

## EQUITY RESEARCH

**STAR7**  
INITIATION OF COVERAGE

**BUY, TP of 12.8€**  
Up/Downside: +46%

### A Unique Partner for the Whole Product Journey

#### From design to after sales: all information and content needed by products

STAR7 is the Italian excellence in handling with the documentary and technological ecosystem necessary for the success of any industrial product. The company has more than 900 clients worldwide and operates in more than 20 different sectors. Offering five main services perfectly complementary to each other (Integrale<sup>7</sup> approach): Global Content (translation), Product knowledge (technical documentation), Experience (AR/VR services), Engineering and Printing. In the last 20 years the company has been able, by combining specialist knowledge and technology, to strengthen its relations with leading international players and established its position as reliable global partner.

#### A solid position in three different growing markets

Substantial R&D investments have enabled the company to enter the field of digital twinning with various proprietary solutions for virtual and augmented reality experiences, laying the foundation for future customer needs entering the metaverse. Industry 4.0 market growth expectations (2021-2028) surpass 16%. Secondly, new launches expected in the automotive sector as consequence of the transition towards electric vehicles, will allow STAR7 to fulfil upcoming technical documentation structuring needs. The Global Content division allows STAR7 to stand firmly in the LSP market, worth €60.5bn, with a 7% growth forecast from 2022 until 2026 (Nimdzi).

#### LocalEyes, a STRATEGIC acquisition

In November 2021, STAR7 acquired Apple Inc's historical language services provider, this operation brought a solid foothold in the technology sector, a foothold in the US market and a significant increase in brand awareness. By 2022, it is estimated that the group will generate 28% of its revenue in the United States. The deal was partly financed by the issuance of bonds for €25m. A month later, in December 2021, the company, listed on the Euronext Growth market in Milan, raising €15m of capital.

#### Attractive upside potential

We expect STAR7 to end 2022 with revenue of €78m and EBITDA margin increasing to 19,2%. The company pledged to cancel up to 1.35M shares if it failed to achieve the promised 15M EBITDA. We believe the company can maintain an organic CAGR of 7.8% between 2023-2026 by: (i) leveraging its strong reputation, (ii) engaging in cross-selling, and (iii) taking advantage of Industry 4.0 market trends (digital twinning, AR/VR), EV launches and LSP market growth. For our coverage initiation, the valuation uses the DCF (80%) and market peer comparison valuation method (20%), resulting in a Buy rating and TP of €12.8.

TP ICAP Midcap Estimates	12/21	12/22e	12/23e	12/24e	Valuation Ratio	12/22e	12/23e	12/24e
Sales (m €)	59.0	78.2	85.1	92.3	EV/Sales	1.3	1.1	0.9
Current Op Inc (m €)	4.1	8.1	9.1	10.1	EV/EBITDA	6.7	5.7	4.7
Current op. Margin (%)	6.9	10.4	10.7	10.9	EV/EBIT	12.5	10.3	8.5
EPS (€)	0.29	0.63	0.72	0.81	PE	14.0	12.2	10.8
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	3.0	4.9	7.7	8.3				

#### Key data

Price (€)	8.8
Industry	Corporate Services
Ticker	STAR7-IT
Shares Out (m)	9.000
Market Cap (m €)	79.0
Next event	29 Sept S1-2022

#### Ownership (%)

Dante Srl	39.2
Star Ag	31.4
Kairos Partners SGR SpA	6.1
Free float	23.3

#### EPS (€)

	12/22e	12/23e	12/24e
Estimates	0.63	0.72	0.81
Change vs previous estimates (%)	0.00	0.00	0.00

#### Performance (%)

	1D	1M	YTD
Price Perf	0.0	-7.2	-13.9
Rel FTSE Italy	3.0	7.1	12.9



Consensus FactSet - Analysts:2	12/22e	12/23e	12/24e
Sales	78.0	85.4	92.8
EBIT	12.3	14.6	17.3
Net income	4.3	6.0	8.0

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## Description

The STAR7 group is unique in its ability to meet the needs of its customers by integrating five different areas of service that are perfectly complementary such as: technical authoring, translation, printing, engineering and digital experience. It operates mainly in the automotive, agricultural machinery, luxury, Tech and aerospace sectors.

