4,433,581	1,881,858

Changes in intangible fixed assets (Ref. Article 2427, first paragraph, no. 2, Civil Code)

	Start-up and expansion costs	Patent rights	Industrial patents and intellectual property rights	Goodwill	Intangible fixed assets under development/ construction and advances			Total
VALUE AT START OF YEAR								
Cost	1,514,755	150,352	2,171,486	1,772,180	586,041	620,715	6,815,529	
Amortisation/depreciation (accumulated)	856,853	150,352	942,960	49,206		382,577	2,381,948	
Book value	657,902	0	1,228,526	1,722,974	586,041	238,138	4,433,581	
CHANGES DURING THE YEAR								
Increases due to acquisitions	200,000		642,198	60,000		2,783,238	3,685,436	
Amortisation/depreciation for the year	342,951		510,379	183,218		767,030	1,803,578	
Other changes					-299,025	299,025	0	
Total changes	-142,951	0	131,819	-123,218	-299,025	2,315,233	1,881,858	
VALUE AT END OF YEAR								
Cost	1,714,755	150,352	2,813,684	1,832,180	287,016	3,702,978	10,500,965	
Amortisation/depreciation (accumulated)	1,199,804	150,352	1,453,339	232,424		1,149,607	4,185,526	
Book value	514,951	0	1,360,345	1,599,756	287,016	2,553,371	6,315,439	

The increases in the 2021 financial year concern:

- start-up and expansion costs: €200,000 relating to software services for an on-line technical documentation management project for the automotive sector;
- licences, trademarks and similar rights: €502,653 related to purchased software and internally developed programmes, €138,418 related to the STAR7 brand and €1,127 to other minor licences;
- goodwill: €60,000 related to the company branch acquired from Grafitec s.r.l.;
- assets under development/construction and payments on account: this item refers to work on the new offices in Alessandria Salita Mario Pizzo No. 68, which are currently being completed;
- other intangible fixed assets the largest increase relates to deferred charges incurred for the listing on Euronext Growth Milan (€2,695,552), a portion of which was transferred from assets under construction/development (€299,025); other increases refer to improvements in third-party assets (€120,308) and other minor items.

Goodwill was recognised with the approval of the Board of Statutory Auditors, supported by appraisals drawn up by independent third-party professionals for the business unit acquired from Dante s.r.l. and the RES s.r.l. merger, and taking into account that there are no indicators of impairment. The details are as follows:

	HISTORICAL COST	ACCUMULATED AMORTISATION/DEPRECIATION	NET VALUE
Business unit acquired by Dante s.r.l.	1,286,356	128,636	1,157,720
RES s.r.l merger	485,824	97,788	388,036
Grafitec s.r.l.	60,000	6,000	54,000
	1,832,180	232,424	1,599,756

Long-term costs for listing on Euronext Growth Milan and costs relating to rebranding were re-allocated from assets under construction/development to the category "Other fixed assets".

There are no indicators of impairment of intangible fixed assets at 31/12/2021.

In the financial statements for the year ended 31/12/2020, the Company, as a result of the Covid-19 epidemiological emergency, which prevented it from completing planned activities and slowed the growth process it had undertaken, exercised its right to suspend amortisation for the following categories of intangible assets:

- licences, trademarks and similar rights: €261,991;
- goodwill of Dante S.r.l. company branch: €128,012.

In 2020, €390,003 of amortisation had been suspended overall (of which €261,991 deducted for tax purposes as goodwill was not redeemed for tax purposes). It should also be noted that amortisation charges not recorded in the Income Statement but deducted for tax purposes gave rise to deferred taxation of €73,095 (theoretical tax rate of 27.9%). In the year under review, amortisation was regularly calculated.

Breakdown of start-up and expansion costs and development costs

(Ref. Article 2427, first paragraph, no. 3, Civil Code)

The breakdown of start-up and expansion costs and the reasons for their recognition are shown below.

Start-up and expansion costs

Pursuant to OIC 24, in 2018 start-up costs relating to new activities connected with new contracts with leading customers in the automotive sector for €1,384,755 were recorded under item BI1.

In 2020 and 2021, €130,000 and €200,000 were capitalised respectively relating to costs referred to software services for the on-line technical documentation management project for an important brand in the automotive sector.

No development costs and/or assets under construction/development were recorded relating to Research and Development projects capitalised pursuant to OIC 24.

Property, plant and equipment

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
743,923	661,232	82,691

Changes in property, plant and equipment

	Property, plant and equipment					
	Land and buildings	Plant and machinery	Industrial and commercial equipment	Others	under development/ construction and advances	Total
VALUE AT START OF YEAR						
Cost	226,300	32,520	103,071	1,192,180		1,554,071
Amortisation/depreciation (accumulated)	3,795	17,145	94,750	777,149		892,839
Book value	222,505	15,375	8,321	415,031	0	661,232
CHANGES DURING THE YEAR						
Increases due to acquisitions	10,000	6,050	3,500	230,310		249,860
Reclassifications						0
Decreases due to disposals and divestments (of book value)				114		114
Amortisation/depreciation for the year	2,106	4,177	3,046	155,901		165,230
Other changes			-1,839	14		-1,825
Total changes	7,894	1,873	-1,385	74,309	0	82,691
VALUE AT END OF YEAR						
Cost	236,300	38,570	104,889	1,422,376	0	1,802,135
Amortisation/depreciation (accumulated)	5,901	21,322	97,953	933,036	0	1,058,212
Other changes	0	0	0	0	0	0
Book value	230,399	17,248	6,936	489,340	0	743,923

The item land/buildings includes a building plot currently used as a car park, not depreciated (€201,000).

Increases for the year mostly concern electronic machines and hardware. There were some insignificant decreases in value related to the disposal of some old computers.

There are no indicators of the impairment of property, plant and equipment at 31/12/2021. Despite the option provided for by Article 60 of Decree Law 104/2020 as a result of the Covid-19 epidemiological emergency, amortisation rates were neither suspended nor reduced in 2021 or 2020.

Real estate leasing

Finance lease transactions: the table below summarises the figures for the property lease contract in progress if it were recorded in the accounts in accordance with international accounting standards (so-called financial method).

	AMOUNT
Total amount of leased assets at year end	1,364,841
Depreciation that would have been charged during the year	45,243
Present value of instalments of fees not yet due at year end	1,058,671
of which due over 5 years	505,933
Financial charges for the year based on the effective interest rate	69,044

Leases relating to other assets

Finance lease transactions: The table below summarises the cumulative figures for two ongoing lease agreements for capital vehicles, as if they were recognised in accordance with international accounting standards (the so-called financial method).

	AMOUNT
Total amount of leased assets at year end	266,777
Depreciation that would have been charged during the year	82,638
Present value of instalments of fees not yet due at year end	253,087
of which due over 5 years	0
Financial charges for the year based on the effective interest rate	8,055

Financial fixed assets

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
34,778,798	2,047,508	32,731,290

This category includes equity investments and long-term receivables, the movements of which are shown in the tables below.

Movements in equity investments, other securities and financial derivatives held as fixed assets

	EQUITY INVESTMENTS IN SUBSIDIARIES	EQUITY INVESTMENTS IN OTHER COMPANIES	TOTAL EQUITY INVESTMENTS
VALUE AT START OF YEAR			
Cost	1.688.794	120.000	1.808.794
Book value	1.688.794	120.000	1.808.794
CHANGES DURING THE YEAR			
Increases due to acquisitions	32.626.886		32.626.886
Decreases due to disposals (of book value)			0
Total changes	32.626.886	0	32.626.886
VALUE AT END OF YEAR			
Cost	34.315.680	120.000	34.435.680
Book value	34.315.680	120.000	34.435.680

The increase in equity investments in subsidiaries relates to the acquisition of 100% of the LocalEyes Group, which took place through the acquisition in mid-November 2021 of the entire share capital of the Parent Company LocalEyes Ltd based in Cork (Ireland), a company active in the field of Tech translations, manuals and the development of specific software for such activities, an investment considered strategic also for the purpose of acquiring primary customers.

Equity investments

Investments in subsidiaries and other companies recorded as fixed assets represent a long-term, strategic investment by the Company and are valued at purchase/ subscription cost.

The following additional information is provided for investments in subsidiaries:

- the financial statements used for valuation purposes are the financial statements for the year ended 31/12/2021, given that the dates of closure of the annual accounts of the Parent Company and the investee companies coincide; if not yet approved by the Shareholders' Meeting, the 2021 draft financial statements prepared by the Administrative Body were used; if the latter are also not available, the approved financial statements for the previous year were used;
- STAR USA LLC data are taken from the sub-consolidated financial statements, which include Techworld Language Services Inc. and The Geo Group Corp., directly controlled by STAR USA LLC which holds 100% of the share capital;
- the exchange rate used for the Balance Sheet is that reported by the Bank of Italy as at 31/12/2021, whilst the average exchange rate for the year was used for the Income Statement.

