



PRESS RELEASE

STAR7 SIGNS CONTRACT TO ACQUIRE 100% OF VERTERE S.R.L.

DEAL PAVES WAY TO OPTIMISED TRANSLATION AND CONTENT LOCALISATION WORKFLOW

Valle San Bartolomeo (Alessandria), 26 July 2022 – **STAR7** (EGM: ticker STAR7) today signed the contract to **acquire 100% of Vertere S.r.l.** (the “Transaction”), an Italian company operating in **translation and localisation services**. STAR7 provides an integrated range of product-information services, from product and process engineering support to the creation and management of technical and marketing content, translation, printing and virtual experience.

The acquired company stands out for its expertise in analysis, development and language IT, which Vertere combines into a **distinctive management process** hinging on **workflow optimisation**.

STAR7 is acquiring the entire capital of Vertere from its two founding partners (“Sellers”), Franco Chiodaroli and Luca Menozzi, who each hold a 50% stake.

PROFILE OF THE ACQUIRED COMPANY

Vertere s.r.l., based in Piacenza, was founded in 1994 as a translation agency specialised in the fields of machine tools and automation. Anticipating market demands, in 1996 it was among the first companies in Italy to implement Computer Assisted Translation (CAT) tools in its workflows, successfully marketing itself as a partner for the management of assisted translation projects. Today, Vertere’s workforce consists of project managers and in-house translators certified in the use of SDL Trados products, as well as experienced IT experts. The Company also relies on a worldwide network of more than 200 translators, revisers and external collaborators, spanning a range of skills and specialisations.

In 2021, Vertere s.r.l. achieved **revenues of €1.3 million and an EBITDA of €0.1 million, with an Adjusted EBITDA of €0.15 million**. The company has a robust financial position, with **net cash of €0.3 million** and no bank debt.

KEY ELEMENTS OF THE ACQUISITION

The Transaction involves the sale of 100% of the share capital of Vertere S.r.l. by the current owners for a **price of €840,000**, with an **equity value** based on a multiple of **4.25x the average adjusted EBITDA for the last four years (2018-2021) of €0.2 million**.

STAR7 will make an initial payment of €400,000 at closing, when the purchase contract is signed.

Under the terms of the agreement, an **adjusted balancing payment** will then be made (most likely by 31 October 2022) based on the results of Vertere’s financial statements at the date of **closing**. In due



time, STAR7 will also make **two additional payments** to the Sellers based on the **increase in Vertere's EBITDA over the next two financial years** (2022 and 2023). Specifically, the third payment will be based on a multiplier of 1.5x the increase in EBITDA between 2022 and 2021, while the fourth payment will be based on a multiplier of 1.0x the increase in EBITDA between 2023 and 2022.

In order to calculate the final two price adjustments, Vertere will remain a separate legal entity until 2023.

STAR7 is funding the acquisition of Vertere s.r.l. through **existing liquidity**. The Company raised new funding of €15 million in its IPO, at the end of December 2021, with the declared intention of pursuing M&A deals in order to continue its strong trend of profitable growth in previous years.

The Transaction includes specific agreements on the **future role of the two Sellers**. This is due to the payment structure of the deal – involving deferred payments according to Vertere's 2022 and 2023 financial results – but also serves to ensure the ongoing collaboration and continuity of key management figures at Vertere.

A **Board of Directors of Vertere s.r.l.** will be formed, composed of three members, two of whom appointed by STAR7; Franco Chiodaroli will be appointed as Chairman of the new Board of Directors, and remains **CEO** of Vertere s.r.l.. The other selling partner, Luca Menozzi, will instead join STAR7's staff with a managerial role, as **Head of Language Digital Transformation**.

Lorenzo Mondo, founder and CEO of the STAR7 Group, said: *“Although this acquisition is not large in size, it **is strategic for us**. In fact, it is a perfect fit for the profile of M&A deals that we intend to pursue in order **to boost our productivity**, with positive repercussions on revenues and margins. Throughout its history, Vertere has developed a series of **processes to automate and integrate customer management**, especially for SME customers. We expect to be able to apply these systematically to similar segments of STAR7's existing clientele, obtaining further improvements in the performance of our Global Content Service Line.”*

The Acquisition is not a “transaction with related parties” within the meaning of the applicable regulations, since there is no connection between the owners of STAR7 and those of Vertere s.r.l..

STAR7 managed the acquisition process directly together with Studio Farina & Partners. BDO assisted on financial, tax, legal and personnel due diligence aspects.

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MERGER BY INCORPORATION OF TWO 100% SUBSIDIARIES

Today, the definitive deeds were signed for the **merger by incorporation into STAR7 of two wholly owned subsidiaries, AD Studio s.r.l. and STAR7 Engineering s.r.l.**

The operation is part of a long process of corporate optimisation and simplification at STAR7. The objective of the merger is to position STAR7 more effectively as a single entity, offering customers a broad range of fully integrated services in the product information lifecycle.

The two merged companies were already fully integrated into STAR7's business, so the merger has no impact on operations.

AD Studio, based in Lugo di Romagna (Ravenna) and acquired by STAR7 in 2013, specialises in Product Knowledge activities and has a particular focus on the premium automotive segment, being located in the Italian ‘motor valley’.

STAR7 Engineering, based in Maranello (Modena), was founded in 2014 to support the customer Ferrari from a local base. In 2015, it acquired Wayred with the aim of expanding the services offered (Training, Customer Care and Help Desk).



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This press release is available on the 1info storage system (www.1info.it) and on the STAR7 website, in the Investor Relations/Press Releases section (www.star-7.com/investor-relations/press-releases).

STAR7

For more than 20 years, STAR7 has served its customers as a leader in the product information sector. Support for product and process engineering, creating and managing technical content, as well as marketing, translation, printing and virtual experience: STAR7's range of services mean it can assist its customers throughout the product life-cycle – from design to aftersales.

An approach that combines specialist knowledge, technology and a holistic vision has always been STAR7's hallmark, allowing it to offer the best possible solutions to meet the needs of its customers and the global market. This approach has seen STAR7 strike major partnerships with leading international companies, establishing it as a reliable and credible global partner. STAR7 is part of the STAR Group network.
www.star-7.com.

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