Once an initial contract has been signed with a client, the company has a remarkable capacity for cross-selling, so much that it is defined "physiological". Historically the churn rate settled at a decidedly low level and the turnover grew organically thanks to new clients acquisitions and cross selling. The company's turnover is concentrated on the most loyal and integrated customers, at the same time STAR7 is not dependent on the sales volumes of its customers as much as on their ability to invest in research and development and to innovate.

In November 2021, the company acquired LocalEyes, a language service provider for the Apple Inc. group since 1997, making a disruptive entry into the technology sector and substantially increasing its reputation abroad.

Today, the group is aiming to considerably expand its presence in the United States, the sales generated in USA are expected, with LocalEyes' full-year sales contribution, to generate 28% of the total sales already in 2022.

## SWOT Analysis

### Strengths

- Long term relationships with most important customers, negligible churn rate. 73% of revenues come from multi-year contracts and framework agreements.
- Asset light business model
- Dependence on innovational capabilities of clients, not on volumes
- Legacy with customer`s processes, high switching costs. 75% of top 20 clients have been active for more than 5y.

### Opportunities

- Very fragmented market, high M&A and growth potential
- Strengthened commercial power after the recent acquisition of LocalEyes combined with the strong visibility gained after listing.
- International development and entrance in new sectors such as Tech, Tourism and Life sciences.
- The transition of the automotive world to electric

### Weaknesses

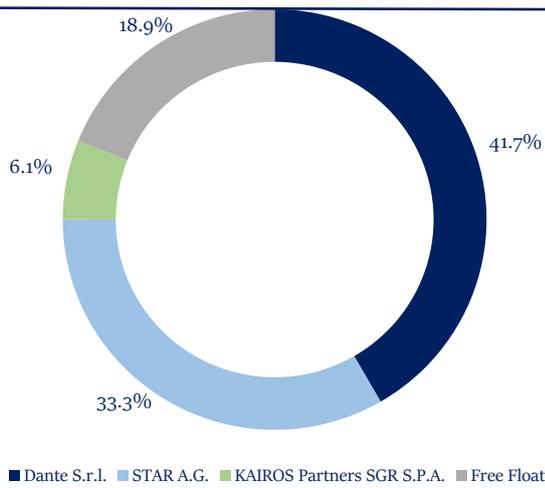
- High customer concentration (top 5 clients account for more than 65% of revenues)
- Low historical cash generation, up to 5% of sales. After recent developments we expect it to touch 10% in 2025.
- High net debt (3,9x EBITDA), mitigated by increasing marginality capabilities

### Threats

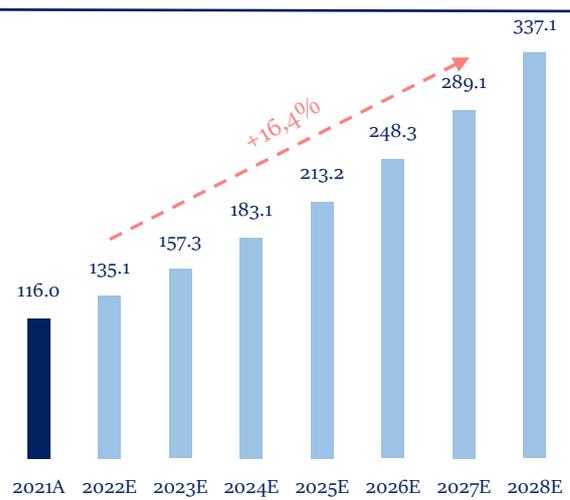
- International competition and low track record of acquiring important clients abroad organically. The future development depends partially on M&A.
- Translation in Russian may have a decrease in revenue generation (1/35 of Revenues)
- There is a strong trend towards market concentration, which increases competitive pressure in order to maintain strategic market positioning