Most of the subsidiaries ended the 2021 financial year posting a profit/breakeven, with good performances, consolidating their market positions and investing significantly in both R&D and new printing technologies to be always competitive in the market and provide their customers with targeted and quality services.

It is believed that, despite the Covid-19 epidemiological emergency, no indicators of impairment of the value of equity investments have emerged precisely because of their strategic nature and the complementary nature of the activities they carry out with respect to the Company's business; there were no cases of "reversal of value".

No non-current investments have undergone any changes in destination.

There are no restrictions on the availability of the investment by the participating company, nor are there any option rights or other privileges, with the exception of the release of the pledge on 100% of the shares/units of LocalEyes Ltd to guarantee the bond/mini-bond taken out to partially finance the acquisition (see the note on payables).

During the year, no investee company approved any paid or unpaid capital increases. No significant transactions, other than ordinary commercial transactions, were carried out with investee companies.

Details of long-term investments in subsidiaries

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital	Profit (loss) for the last financial year	Net equity	Share held	Value in the financial statements*	Net equity pro-rata
STAR7 PRINTING S.R.L.	ASTI	01495260059	10,000	12,446	598,589	60%	6,000	359,153
STAR7 ENGINEERING S.R.L.	MARANELLO (MO)	02436770065	40,000	643,081	1,670,578	100%	674,920	1,670,578
AD STUDIO S.R.L.	LUGO (RA)	02552920395	10,000	4,735	112,758	100%	10,000	112,758
LOCALEYES LTD	CORK (IRELAND)			340,713	2,690,973	100%	32,626,886	2,690,973
STAR7 AUSTRIA GMBH	LINZ (AUSTRIA)	ATU71651312	35,000	54,094	90,220	100%	199,350	90,220
STAR ALBANIA SHPK	TIRANA (ALBANIA)		4,106	5,690	25,770	100%	4,143	25,770
STAR COMUNICAÇÃO E SERVIÇOS LTDA	BELO HORIZONTE (BRAZIL)		320,704	1,189,845	2,730,073	75%	379,679	2,047,555
CAL COMUNICAÇÃO LTDA	BELO HORIZONTE (BRAZIL)		110,725	-5,681	12,555	75%	122,228	9,416
STAR USA LLC	USA		6,114	-246,288	-30,386	100%	292,474	-30,386
							34,315,680	6,976,037

*Book value or corresponding receivable

Details of equity investments in other companies

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Share capital	Profit (loss) for the last financial year	Net equity	Share held	Value in the financial statements*
IAMdev S.t.p. s.r.l	Montacchiello (PI)	02173930500	10,000	not avail.	not avail.	33%	120,000
							120,000

*Book value or corresponding receivable

For investments recognised at a higher value than the portion of shareholders' equity investments in LocalEyes Ltd, Cal Comunicação Ltda, Star7 Austria GmbH and Star USA LLC), no impairment losses were deemed to exist, as the investments are strategic. In particular, with reference to the investment in LocalEyes Ltd, the higher value recognised the financial statements with respect to the net book value (€29,935,913) reflects the goodwill inherent in the purchase made during the year, as shown by appraisals of independent professionals, deriving from the high levels of profitability achieved by the investee company in the financial years prior to the acquisition and the average normal income expected.

Changes in and maturity of long-term receivables

	NON-CURRENT RECEIVABLES DUE FROM SUBSIDIARY UNDERTAKINGS	NON-CURRENT RECEIVABLES DUE FROM ASSOCIATED UNDERTAKINGS	NON-CURRENT RECEIVABLES DUE FROM OTHERS	TOTAL NON-CURRENT RECEIVABLES
Value at start of year	170,000		68,714	238,714
Changes during the year	105,554		-1,150	104,404
Value at end of year	275,554	0	67,564	343,118
Portion due within the year	275,554			275,554
Portion due after the end of the year	0		67,564	67,564
Of which with residual duration of more than 5 years				0

Receivables from subsidiaries include €275,554 from STAR COMUNICAÇÃO LTDA (amount corresponding to residual dividends to be collected).

Other receivables refer to security deposits.

Breakdown of long-term receivables by geographical area

Receivables at 31/12/2021 are broken down by geographical area as follows (Article 2427, paragraph 1, no. 6, Civil Code):

- Brazil: €275,554 (STAR COMUNICAÇÃO LTDA)
- Italy: €67,564:

Current assets

Inventories

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
17,284	17,284	-

Closing inventories are valued at the lower of purchase or production cost and estimated realisable value.

	VALUE AT START OF YEAR	CHANGES DURING THE YEAR	VALUE AT END OF YEAR
Finished products and goods	17,284	-	17,284
TOTAL INVENTORIES	17,284	-	17,284

Current receivables

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
30,109,311	26,370,502	3,738,809

Changes in and maturity of receivables posted to current assets

	VALUE AT START OF YEAR	CHANGES IN THE FINANCIAL YEAR	VALUE AT END OF YEAR	PORTION DUE WITHIN THE YEAR	PORTION DUE AFTER THE END OF THE YEAR	OF WHICH WITHIN RESIDUAL DURATION OF MORE THAN 5 YEARS
Trade receivables included in current assets	20,416,607	-1,197,704	19,218,903	19,218,903	-	-
Receivables from subsidiaries included in current assets	4,132,666	2,723,227	6,855,893	6,855,893	-	-
Receivables due from associates included in current assets	355,312	870,765	1,226,077	1,226,077	-	-
Current tax receivables	791,524	283,130	1,074,654	1,074,654	-	-
Deferred tax assets posted to current assets	206,159	15,885	222,044	222,044	-	-
Receivables due from others included in current assets	468,234	1,043,506	1,511,740	1,511,740	-	-
TOTAL RECEIVABLES POSTED TO CURRENT ASSETS	26,370,502	3,738,809	30,109,311	30,109,311	-	-

The Company has exercised the option not to apply the amortised cost method to receivables in cases where the effects are immaterial, such as receivables due within 12 months; receivables are therefore valued at their estimated realisable value.

Receivables due from clients include €254,893 relating to bills sold to the factoring company and the SBF.

Tax credits include Research and Development tax credits for 2021 amounting to €252,547. The amount refers to the benefit resulting from the incurring of costs classifiable as research and development in the period indicated above.

It should also be noted that the tax credit for IRES is shown net of current IRES for the year (€190,209) offsetting advances paid, withholding taxes incurred, and tax credits, posting the net tax credit in the financial statements (€168,084).

Deferred tax assets have been allocated. The amount as at 31/12/2021 of €222,044 relates to the advance payment of IRES on the following temporary differences between the balance sheet values and values recognised for tax purposes:

	31-12-2020	Taxable		31-12-2021	31-12-2020	IRES paid on account		31-12-2021
		Increases	Returns			Increases	Returns	
Allowance for doubtful accounts - portion exceeding the tax limit	356,150			356,150	85,476	-	-	85,476
Provision for risks and charges - derivative financial instruments payable	48,201	8,090		56,291	11,568	1,942	-	13,510
Provisions for risks and charges - other	50,000			50,000	12,000	-	-	12,000
Undeducted costs to be recovered	404,640	462,742	-404,640	462,742	97,114	111,058	-97,114	111,058
	858,991	470,832	-404,640	925,183	206,158	113,000	-97,114	222,044

Amounts due from others, amounting to €1,511,740, primarily include:

- €842,841 for costs incurred relating to the start of work on the construction of new offices in front of the company's headquarters; these works are financed with a real estate lease and therefore €235,715 was transferred in 2020 from the account "Assets under construction";
- €236,145 relating to the amount accrued for employee severance indemnities of the company SDS, the same amount was posted under liabilities in the item Severance indemnities. The lease of this company branch by Star7 for three years, and expiring in November 2020, has been extended for another year. At the end of the lease of the company branch and in case of return of the same to the company SDS srl, the amounts will be offset;
- €272,437 relating to receivables from employees.

The following tables also show transactions with subsidiary and associated companies (Dante s.r.l. and the various companies of the STAR group), broken down according to the financial and commercial nature.