# Overview

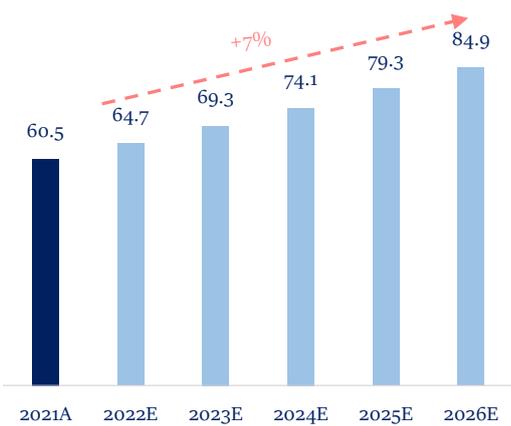
Shareholding



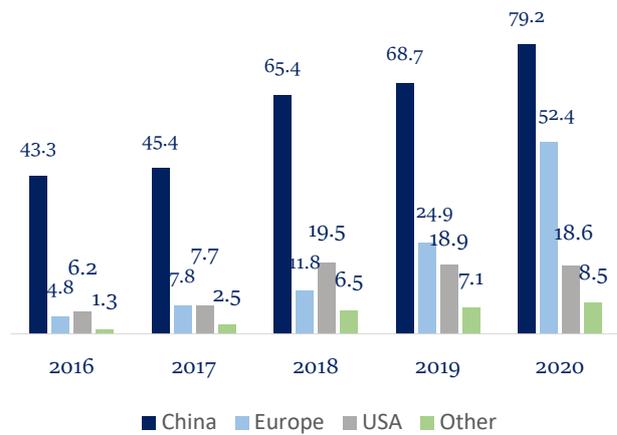
Industry 4.0 expected market growth (\$B)



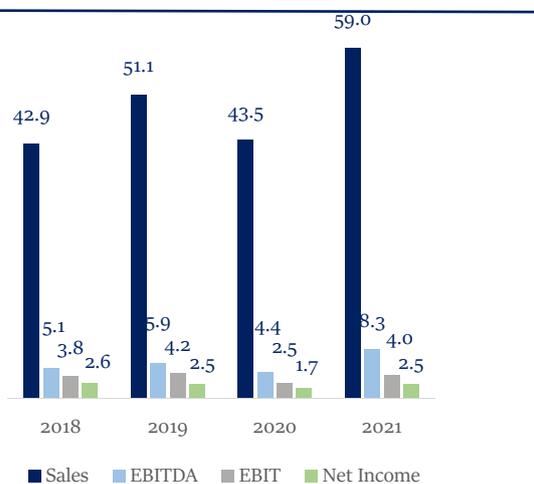
LSP market growth trends over 5 years (\$B)



Battery demand per region(2016-2020), driving EV launch trend



Sales, EBITDA, EBIT & net revenue trends



EBITDA, EBIT & net revenue margins



## Key Questions

### What are the key factors regarding the group's short-term orientation?

The LocalEyes integration took place quicker and more efficiently than expected, with the company prepared to leverage the target's reputation to win new clients. We expect the weight of sales in USA to increase significantly in order to reach more than 28% by 2022.

Costa Crociere and Mondadori, have recently been signed on as new clients. The company firmly enters in Tourism with its Global Content services and acquiring a huge player while at the same time Printing services will be offered to an important editorial group, that will also be targeted for cross selling activities.

After the market quotation, the company senses that M&A potential is particularly high, the actual NFP is 3.9x EBITDA (if we consider the EBITDA pro forma 2021 it is assessed at 2.4x). With 2022 EBITDA expected to amount to 15m, this value will shortly drop down to 1.8x, leaving room for short-term M&A transactions.

### What happens if the company does not reach the Price Adjusted Shares (PAS) objective?

The company stated at its listing that 2022 EBITDA targets stand at 15M. Since the 2021 pro forma EBITDA was already 13.2M, and the company was relatively certain that it would be able to reach this target, ensuring that this threshold would be reached at the cost of eliminating 1.35M shares, which were registered as PAS (price adjustment shares).

At the close of FY 2022, three situations may arise:

(i) If the company reaches this target, the conversion rate of the 1.35M shares will stand at 1:1, the stock amount will not change; (ii) if the Ebitda is 13.5M or less, the conversion rate will be 0:1; (iii) for EBITDA values between 13.5 and 15, the conversion rate will be calculated using the following formula:  $(EBITDA_{2022} - 13.5M) / (15M - 13.5M)$

### Is the company exposed to rising inflation or interest rates?

In November 2021, the company issued bonds for a total value of €25m at a fixed rate of 4.75%, mainly for the LocalEyes acquisition. The market listing took place in December 2021. Despite the recent increase in reliance on bank financing, we believe that the impact of an interest rate hike on the company's core business is limited.

Regarding inflation, the company is minimally reliant on raw material purchases, and the printing division also generates margins primarily from ancillary services, so we are not expecting a significant impact. Service costs, mainly related to the cost of freelance translators, are expected to be unaffected. Other outsourced services are not expected to experience significant cost increases.

### What are the market risks to which the company is exposed?

Firstly, a potential long-term risk concerns the decline in paper usage and maintenance manual printouts. For now, however, there are no EU level mandates regarding this issue.

A second risk is the strong dependence on the automotive sector, a risk that has been mitigated through the acquisition of LocalEyes. Additionally, the company aims to develop its presence in new sectors such as tourism, life sciences and video games.

A third risk concerns the company's dependence on Italian revenue; this has also been greatly mitigated by recent acquisitions. The US market has the greatest potential in the world for language service providers, and we believe the company will leverage its recent acquisition to establish a strong and long term oriented presence there.

## History

The Italian group, STAR7, was founded in July 2000 by Lorenzo Mondo and the Swiss company STAR AG, a global player in the provision of translation software and services. The company started as a language service provider (LSP), it is important to emphasised that to date the translation service covers only part of the group's well-diversified and `integrated` offer.

In 2006, the company began to diversify its offer by adding technical documentation to its translation services.

In 2010, the company founded STAR log, which specialised in printing, logistics, distribution and digital archiving services.

2013 saw the acquisition of 75% of Comunicacao opening the doors of the Brazilian market. The company expanded its customer base in the sector, taking an important step towards international expansion, a key element of its strategy. In the same year, with the acquisition of Wayred S.r.l., the company began to provide after-sales services.

In 2014, STAR Engineering, the third pillar of the company's revenue model, was founded in Maranello.

In 2015, the company became a limited company and, the following year, STAR USA was founded to meet the US demand for translation (it is the market with the greatest growth potential) and technical writing. At the same time, the company also put down roots in Austria with STAR GmbH.

In addition to the well-established relationships with major players in the automotive industry, the company also serves the needs of SMEs and large industrial and financial groups.

In 2017, the company acquired AD Studio Srl, specialising in technical writing activities, and signed a business unit lease agreement with System Data Service Srl, offering technical writing services to the aerospace and defence sector.

In 2018, the company acquired the Brazilian company, Grafica ed Editoria Colibri Ltda, based in Belo Horizonte (Brazil), specialising in printing for the Brazilian school publishing sector. In August, the company founded STARCOM Argentina SAS, to have their own translation agency in neo-Latin languages. In December 2018, the company acquired Res Srl, which is headquartered in Alessandria and has experience in technical reporting.

In 2019, 100% of Techworld Languages Solutions, a translation company based in Detroit, MI, was acquired by STAR USA, offering proximity to major automotive companies. In the same year, Star Albania SHPK was established in Tirana, Albania.