RECEIVABLES FROM SUBSIDIARIES	FINANCIAL	COMMERCIAL	TOTAL
STAR USA LLC	4,468,634	1,220,989	5,689,623
AD STUDIO SRL	400,000	10,162	410,162
STAR ALBANIA	400,000	6,569	406,569
STAR COMUNICAÇÃO E SERVIÇOS LTDA	228,457	53,474	281,931
LOCALEYES LTD		49,875	49,875
STAR7 ENGINEERING SRL		7,898	7,898
STAR GMBH - AUSTRIA		5,102	5,102
STAR7 PRINTING SRL		4,733	4,733
	5,497,091	1,358,802	6,855,893

Financial receivables due from STAR USA LLC mainly regard the funding provided to the subsidiary undertaking for the acquisition of Techworld Language Services Inc. (€3,091,812) and The Geo Group Corporation (€1,248,907).

Financial receivables from AD Studio, STAR Comunicação e Serviços Ltda and STAR Albania concern temporary liquidity needs.

RECEIVABLES FROM SUBSIDIARIES	COMMERCIAL
STAR AG	1,077,354
STAR DEUTSCHLAND GMBH	43,282
STAR PARIS	37,685
STAR TECHNOLOGY SOLUTIONS	28,094
STAR SOFTWARE, TRANSLATION, ARTWORK, RECORDING	14,176
STAR JAPAN CO., LTD	8,115
STAR UK LIMITED	5,557
STAR SA	5,484
STAR GROUP SCANDINAVIA AB	3,252
STAR GROUP AMERICA, LLC	2,023
STAR CZECH S.R.O.	587
STAR SERVICIOS LINGUISTICOS SLU	356
STAR INFORMATION SERVICES LTD. STI.	112
	1,226,077

Breakdown of receivables posted to current assets by geographical area

The breakdown of receivables as at 31/12/2021 by geographical area is shown in the following table (amounts shown gross of the allowance for doubtful accounts); Article 2427, first paragraph, no. 6, Civil Code).

	ITALY	EU	NON EU	TOTAL
Trade receivables included in current assets	15,610,634	1,393,650	2,214,619	19,218,903
Receivables from subsidiaries subsidiaries included in current assets	422,793	54,977	6,378,123	6,855,893
Receivables due from associates included in current assets		127,432	1,098,645	1,226,077
Current tax receivables	1,074,654			1,074,654
Deferred tax assets posted to current assets	222,044			222,044
Receivables due from others included in current assets	1,511,740			1,511,740
TOTAL RECEIVABLES POSTED TO CURRENT ASSETS	18,841,865	1,576,059	9,691,387	30,109,311

Movements in the allowance for doubtful accounts were as follows:

BALANCE AS AT 31-12-2020	542,134
Uses during the year	-48,766
Provision for the year	-
BALANCE AS AT 31-12-2021	493,368

An analysis of the risks of uncollectible receivables showed that the allowance for doubtful accounts is adequate, also in light of the worsening of the general economic situation due to the Covid-19 epidemic.

Cash on hand

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
17,319,702	4,103,805	13,215,897

The details are as follows:

	VALUE AT START OF YEAR	CHANGE DURING THE YEAR	VALUE AT END OF YEAR
Bank and postal deposits	4,103,394	13,214,899	17,318,293
Cash and other valuables on hand	411	998	1,409
TOTAL CASH AND CASH EQUIVALENTS	4,103,805	13,215,897	17,319,702

The balance represents cash and cash equivalents and the existence of cash and valuables at the end of the fiscal year. Reference should be made to the Statement of Cash Flows for a quantitative analysis of the cash flows that generated the change in the period.

Accrued income and prepaid expenses

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
1,444,079	839,778	604,301

This item refers exclusively to prepaid expenses.

As at 31/12/2021, prepaid expenses with a duration of more than five years, amounting to €696,034, related to:

- €299,905 related to the existing real estate lease and the down payment for the new building under construction;
- €396,129 related to bond issue costs (mini-bond of €25 million).

This item can be broken down as follows (Article 2427, first paragraph, no. 7, Civil Code).

	31/12/2021	31/12/2020	CHANGE
Real estate leasing existing contract	114,360	135,437	-21,077
Vehicle leasing	299,905	64,646	235,259
Mortgage due diligence costs	396,129	48,434	347,695
Other (telephone, insurance, fees, etc.)	633,685	591,261	42,424
TOTAL	1,444,079	839,778	604,301

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Notes, liabilities and shareholders' equity

Shareholders' equity

(Ref. Article 2427, first paragraph, no. 4, 7 and 7-bis, C.C.)

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
21,447,086	8,899,075	12,548,011

Changes during the year in equity items:

Description	31/12/2020	Allocation of previous year's result		Other changes		Profit (loss) for the year	31/12/2021
		Dividends	Others uses	Increases	Decreases		
Share capital	500,000			99,340			599,340
Share premium reserve				11,728,160			11,728,160
Legal reserve	100,000						100,000
Other reserves:							
Special reserve	7,291,413		632,123				7,923,536
Capital contributions	2,846						2,846
Reserve Article 60 Decree Law 104/2020 (converted Law 126/2020)			390,003				390,003
Misc, other reserves	19,321						19,321
TOTAL OTHER RESERVES	7,313,580	0	1,022,126	0	0	0	8,335,706
Reserve for transactions to hedge expected cash flows	-36,632				-6,149		-42,781
Profit (loss) for the year	1,022,127		-1,022,127			726,661	726,661
TOTAL OWNERS' EQUITY	8,899,075	0	-1	11,827,500	-6,149	726,661	21,447,086

On 25 October 2021, a share capital increase of €27,650 was approved, reserved for the entry of the Kairos investment fund, with a concurrent premium of €2,972,350. The share capital was then further increased by €71,690 for the purpose of subsequent listing on Borsa Italiana, Euronext Growth Milan segment, with a premium of €8,755,810. These increases were fully subscribed and paid.

At the same time as the listing, treasury shares in the portfolio were sold in full.

The "Reserve Article 60 Decree-Law 104/2020 (converted into Law 126/2020)", equal to €390,003, corresponds to the lower amortisation of intangible fixed assets charged to the income statement in 2020 by virtue of the suspension/reduction option pursuant to Article 60 Decree-Law 104/2020. The reserve is currently unavailable; it will become available after suspended amortisation has been reinstated.

The "Reserve for expected cash flow hedging transactions" (negative) is shown net of deferred taxes.

Details of the various other reserves

DESCRIPTION	AMOUNT
Amnesty reserve	19,321
Reserve Article 60 Decree Law 104/2020 (converted Law 126/2020)	390,003
TOTAL	409,324

Availability and use of shareholders' equity

Shareholders' equity items are broken down according to origin, possibility of utilisation, distributability and utilisation in the previous three years as follows (Article 2427, paragraph 1, no. 7-bis, of the Civil Code)

	AMOUNT	ORIGIN/ NATURE	POSSIBLE USES	QUOTA DISPONIBILE	SUMMARY OF USES MADE IN THE THREE PREVIOUS YEARS TO COVER LOSSES	FOR OTHER REASONS
Capital	599,340		B			
Share premium reserve	11,728,160		A, B, C, D	11,728,160		
Legal reserve	100,000		A, B			
Other reserves						
Special reserve	7,923,536		A, B, C, D	7,923,536		
Capital contributions	2,846		A, B, C, D	2,846		
Reserve Article 60 Decree Law 104/2020 (conv, Law 126/2020)	390,003		E			
Misc, other reserves	19,321		A, B, C, D	19,321		
TOTAL OTHER RESERVES	8,335,706			7,945,703		0
Hedging reserve for expected cash flows	-42,781			-42,781		
TOTAL	20,720,425			19,631,082		0
Non-distributable portion				514,951		
Residual distributable amount				19,116,131		

Legend: A: for capital increase B: for coverage of losses C: for distribution to shareholders D: for other statutory constraints E: other

There are non-distributable reserves pursuant to Article 2426 of the Civil Code: the extraordinary reserve (of an optional nature) is indirectly unavailable to the extent of the net book value of start-up and expansion costs (€514,951). There are no restrictions on distributability arising from the translation at year-end exchange rates of assets and liabilities in currencies other than the euro.

Formation and use of shareholders' equity items

As required by Article 2427, paragraph 1, number 4) of the Civil Code, the following information is provided (changes during the last two years):

	Share capital	Share premium	Legal reserve	Extraordinary reserve	Reserve Decree Law 104/2020	Reserve Law 289/2002	Capital contribution	Reserve for transactions to hedge expected cash flows	Profit (loss) for the year	TOTAL
AT THE BEGINNING OF THE PREVIOUS YEAR	500,000	0	100,000	5,944,512	0	19,321	2,846	0	1,346,901	7,913,580
Allocation of the for the year										
Other uses				1,346,901					-1,346,901	0
Other changes										
Increases										0
Decreases								-36,632		-36,632
Previous year's result									1,022,127	1,022,127
AT THE END OF THE PREVIOUS YEAR	500,000	0	100,000	7,291,413	0	19,321	2,846	-36,632	1,022,127	8,899,075
Allocation of the result for the year										
Allocation of dividends										0
Other uses				632,124	390,003				-1,022,127	0
Other changes										
Increases	99,340	11,728,160						-6,150		11,821,350
Decreases										0
Result for the current year									726,661	726,661
AT THE END OF THE CURRENT FINANCIAL YEAR	599,340	11,728,160	100,000	7,923,537	390,003	19,321	2,846	-42,782	726,661	21,447,086

In equity, the following items are present:

Reserves or other funds which, in the event of distribution, do not form part of the shareholders' taxable income regardless of the period of formation:

DESCRIPTION	AMOUNT
Capital contributions	2,846
TOTAL	2,846

Provisions for risks and charges

(Ref. Article 2427, first paragraph, no. 4, Civil Code)

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
337,623	264,266	73,357

	PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS	PROVISION FOR FINANCIAL TAXES, INCLUDING DEFERRED TAXES	DERIVATIVE LIABILITIES	OTHER PROVISIONS	TOTAL PROVISIONS FOR RISKS AND CHARGES
Value at start of year	90,930	75,135	48,201	50,000	264,266
CHANGES DURING THE YEAR					
Provision for the year	64,000	1,267			65,267
Use during the year					0
Other changes			8,090		8,090
Total changes	64,000	1,267	8,090	0	73,357
Value at end of year	154,930	76,402	56,291	50,000	337,623

Provisions for risks and charges are made up as follows:

- provisions for Directors' Severance Indemnity equal to €154,930;
- provision for deferred taxes: this corresponds mainly to tax savings for lower current taxes in 2020, related to unrecognised amortisation of intangible assets, which was, however, deducted for tax purposes in 2020; details of deferred tax liabilities are shown in the table below:

	Taxable				Deferred IRES 24% and IRAP 3,90%			
	31-12-2020	Increases	Returns	31-12-2021	31-12-2020	Increases	Returns	31-12-2021
Suspended depreciation Article 60 Decree Law 104/2020 (conv, Law 126/2020)	261,991			261,991	73,095	-	-	73,095
5% dividends to collect from Star Comunicação Ltda (only IRES)	8,500	7,612	-2,334	13,778	2,040	1,827	-560	3,307
	270,491	7,612	-2,334	275,769	75,135	1,827	-560	76,402

- mark-to-market relating to 4 hedging interest rate swap contracts, referring to loans disbursed in 2019 by Intesa SanPaolo for €3,000,000, in 2020 by Credit Agricole for €2,250,000, in 2020 by Unicredit for €1,900,000 and in 2021 by Intesa SanPaolo for €3,000,000; this was recognised in a balancing entry to the Reserve for expected cash flow hedges (item A.VII of shareholders' equity), net of deferred tax assets of €13,510. see the note on "Information relating to the fair value of financial derivatives" for further details;
- a risk provision of €50,000 set aside in previous years for commercial risks and prudently maintained.

Provision for employee severance indemnity

(Ref. Article 2427, first paragraph, no. 4, Civil Code)

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
3,024,162	2,583,457	440,705

Changes during the year are shown in the following table:

EMPLOYEE SEVERANCE INDEMNITY	
Value at start of year	2,583,457
CHANGES DURING THE YEAR	
Provision for the year	641,446
Use during the year	-273,558
Other changes	72,817
Total changes	440,705
Value at end of year	3,024,162

The provision set aside represents the actual debt accrued to employees in accordance with the law and current labor contracts, taking into account all forms of remuneration of an ongoing nature. The provision corresponds to the total of the individual indemnities accrued up to 31 December 2021 in favour of employees at the closing date of the financial statements, net of advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment on that date. The fund does not include allowances accrued as at 1 January 2007, allocated to supplementary pension schemes pursuant to Legislative Decree no. 252 of 5 December 2005.

The other changes concern the employee severance indemnity provision for employees acquired as a result of the merger of the business unit taken over from Grafitec s.r.l.

Payables

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
63,814,937	26,375,047	37,439,890

Changes and maturity of payables

The maturity of payables is broken down as follows (Article 2427, first paragraph, no. 6, Civil Code).

	VALUE AT START OF YEAR	CHANGE DURING THE YEAR	VALUE AT END OF YEAR	PORTION DUE WITHIN THE YEAR	PORTION DUE AFTER THE END OF THE YEAR	OF WHICH WITH RESIDUAL DURATION OF MORE THAN 5 YEARS
Bond	-	25,000,000	25,000,000	-	25,000,000	8,333,334
Borrowings from banks	16,884,629	3,449,530	20,334,159	8,766,023	11,568,136	
Borrowings from other lenders	61,054	4,976,236	5,037,290	2,037,290	3,000,000	
Trade payables	3,429,345	1,646,916	5,076,261	5,076,261		
Due to subsidiaries	2,703,849	-955,375	1,748,474	1,748,474		
Payables to associated companies	1,043,715	-557,030	486,685	486,685		
Tax payables	322,225	272,763	594,988	594,988		
Due to social security institutions	634,482	215,345	849,827	849,827		
Other payables	1,295,748	3,391,505	4,687,253	4,687,253		
TOTAL PAYABLES	26,375,047	37,439,890	63,814,937	24,246,801	39,568,136	8,333,334

The most significant payables as at 31/12/2021 are as follows:

- bonds the item refers to two “mini-bond” issues totalling €25 million to partially finance the acquisition of 100% of the LocalEyes Ltd. Group; the duration is 7 years with one year grace period (full repayment by 25/10/2028), and a fixed interest rate of 4.75%; a pledge was issued as a guarantee, on 100% of the shares/units of LocalEyes Ltd;
- borrowings from banks this item includes several medium/long term loans provided by various banks; it also includes short term loans granted by various banks relating to invoice advance accounts and to “hot money” loans, all short term loan transactions used by the Company to cover very short-term needs;
- borrowings from other lenders The item also includes loans for the purchase of capital goods (€37,290) and, above all, the residual debt related to the acquisition of 100% of the LocalEyes Ltd Group (€5 million to be paid as follows: €2 million by 31/05/2022, €1.5 million by 31/12/2023 and €1.5 million by 31/12/2024); as a guarantee of the debt, STAR AG and Dante s.r.l. issued a pledge on 4\$ of the shares they hold in STAR7 S.p.A..

The tax debt for the IRAP balance (gross debt of €167,486) is recognised as offsetting against advances paid (€38,233), indicating the net tax debt in the financial statements (€129,253).

Other payables include €3,187,500 due to STAR AG, a related party, for the balance of STAR7 S.p.A. shares purchased and then placed on the market in the IPO. The debt was settled on 4 January 2022. The amount indicated explains the strong change in this item compared to the previous year.

As far as bank loans are concerned, the Company had benefited from the moratorium in 2020 introduced by legislation to combat the Covid-19 epidemiological emergency, starting from Decree Law 23/2020 (Liquidity Decree). The amount of the capital shares subject to the benefit totalled €705,471 in 2020.

As the moratorium did not entail any change in contractual conditions or in the interest rates applied, which are in line with market rates, the amortised cost method was not applied, even to these loans, partly because the effects would not be significant.

The Company has obtained the SACE / Mediocredito guarantee provided for by the Covid-19 epidemiological emergency regulations on the following loans:

LENDING INSTITUTION	AMOUNT OF LOAN	MAXIMUM AMOUNT GUARANTEED BY THE FUND	STATE AID QUANTIFICATION	LEGAL REFERENCE	GUARANTOR
UNICREDIT	2,000,000	1,800,000	-	Article 1 Decree Law 23/2020	SACE
CREDIT AGRICOLE	2,250,000	2,030,000	89,117	Guarantee Fund Law 662/96	MEDIOCRECITO
BANCA SELLA	1,000,000	1,000,000	-	Innovfin Guarantee	FONDO FEI
INTESA SANPAOLO	1,650,000	1,320,000	52,245	Guarantee Fund Law 662/96	MEDIOCRECITO
BPM	500,000	450,000	17,811	Guarantee Fund Law 662/96	MEDIOCRECITO
BPM	1,500,000	1,200,000	47,495	Guarantee Fund Law 662/96	MEDIOCRECITO
INTESA SANPAOLO	3,000,000	2,700,000	-	Article 1 Decree Law 23/2020	SACE
TOTALE	11,900,000	10,500,000	206,669		

Guarantees obtained in 2021 relate to the loan taken out in 2021, shown in the last row of the table above.

Debts backed by collateral on company assets

There are no debts backed by collateral on company assets (Article 2427, first paragraph, no. 6, Civil Code), with the exception of information reported previously on debts for minibonds (a pledge of 100% on shares/units of LocalEyes issued).