In 2020, the company became STAR7 S.p.A. and acquired 33% of IAMdev, a company specialising in software development.

In March 2021, the acquisition of a division of Grafitec Srl aimed to support the aerospace and defence printing division.



In 2021, the company acquired the Wisconsin-based GEO GROUP, positioning itself in close logistical proximity to the CNH Group in a highly industrialised and potentially strategic area. In November, the company completed the largest transaction in its history by acquiring the LocalEyes Group, partially financed by the issuance of two bonds with a total value of €25m, decisively strengthening its US presence and obtaining as a client the world's number one technology company: Apple Inc. LocalEyes offers translation and localisation services in more than 60 countries. Today, the STAR7 ranks 26th in terms of generated revenue in an LSP market search made by Nimdzi. In the same year, the company was listed on the Euronext Growth market in Milan and raised €15m.

## The Company's Offer

The main sectors addressed by the company are: Mobility, Technology, Luxury Goods, Agriculture, Construction Equipment and Aerospace & Defence, which together account for approximately 86% of pro forma 2021 revenue. The company has more than 900 customers in 20 different industries. The top five international groups generate 65.2% of revenue, making customer exposure highly concentrated.

The company's offer is divided into five main, closely related and complementary areas of activity:

1) Global Content: This was the company's core business when it was founded in 2000 and after the recent acquisition will be the main driver of revenue generation. This business area offers language services leveraging on Artificial Intelligence and Machine translation tools, the main offered services are: professional translations, copywriting, language consulting, interpreting, keyword management, translation memory, etc. With the acquisition of LocalEyes, Translation services has found its place in the Tech sector, having acquired its largest player as a client. This segment is expected to account for 46% of 2022 revenue.

2) Product Knowledge: initiated in 2006, this area of activity covers product information through the production of specific product and component catalogues, the creation of technical illustrations for qualified personnel and end users, work time manuals, Nato coding of spare parts and additionally, the digitisation of everything related to technical or commercial information. This division revenues are considered with Experience's and Engineering ones; it is estimated that the three divisions will account for 40% to 2022 revenues.

3) Experience: beginning operations in 2019, the newest business line and integrates virtual reality with customer products, offering virtual configuration, augmented reality, immersive reality, graphic design, video and animation services. To date, the company is developing application solutions in R&D, such as:

-  Alcor: for immersive virtual reality training
-  Mizar: immersive reality configurations for pre-production phase product analysis
-  Antares: real-time 3D presentation tool for technical and commercial purposes
-  DW7 : the application of augmented reality to electrical diagrams for analysis and diagnosis

4) Engineering (2014): supports development, offers after-sales services, feasibility analysis, assembly and industrialisation. With the digital transformation, this business line helps clients in reducing production time and costs.

5) Printing: established in 2010, this business line deals with high quality printed products. The aim is to create prints that can co-exist with and complement digital products, both in terms of quality and production flexibility. This division also includes high-margin services (kitting, archive scanning, contact plan and others). The division's impact on projected 2022 sales is 14%.