Moreover, as indicated, the debt to other lenders of €5 million for the remaining price to be paid against the acquisition of the LocalEyes Ltd Group is guaranteed by a pledge on 4% of the shares owned by STAR AG and Dante s.r.l..

Refer to the table above for guarantees obtained on bank loans.

The tables below show amounts due to subsidiary and associated undertakings:

PAYABLES TO SUBSIDIARIES	COMMERCIAL
STAR7 PRINTING SRL	1,093,518
AD STUDIO SRL	302,083
STAR ALBANIA SH.P.K	263,505
STAR7 ENGINEERING SRL	68,989
STAR GMBH	13,713
TECHWORLD LANGUAGE SERVICES	4,794
STAR COMUNICAÇÃO E SERVIÇOS LTDA	1,872
	1,748,474

Techworld Language Services Inc. is indirectly controlled through STAR USA LLC.

PAYABLES TO ASSOCIATED COMPANIES	COMMERCIAL
STAR AG	66,139
STAR CZECH S.R.O.	57,301
STAR POLAND EURO	44,737
STAR PREVAJALSKE STORITVE D.O.O Ljubljana	39,633
STAR JAPAN TOKYO	27,717
IAMDEV	27,118
STAR SERV.LINGUISTICOS LDA	26,406
STAR INFORMATION ENGINEERING S.L.	22,031
STAR SERVICIOS LINGUISTICOS - BARCELONA	21,721
STAR SOFTWARE SHANGHAI CO. LTD	18,647
STAR HUNGARY KFT	16,246
STAR EGYPT MIDDLE EAST LTD CAIRO	15,904
STAR UK LIMITED	14,025
STAR Information Services & Tools S.R.L.	12,023
STAR KOREA AG	11,137
STAR SPB - RUSSIA	9,676
STAR TRANSLATION & SOFTWARE THAILAND CO.	8,863
STAR DEUTSCHLAND GMBH	8,087
STAR AG TAIWAN BRANCH	7,964
STAR PARIS	7,782
STAR GROUP AMERICA LLC	7,596
STAR DO BRASIL LOCALIZACAO E TECNOLOGIA	5,159
DANTE SRL	3,050
STAR SOFTWARE INDONESIA	2,594
STAR GROUP SCANDINAVIA AB	2,090
STAR TURCHIA INF.SERVICES LTD STI	1,163
STAR TECHNOLOGY SOLUTIONS	639
GRAFICA E EDITORA STARCOM LTDA	629
STAR J&M FINNLAND OY	341
STAR CO., LTD	232
STAR SA	35
	486,685

Breakdown of payables by geographical area

The breakdown of payables as at 31/12/2021 according to geographical area is shown in the following table (Article 2427, paragraph 1, no. 6 of the Civil Code).

	ITALY	EU	NON EU	TOTAL
Bonds	25,000,000			25,000,000
Borrowings from banks	20,334,159			20,334,159
Borrowings from other lenders	37,290		5,000,000	5,037,290
Trade payables	4,202,568	336,716	536,977	5,076,261
Due to subsidiaries	1,464,590	13,713	270,171	1,748,474
Payables to associated companies	30,168	259,037	197,480	486,685
Tax payables	594,988			594,988
Due to social security institutions	849,827			849,827
Other payables	1,499,753		3,187,500	4,687,253
TOTAL PAYABLES	54,013,343	609,466	9,192,128	63,814,937

Accrued expenses and deferred income

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
2,104,728	351,845	1,752,883

The division between accruals and deferrals is as follows:

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Accrued expenses	1,094,870	20,220	1,074,650
Deferred income	1,009,858	331,625	678,233
TOTAL	2,104,728	351,845	1,752,883

The most significant amounts of accrued expenses include accrued interest on the bond loan amounting to €159,417, amounts due to personnel for accrued production bonuses yet to be paid, amounting to €149,879 and the MBO allocation accrued in the year equal to €747,700, as well as other minor amounts for credit card expenses incurred in December but debited to the current account in January, employee expense accounts, and bank charges.

Deferred income relates to invoices issued in advance in 2021 but related to activities that will be performed in 2022 (€249,754), as well as income from STA AG related to IPO costs accruing in future years (€760,104).

As at 31/12/2021, there were no accruals or deferrals with a duration of more than five years.

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Notes, Income Statement

Value of production

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
44,006,715	34,781,507	9,225,208

The details are as follows:

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Revenues from sales and services	43,568,017	34,191,076	9,376,941
Change in inventories of work in progress semi-finished and finished products	0	-35,194	35,194
Other revenues and income			
Grants related to income	253,653	248,413	5,240
Others	185,045	377,212	-192,167
Total other revenues and income	438,698	625,625	-186,927
TOTAL VALUE OF PRODUCTION	44,006,715	34,781,507	9,225,208

The change is closely related to the matters discussed in the Report on Operations.

“Other revenues and income” include contributions in operating grants relating to:

- tax credit for research and development (€252,547): this was recorded in the 2021 financial statements in the income statement for the entire period of reference, similar in substance to operating grants, given the recognition in the income statement of all the underlying subsidised expenses. the item is posted to A5 “Other revenues and income” in the Income Statement, on an accruals basis and in the period in which the right to receive them arises with certainty;
- other operating grants (€1,106): this item refers to contributions for Covid-19 sanitisation.

Other income mainly comprises ordinary contingent assets for €182,116.

Breakdown of revenues from sales and services by category of activity

(Ref. Article 2427, first paragraph, no. 10, Civil Code)

BUSINESS SECTOR	31/12/2021
Product knowledge, Engineering and Experience	22,869,785
Global content	14,160,461
Printing	6,255,904
Other services	281,867
TOTAL	43,568,017

Breakdown of revenues from sales and services by geographical area

(Ref. Article 2427, first paragraph, no. 10, Civil Code)

GEOGRAPHICAL AREA	31/12/2021
Italy	38,056,184
UE	3,239,479
Non EU	2,272,354
TOTAL	43,568,017

Cost of production

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
42,719,010	33,445,070	9,273,940

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Raw and ancillary materials and goods	1,041,357	1,215,359	-174,002
Services	23,898,286	19,515,139	4,383,147
Leased assets	927,336	691,449	235,887
Wages and salaries	10,296,811	7,537,213	2,759,598
Social security contributions	2,828,130	2,334,828	493,302
Employees' leaving entitlement	641,446	547,562	93,884
Pensions and similar obligations	-	-	-
Other personnel costs	164,344	105,494	58,850
Amortisation	1,803,579	503,468	1,300,111
Depreciation	165,230	155,807	9,423
Other write-downs of fixed assets	-	-	-
Write-downs of receivables in current assets	-	109,683	-109,683
Change in inventories Raw materials	-	-	-
Provisions for risks	64,000	40,000	24,000
Other provisions	-	-	-
Sundry operating expenses	888,491	689,068	199,423
TOTAL	42,719,010	33,445,070	9,273,940

Cost of raw materials, ancillary materials, consumables and goods for resale and Cost of services

They are closely related to the information provided in the Report on Operations and the performance of item A (Value of production) in the Income Statement.

Personnel costs

This item includes all expenses for employees, including merit payments, changes in category, contingency payments, the cost of unused vacation time and provisions pursuant to legislation and collective labour agreements. It should be noted that in 2021 the Company applied the welfare measures provided for in the regulations issued to counter the negative effects of the Covid-19 epidemiological emergency (Articles 19-21 of Decree Law 18/2020 and subsequent measures), while in 2020 the temporary redundancy fund CIG was used at three different times during the year, regarding an average of 150 employees). The use of the wage supplementation allowance was the subject of an audit in the early months of 2021 by the Tax Authorities, which ended without any findings regarding the Company, having correctly complied with the provisions of the Law.

Amortisation and depreciation

Depreciation/amortisation has been calculated on the basis of the useful life of the assets and their participation in the production phase.

Financial income and charges

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
-313,140	-16,354	-296,786

The details are as follows:

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Dividends from investee companies	152,232	170,000	-17,768
Income other than the above	18,018	3,490	14,528
Interest expense and other financial charges	-483,201	-188,364	-294,837
Exchange gains (losses)	-189	-1,480	1,291
TOTAL	-313,140	-16,354	-296,786

The amount of €483,201 includes €159,417 for interest accrued from 15/11/21 to 31/12/21 on the bond loan of €25,000,000. Income from equity investments refers to dividends declared by the Brazilian subsidiary Star Comunicação e Serviços Ltda (receivables for dividends recognised in 2021 and partly in 2020 that have not yet been collected are recorded under long-term receivables).

The details of exchange gains and losses are not indicated as the amounts are not significant. The balance in the income statement refers entirely to realised exchange differences.

Breakdown of interest and other financial expense by type of debt

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Borrowings from banks	321,824	186,603	135,221
Bonds/mini-bonds	159,417	-	159,417
Others	1,960	1,761	199
TOTAL	483,201	188,364	294,837

Other financial income

DESCRIPTION	31/12/2021	31/12/2020	CHANGE
Bank and post office interest	418	412	6
Others	17,600	3,078	14,522
TOTAL	18,018	3,490	14,528

Value adjustments to financial assets and liabilities

No adjustments were made to the value of financial assets and liabilities.

Information on the fair value of financial derivatives

Pursuant to Article 2427-bis, first paragraph, Civil Code, we inform you that the Company has entered into the following, unlisted, derivative financial contracts, of which the main characteristics and their fair value, recognised in the financial statements in accordance with accounting standard OIC 32, are summarised below.

TYPE OF CONTRACT	PURPOSE	NATIONAL VALUE	FAIR VALUE POSITIVE	FAIR VALUE NEGATIVE	DATE OF EXECUTION	EXPIRY
Intesa San Paolo Interest rate swap	hedging	3,000,000		2,671	06/06/2019	28/04/2023
Intesa San Paolo Interest rate swap	hedging	3,000,000	5,689		29/01/2021	31/12/2026
Credit Agricole interest rate swap	hedging	2,250,000		7,707	05/10/2020	05/10/2026
Unicredit interest rate swap	hedging	1,900,000		3,401	18/11/2020	30/09/2026
		10,150,000	5,689	13,779		

Current and deferred income taxes

BALANCE AS AT 31/12/2021	BALANCE AS AT 31/12/2020	CHANGE
247,904	297,956	-50,052

DESCRIPTION	31/12/2021	31/12/2020	CHANGES
Current taxes	357,695	319,934	37,761
IRES	190,209	284,376	-94,167
IRAP	167,486	35,558	131,928
Prior year taxes	0	0	0
(Deferred) tax assets	-109,791	-21,978	-87,813
Deferred IRES/IRAP arising during the year	1,267	75,135	-73,868
Prepaid IRES/IRAP arising during the year	-111,058	-97,113	-13,945
TOTAL	247,904	297,956	-50,052

Taxes for the year have been recorded.

It should be noted that the Company benefited from the rebate in 2020:

- the 2019 IRAP balance (Article 24 of Decree Law 34/2020 "Relaunch") in the amount of €105,451, recorded under contingent assets 2020;
- the first advance payment of IRAP 2020 for €46,144.

Deferred tax assets/liabilities

For details of deferred tax assets, please refer to the table included in the note on receivables from current assets, while reference is made for details of deferred tax liabilities to the table included in the note on provisions for risks and charges.

Cash flow statement

With regard to the Cash Flow Statement, the following should be noted:

- the item "Total adjustments for non-monetary items without a balancing entry in net working capital" includes, among others, employee severance indemnities deriving from the acquisition of the business unit from Grafitec s.r.l. (€72,817) and the change in the allowance for risks and charges for financial derivatives (€8,090);
- investments in intangible fixed assets do not include the goodwill on the Grafitec s.r.l. branch of business. (€60,000) because this amount is more appropriately shown in the line "Acquisition of businesses net of cash and cash equivalents".

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Notes, Other information

Employment figures

The average number of staff, broken down by category, underwent the following changes with respect to the previous year:

STAFF	31/12/2021	31/12/2020	CHANGES	AVERAGE NO.
Executives	4	2	2	3
Middle managers	8	8	-	8
Office workers	278	271	7	275
Manual workers	2	2	-	2
Others	-	-	-	-
	292	283	9	288

The national employment contract applied is that of the commerce, tertiary, distribution and services sector.

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

	DIRECTORS	STATUTORY AUDITORS
Fees	874,273	29,987

No advances were paid or loans granted to directors and auditors, nor were guarantees issued in their favour.

Fees to the statutory auditor or auditing company

In accordance with the law, the fees for the year for services provided by the Independent Auditors and by entities belonging to their network are shown:

	VALUE
Legal audit of annual accounts	19,000
TOTAL FEES DUE TO THE STATUTORY AUDITOR OR THE AUDITING FIRM	19,000

Categories of shares issued by the company

The share capital, fully subscribed and paid-up, is composed as follows (Article 2427, first paragraph, nos. 17 and 18, Civil Code)

SHARES/QUOTAS	NUMBER	NOMINAL VALUE IN EURO
Ordinary Shares	7,649,752	without par value
PAS Special Shares	1,350,000	without par value
	8,999,752	

The following shares were issued during the financial year (Extraordinary Shareholders' Meeting of 29/11/2021 and Board of Directors' Meeting of 20/12/2021).

DESCRIPTION	ORDINARY SHARES	PAS SPECIAL SHARES
Shares subscribed during the year, number	7,649,752	1,350,000
Shares subscribed during the year, par value	not indicated	not indicated
Opening amount, number	500,000	
Closing amount, number	7,649,752	1,350,000
Opening amount, par value	500,000	
Closing amount, par value	not indicated	not indicated

For the purpose of admission to listing on the Euronext Growth Milan market, the existing ordinary shares as at 31/12/2020 (500,000 with a unit value of €1.00) were cancelled as new ordinary shares were issued, dematerialised, with no indication of the par value. Of the latter, 1,350,000 were converted into special PAS shares in accordance with Article 6 of the Bylaws (of which 750,000 held by Dante s.r.l. and 600,000 held by STAR AG). On 20 December 2021, the Board of Directors subsequently resolved on a capital increase with the issue of 1,499,752 new ordinary shares, of which 429,752 subscribed by Kairos Partners SGR S.p.A. and 1,070,000 offered for placement on the market.

Securities issued by the company

As already mentioned, the Company issued the following securities during the year that are not included in the share capital:

two issues of bonds/mini-bonds for a total of €25 million in order to partially finance the acquisition of 100% of the LocalEyes Ltd Group; the duration is 7 years with one year grace period (full repayment by 25/10/2028), and a fixed interest rate of 4.75%; as a guarantee, a pledge has been issued on 100% of the shares/units of LocalEyes Ltd.

Commitments, guarantees and contingent liabilities not shown in the balance sheet

Commitments for lease instalments due under current lease agreements are as follows.

	AMOUNT
Commitments	1,311,758
TOTAL	1,311,758

Letters of patronage were issued in favour of the subsidiary Star7 Printing s.r.l.. In addition, to guarantee the repayment of the bonds/mini-bonds issued in 2021, a pledge has been issued on 100% of the shares/units of LocalEyes Ltd.

Information on transactions with related parties

Our company is 33.4% owned by the Swiss-based company STAR AG, and has investments in subsidiaries and associates in Italy and abroad; during 2021 only commercial transactions conducted on an arm's length basis took place. On 28 June 2021, the Company purchased 50,000 treasury shares from STAR AG at a price of €60 each for the purpose of applying for listing on the AIM market, currently Euronext Growth Milan operated by Borsa Italiana.

During the year, only commercial relationships at market conditions were maintained with the associated companies DANTE S.r.l. and STAR AG. The costs referred to services rendered by DANTE S.r.l. amounted to €480,000 and refer to consulting in the areas of finance, technical management, human resources, marketing, external relations and insurance consulting.

Turnover from services rendered to STAR AG during the year amounted to €442,536, while services received from STAR AG during the year amounted to €406,950.

Details of costs and revenues with subsidiary and associated undertakings are provided in the Report on Operations.

Details of other financial instruments issued by the company (Ref. Article 2427-bis, first paragraph, no. 1, Civil Code)

The Company has not issued any financial instruments other than shares and the mini-bond, already commented on.

Information on assets and financing allocated to a specific business

Not applicable.

Information on agreements not shown in the balance sheet (Ref. Article 2427, first paragraph, no. 22-ter, Civil Code)

The company has no agreements in place that are not reflected in the Balance Sheet

Information on significant events after the end of the financial year

No significant events occurred after the end of the year that could have significant capital, economic and financial effects on the financial statements as at 31/12/2021.

However, it is worth noting the continuation of the Covid-19 epidemiological emergency, which has severely strained the health systems of almost every country in the world over the past two years, as well as causing serious social and economic resilience problems, especially in western nations. The phenomenon is receding, however, thanks to ongoing vaccination campaigns and the state of emergency is expected to end on 1 April 2022.

On 24 February 2022, an armed conflict between Russia and Ukraine began, following the invasion of Russian armed forces in Ukrainian territory. As of today, it is not possible to predict how long the conflict will last and how it will develop in the future, but it has swept away an axiom that had been taken for granted, and namely that there would be no more wars on European soil. This conflict will undoubtedly have a negative effect on all economic operators worldwide, as it causes uncertainty and political instability, factors that are unwelcome to those who do business. The most immediate consequence is the significant increase in energy prices: in particular for Italy, the conflict has laid bare the problem of the high cost of energy for Italian companies, as well as the need for a greater diversification of energy sources in order to not be overly dependent on any one source.