### The group's main services and clients



Sources: Company presentation, TP ICAP Midcap

## Global content

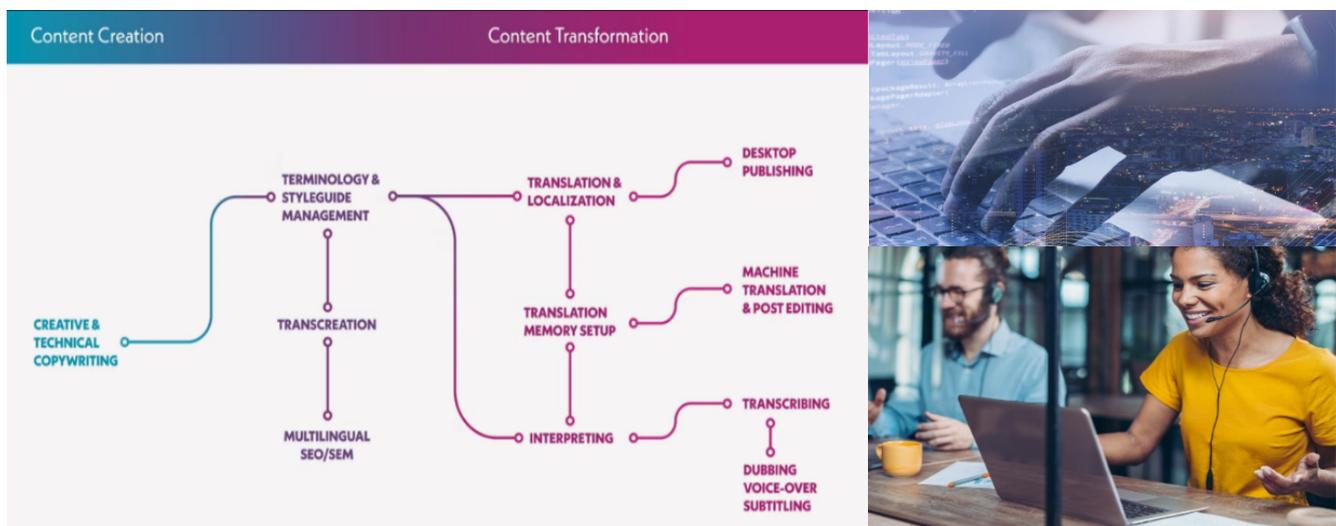
The division was created in 2000 when the company was founded. To date, it generates 34% of revenue. It is estimated that LocalEyes' contribution will lead this division to generate 46% of total revenue (in 2021 LocalEyes ended the year with €15.7m of adjusted revenue and €3.8m of adjusted EBITDA generated by providing translation services to Apple Inc). In 2021, LocalEyes contributed only from the 16<sup>th</sup> of November to STAR7 revenue.

As a result of the LocalEyes acquisition, the company ranks 26th for revenue generated in the global language service provider industry (Source: Nimdzi).

With 20 years of experience, the group has succeeded in building an offer capable of meeting any language need. Global content is the leading language service provider in Italy, where the main competitors are Logos group, with 63M of revenues and Translated with 53,2M of revenues, respectively 33<sup>rd</sup> and 41<sup>st</sup> worldwide.

The translation services provided can be creative, technical, legal, financial or sector-specific.

### Global Content processes



The main language services and tools offered in the field of translation are the following:

- Translation: E-commerce (from fashion to automotive; for example, Apple's websites are now translated by STAR7 group worldwide), corporate communications and regulatory documents are just a few examples of the translation services offered in all world languages. Translated marketing materials, websites and technical documentation create customer proximity and serve as a competitive advantage.
- Software localisation: the translation of labels, messages and online help and compatible with all software and operating systems (Windows, MacOS, Unix, Linux, Android or iOS).
- Copywriting and *transcreation*: helping clients to create and translate editorial and communication content for various offline and online channels. This allows digital marketing and advertising campaigns to be based on both linguistic and specific skills.
- Interpretation: for events, meetings, conferences and courses in all fields and languages. Live translations for board meetings, committees or general meetings
- Machine translation and post-editing: statistical and neural machine translation. This tool allows companies and professionals to speed up repetitive tasks and focus on higher value-added activities.

Regarding the application of advisory services, the group offers:

- Terminology management: composition and updating of corporate glossary entries. Definitions, examples, contexts, images and supporting multimedia content. Through integrated solutions and terminology portals facilitates clear and accurate communication with customers and internal staff.
- Setting up translation archives: assists the client in retrieving existing translations (large linguistic capital), transforming them into a database compatible with any CAT (computer-assisted translation) tool and checking translation quality.