In the light of the information available as of today, there is no direct impact on the performance of the 2022 financial year.

We inform you that the Company has relations with Russian counterparties and, therefore, will comply with the recently introduced legislation on economic and financial transactions with Russian operators.

Information pursuant to Article 1, paragraph 125 of Law 124 of 4 August 2017

It should be noted that income from tax credits for research and development activities pursuant to Decree Law 145/2013 has been recognised for a total of €252,547 for the 2021 financial year. In addition, contributions of €1,106 were recognised for Covid sanitisation. State aid relating to the guarantees obtained by Sace/Mediocredito on loans payable, under Covid-19 regulations, was equal to a total of €206,669, as indicated in the specific table in the note on Payables.

The company received aid for training, amounting to €3,192 (Article 31) Commission Regulation (EU) No 651/2014

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

Pursuant to the law, we provide the information required by Article 2427, first paragraph, no. 22 quinquies and sexies) of the Civil Code.

Following the listing of the shares on the Euronext Growth Milan market, the case no longer exists, as STAR AG (based in Switzerland, tax identification number CHE-02.892.540), which at 31/12/2020 held 50% of the shares of STAR7 S.p.A., currently holds 33.4%.

Communications pursuant to Article 10 Law 72/1983 and subsequent revaluation laws

It is acknowledged that in preparing the financial statements of previous years, with reference to assets still existing, no monetary revaluations were carried out in the past pursuant to law, nor were any exceptions made to the valuation criteria pursuant to Article 2423, third paragraph, of the Civil Code.

Proposed allocation of profits or coverage of losses

As it is not possible to distribute dividends since the Company has obtained a SACE guarantee on certain loans, a proposal is put to the Shareholders' Meeting to allocate the year's earnings as follows:

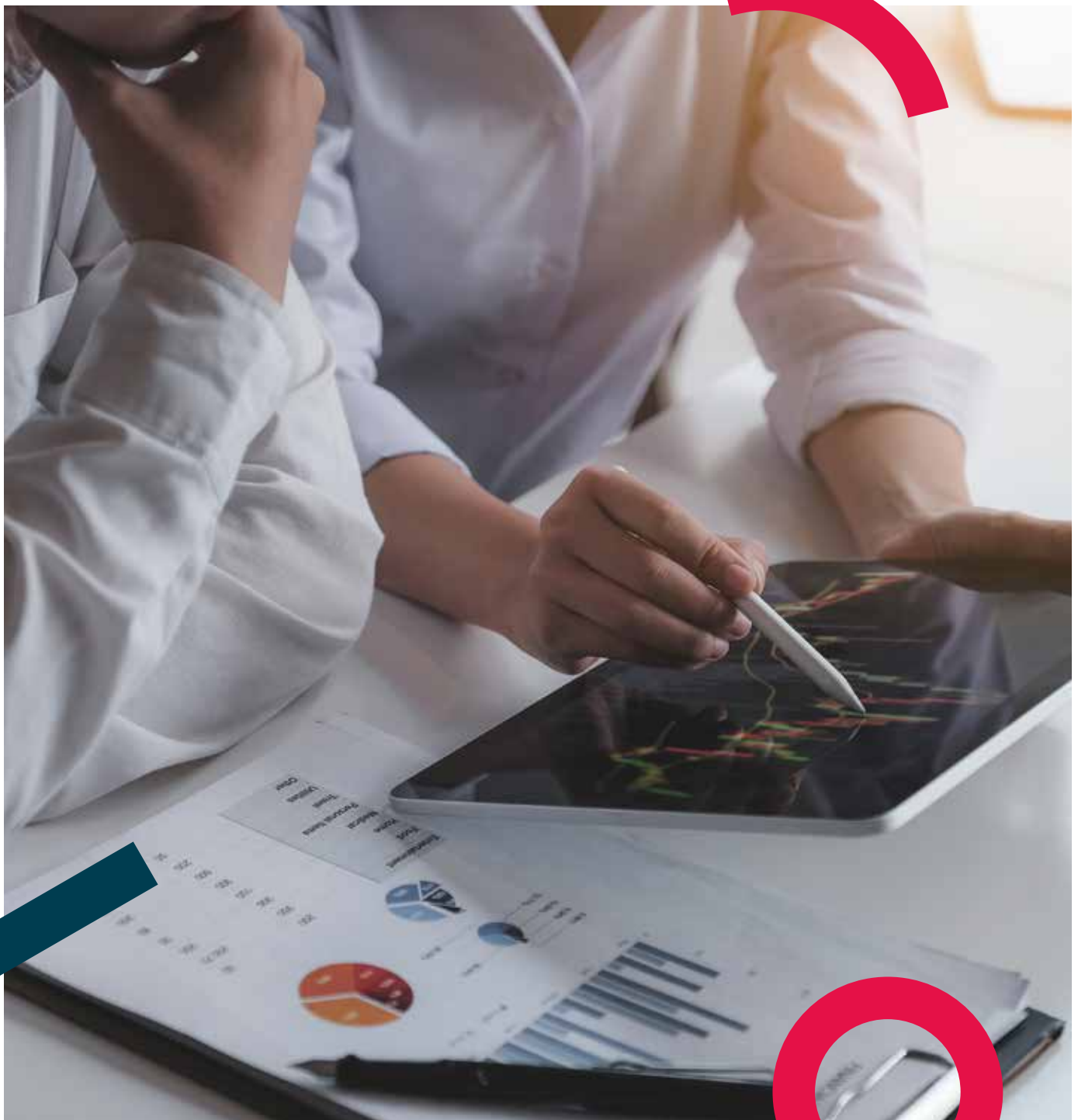
OPERATING RESULT AS AT 31/12/2021	€726,661
To the legal reserve	€19,868
To the extraordinary reserve	€706,793

These notes have been prepared in accordance with the provisions of the Civil Code and accounting standards issued by the OIC. In order to comply with publication requirements in the Companies Register, once approved, it will be converted to XBRL format; therefore, there may be some formal changes necessary to make this note compatible with the filing format.

These financial statements, which comprise the Balance Sheet, Income Statement, Cash Flow Statement and Notes, present a true and fair view of the Company's financial position and results of operations for the period, and correspond to the underlying accounting records.

Maranello, 28 March 2022

Chairman of the Board of Directors
Lorenzo Mondo



INDEPENDENT AUDITOR'S REPORT


on the Consolidated Financial Statements as at 31/12/2021



STAR7 S.p.A.

Report of the independent auditors
pursuant to art. 14 of Legislative Decree
no. 39 of 27 January 2010

Consolidated financial statements at 31 December 2021



ABNG/MSCC/Abro-RC085002021BD1554





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Report of the independent auditors

pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of
Star7 S.p.A.

Report on the audit of the financial statements

Judgment

We have audited the accompanying financial statements of Star7 S.p.A. (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, the statement of cash flows for the year then ended, and the related notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Italian law governing the preparation of financial statements.

Elements underlying the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for Auditing the Financial Statements* section of this report. We are independent with respect to the Company in accordance with the rules and principles on ethics and independence applicable in Italian law to the auditing of financial statements. We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

Responsibility of the directors and the Board of Statutory Auditors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing the criteria for their preparation and, within the terms of the law, for that part of the internal control they consider necessary to enable the preparation of financial statements that do not contain any significant errors due to fraud or unintentional conduct or events.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the annual financial statements, for the appropriateness of using the going concern assumption, as well as for adequate disclosure in this regard. The directors use the going concern basis of accounting in preparing the financial statements unless they have assessed that the conditions for the Company's liquidation or discontinuance exist or have no realistic alternative to those choices.

The Board of Statutory Auditors is responsible for supervising, within the terms of the law, the process of preparing the Company's financial reports.

Bari, Bologna, Brescia, Cagliari, Florence, Genoa, Milan, Naples, Padua, Palermo, Rome, Turin, Verona

BDO Italia S.p.A. - Registered Office: Viale Abruzzi, 94 - 20131 Milan - Share Capital Euro 1,000,000 fully paid up.

Tax ID Code, VAT number and Milan Company Register no. 07722780967 - R.E.A. Milan 1977842

Entered in the Register of Auditors at no. 167911 with Ministerial Decree of 15/03/2013 G.U. no. 26 of 02/04/2013

BDO Italia S.p.A., an Italian joint-stock company, is a member of BDO International Limited, a company limited by guarantee under English law, and is part of the international BDO network of independent companies.