Finally, regarding multimedia, the group is able to offer dubbing, subtitling, voice-over services for multimedia content, training courses, entertainment and editing recording with a wide range of voices, a service that fits perfectly with the Experience division.



Translation services also offer integration with each client's IT systems via an internally developed web platform MySTAR, which is an easy and intuitive web portal dedicated to the creation and direct management of STAR7 service requests. It provides a reserved upload/download and file repository area, a dashboard for controlling and supervising ongoing projects (status of processing, approval, rejection, etc.) and a finalisation area for managing invoicing.

## Product Knowledge, Engineering and Experience

STAR7 has more than 300 hired engineers working on different but complementary services on the value chain, able to adapt in each context to client needs and demands. They are one of the drivers of STAR7 quality, product diversification, versatility and adaptability. The three merged divisions generated 49% of 2021 revenue. In 2022, it is estimated that the share of these three divisions will fall to 40% due to strong growth expected in the Global Content division post acquisition of LocalEyes. This area still has the highest expected growth forecasts.

### Product knowledge

Established in 2006, this division is the second largest business line in terms of revenue.

The division's services have been developed through more than 15 years of working with SMEs and large companies. The main client needs covered by this division are creation, after-sales service and technical support.

#### a) Creation

Operates through services as: technical authoring, after-sales and technical support. a) Technical authoring consists of providing practical consultancy support in the production of technical and commercial documentation to support client activities regarding complex products such as automobiles, agricultural and industrial machinery, transportation or automatic machines.

Once the necessary inspections and technical/mathematical investigations are acknowledged, the issuer collects product information and develops in-depth product knowledge, which facilitates the drafting and preparation of documentation (also interactive), allowing end users to find information more efficiently.

Being able to offer clear, usable and internationally compliant technical documentation nowadays holds an important value for local and international sales of owned products. STAR7 is able to harness the mathematics and data universe generated by each product, offering cross-services (Integrale<sup>7</sup>) to its customers.

The main technical solutions are:

- Technical manuals: operation and maintenance books, operation and repair manuals.
- Technical illustrations: to improve understanding of the content and reduce the centrality of technical text by means of 2D and 3D illustrations and virtual procedure videos.
- Wiring diagrams: electronic engineers prepare 2D and 3D wiring diagrams to visualise wiring harnesses, block diagrams, connections, pin-to-pin navigation between wiring harnesses, for improved customer service.
- Spare parts catalogues: support is provided for the construction of interactive spare parts catalogues, based on customer requirements, order management systems, pricing, stock checking and updating the catalogue with product codes.
- Schedules: technical documentation with disassembly and assembly times, data consistency check and elimination of redundant operations.
- Intelligent diagnostics: remote diagnostics for prediction, detection and resolution of failures that integrate big data and probabilistic data structure enabling failure prevention and analysis, and efficient repairs.
- Training documentation: documents to support training in the most appropriate format for face-to-face or distance learning in any language.
- e-learning: courseware development that can be used on any LMS or e-learning platform.
- NATO coding: managing the process of assigning a unique code (NUC) to all parts or components.



#### b) After-sales services and technical assistance:

The service's main objective is to complement traditional technical writing with after-sales activities such as customer service, helpdesks and training.

The company's range of digital services includes the most advanced technologies for the management of after-sales technical documentation, through:

- Virtual Reality: a service provided by STAR7 that mixes product expertise and VR technology's potential. With a background belief that a professional animation can describe a process much better than a text. The virtual reality service guarantees integrated interfaces oriented to the development of source systems (3D CAD / PDM) and the creation of illustrations, animations and virtual 3D models (digital twin).
- Mixed reality: thanks to STAR7's Digital Wiring 7 (DW7) technology, a software designed and developed to enrich the human eye with visual aids, which guide analysis operations step by step and in real time, reducing the complexity of after-sales diagnostics on vehicle systems, thus reducing diagnosis and repair times and costs.

The biggest users of these services are certainly companies in the automobile, transportation and agriculture sectors, but all industrial companies that produce and export technological products can potentially become customers.