Responsibility of the independent auditors for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free of material misstatement, whether due to fraud or unintentional conduct or events, and to issue an audit report that includes our opinion. Reasonable assurance is defined as a high level of assurance that an audit performed in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement, if any. Errors may derive from fraud or unintentional conduct or events and are considered significant when they can reasonably be expected, either individually or collectively, to influence the economic decisions taken by users on the basis of the financial statements.

As part of an audit performed in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgment and maintained professional scepticism throughout the audit. Also:

- we identified and assessed the risks of material misstatement of the financial statements due to fraud or unintentional conduct or events; we defined and performed audit procedures in response to these risks; we have obtained sufficient and appropriate evidence on which to base our opinion. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional conduct or events, as fraud may involve collusion, falsification, intentional omissions, misrepresentation, or forcing of internal control;
- we have obtained an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we assessed the appropriateness of the accounting policies used as well as the reasonableness of the accounting estimates made by the directors, including the related disclosures;
- we have reached a conclusion as to the appropriateness of the directors' use of the going concern assumption and, based on the evidence we have obtained, as to whether there is a material uncertainty about events or circumstances that may cast significant doubt about the Company's ability to continue as a going concern. If there is a material uncertainty, we are required to draw attention in the audit report to the relevant financial statement disclosures or, if such disclosures are inadequate, to reflect that fact in the formulation of our opinion. Our conclusions are based on the evidence obtained through the date of this report. However, subsequent events or circumstances may result in the Company ceasing to operate as a going concern;
- we evaluated the presentation, structure, and content of the financial statements as a whole, including disclosures, and whether the financial statements present the underlying transactions and events in a manner that provides a fair presentation.

We communicated to those responsible for governance activities, identified at an appropriate level as required by ISA Italy, among other matters, the planned scope and timing of the audit and the significant findings that arose, including any significant deficiencies in internal control identified during the audit.

STAR7 S.p.A. | Report of the independent auditors pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010



Report on other statutory and regulatory requirements

Judgment pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10

The directors of Star7 S.p.A. are responsible for the preparation of the report on operations of Star7 S.p.A. as at 31 December 2021, including its consistency with the related financial statements and its compliance with legal requirements.

We have performed the procedures indicated in Auditing Standard (SA Italy) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Star7 S.p.A. as at 31 December 2021, and on their compliance with legal requirements, as well as to issue a statement on any significant errors.

In our opinion, the report on operations is consistent with the financial statements of Star7 S.p.A. for the year ended 31 December 2021, and has been prepared in accordance with the requirements of the law.

With reference to the statement pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired during the audit, we have nothing to report.

Turin, 13 April 2022

BDO Italia S.p.A.

Anna Maria Bongiovanni
Partner



BOARD OF STATUTORY AUDITORS' REPORT

on the Financial Statements as at 31/12/2021

STAR-7 SpA

Share capital €599,340 fully paid up
Registered office in Valle San Bartolomeo
Via Alessandria 37 /V
TAX ID NO 01255170050

**Report of the Board of Statutory Auditors
on the Financial Statements as at 31 December 2021**

To the Shareholders' Meeting

The financial statements for the year ended 31 December 2021, which the Board of Directors submits for your approval, show a profit for the year of €726,661. They are

- made up of the Balance Sheet and Income Statement, drawn up in compliance with the relevant legislation, as well as the Notes to the Accounts and the Cash Flow Statement;
- accompanied by the Report on Operations.

Pursuant to Article 2429 of the Italian Civil Code, the Board of Statutory Auditors shall report to the Shareholders' Meeting on its observations and proposals regarding the financial statements approved on 28 March by the Board of Directors and proposed for approval.

In carrying out its duties, the Board of Statutory Auditors has supervised compliance with the law and the Bylaws, as well as respect for the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the company, making reference in the performance of its duties to the guidelines contained in the rules of conduct for Boards of Statutory Auditors recommended by the Italian Accounting Profession.

During the financial year ended 31 December 2021, the activities of the Board of Statutory Auditors were influenced in the manner in which they were carried out by the limitations imposed by the Covid 19 health emergency and were therefore carried out through the acquisition of documentation and the holding of both face-to-face and audio-video conference meetings. Having said that, the Board of Statutory Auditors met 5 times; despite the limitations imposed by Covid 19, we believe that carrying out audio-video conference meetings did not lead to any particular limitations on the supervisory activity.

During the year, we carried out the supervisory activity required by law pursuant to art. 2403 of the Italian Civil Code, since the legal audit of the accounts was carried out by the Independent Auditors BDO S.p.A., appointed by shareholders' resolution on 4 May 2021, which today issued its reports on the separate and consolidated financial statements as at 31 December 2021, without any remarks or requests for information.

Having regard to the manner in which our activity has been carried out we acknowledge:

- to have attended the meetings of the Board of Directors and the Shareholders' Meetings during the year;
- that we have acquired the information necessary to carry out the activity for which we are responsible concerning the assessment of the degree of adequacy of the Company's organisational structure and compliance with the principles of correct administration, by means of direct inquiries

- and the gathering of information from the heads of the functions concerned;
- to have ascertained the reliability of the administrative-accounting system in receiving and correctly representing management events and in translating them into reliable data systems for compulsory external information and internal control requirements.

During the course of the year, we were periodically informed about the company's operating performance, its outlook and the most important economic, financial and capital transactions carried out by the company. Having referenced both the acquisition of the entire share capital of Parent Company LocalEyes Ltd, which took place in November 2021, and the process of listing on "Euronext Growth Milan", which concluded on 23 December, in view of the complete information given in the Report on Operations, to which reference should be made, note that the company did not carry out any further transactions in the course of the year that were significant enough to be worthy of mention here. In this regard, we can reasonably affirm that the actions taken are in the company's interest, comply with the law and the bylaws and are not manifestly imprudent, risky or such as to compromise the integrity of the company's assets.

On the basis of what has emerged from direct interventions and the information gathered, the resolutions adopted by the Board of Directors comply with the law and the Bylaws, as well as with the principles of proper administration, are consistent and compatible with the size of the Company's assets, and comply with the provisions of Article 2391 of the Italian Civil Code, concerning the interests carried by the Directors, on their own behalf or on behalf of third parties.

During the year, no reports were made pursuant to art. 2408 of the Italian Civil Code, no complaints were received, and no omissions, reprehensible acts or irregularities were reported by the heads of company departments that would require mention in this Report.

At the Board meeting of 28 March the Supervisory Board's annual report was reviewed. The activities carried out and the checks carried out, in the light of the information received and the documents handed over, did not reveal any reprehensible facts or violations of the Model or any acts or conduct entailing a breach of the provisions contained in Legislative Decree no. 231/2001.

During the year, the Board of Statutory Auditors exchanged information with the Independent Auditors and the Supervisory Board.

We did not issue any opinions during the year.

With reference to the financial statements, we acknowledge that:

- the draft financial statements, accompanied by the Notes to the Accounts and the Cash Flow Statement, and the Report on Operations, prepared by the Directors, were delivered to us within the time limits required by law;
- the draft financial statements correspond to the results of the accounting books and records;
- the draft financial statements correspond to the facts and information that have come to our knowledge following our participation in the meetings of the Corporate Bodies, which made it possible to acquire adequate information on the most important economic, financial and asset operations carried out by the Company;

- we have verified compliance with the legal requirements relating to the formation and layout of the financial statements; in particular, that the financial statements are prepared in accordance with the statutory schemes, possibly also reclassifying the quantitative evidence of the previous year as at 31 December 2020;
- the valuation of the Company's assets was carried out with a view to the continuation of the Company's business, in accordance with the provisions of article 2426 of the Italian Civil Code; there were no changes in the valuation criteria with respect to the previous year;
- no recourse was made to departures from legal provisions pursuant to art. 2423, fourth para. of the Italian Civil Code;
- we expressed our consent to the recognition of start-up and expansion costs of €514,951 and goodwill of €1,599,756;
- the administrative body also approved the consolidated financial statements for the year ended 31 December 2021, together with the notes, the cash flow statement and the Report on operations, which it delivered to us together with the financial statements for the same period. The Board of Statutory Auditors also acknowledges that it has supervised the observance of procedural and legal standards regarding its formation and the respect of the Directors' and Independent Auditor's duties in this area.

With regard to the foregoing, we invite you to approve the draft financial statements as at 31 December 2021, presented by the Board of Directors and express a favourable opinion regarding the proposed allocation of the profit for the year realised, formulated by the Board of Directors.

Milan, 13 April 2022

THE BOARD OF STATUTORY AUDITORS

Mr. Fabio Maria Venegoni

Mr. Alberto Bodiglio

Mr. Vincenzo Gambaruto