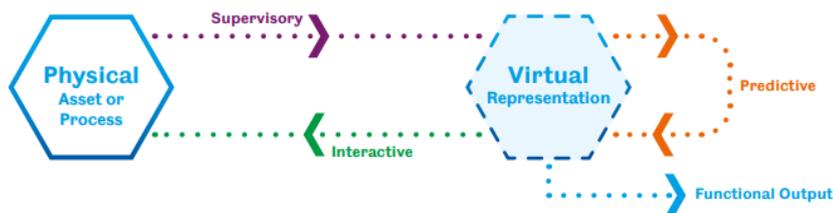
## Experience

Created in 2019 with already 1.2% of revenue (pro forma December 2021), this service has been developed over the last three years to support SMEs and large international industrial groups.

The product experience leverages mathematic and technical knowledge in order to develop digital experiences of all kinds, that generate a value source even for potential marketing and communication campaigns.

Thanks to the engineering and technical reporting skills that allow direct access to 3D product modelling, the proposed solutions are perfectly adapted to both the product and the creation of digital content that reaches high levels of quality.

Digital twins of physical products



The division's main activities are:

- Virtual reality: in the virtual environment, the customer can interact with the product as if it were real, and test it without the need for physical development, with considerable time and cost savings. In the automotive field, STAR7 offers innovative applications in relation to car configuration systems, allowing visualisation from different angles and perspectives, anticipating spatial perception, colour effects and product details.
- Virtual training: a virtual environment is created where one or more participants can perform component disassembly and reassembly on a virtual model. Customers do not need to build prototypes to perform the training activities, which also assures that they are always working on the latest product versions. Training activities can also be performed remotely.
- Computer graphics, visual effects, 3D art and video animation for marketing and communication: access to the 3D project makes it possible to create content to be used for technical or commercial purposes without having to contact other suppliers, guaranteeing in-depth knowledge of the product, high visual quality and a reduction in lead times and logistics costs.

The division's business relationships are mostly with 50 national and international clients whose main sectors include automotive, luxury, household appliances and aerospace & defence.

## Engineering



The fourth largest business line, strongly integrated with the Experience division. This business unit supports its customers in various product's industrialisation phases and customer needs such as:

- feasibility analysis for the development, assembly and industrialization of products;
- in-depth product analysis to minimise costs and standardize assembly processes
- creating and certifying all the official supporting documents
- taking part to the training of production line staff to ensure correct assembly and managing the production launch
- Antares mixes engineering and communication in a 4D product presentation experience never seen before
- The connected platform NSE helps product development take-off, as well as manufacturing and assembly organisation and standardisation and monitoring.

## Printing

This division is now the third largest contributor to revenue (14%). The team consists of 160 active employees.

Overall, this activity involves: "managing the entire flow, from start to finish. From the pre-press process, to printing even very fractional runs of technical, editorial or commercial content, to packaging, binding and finally shipping."



The division's main offer involves:

- Digital printing: equipped with inkjet technologies with ultra HD definition (MX iQuarius ink), in sheet or roll form, offering greater flexibility and the highest quality available for any type of product, be it technical, editorial or marketing.
- Offset printing: the ideal solution for projects involving rapid long run printing, with high definition and print quality and great processing freedom.

To date, the main solutions offered by this division are:

- Printing: high quality, highly personalised digital printing, delivered on time and on budget.
- Logistics and customised kitting: provision of distribution management services, receiving, quality control, assembly and packaging, storage, distribution, archiving, cataloguing and classification.
- Digitisation: management of companies' dematerialisation and digitisation processes. The main activities carried out in this area are: a) digitisation and digital storage b) data loading (on digital media).

## Business model

The company maintains customer relationships, which it usually accesses through the provision of individual services, and then integrates other business units (an integral approach). The organisational model is divided into three phases:

### 1. Client Acquisition

A dedicated sales team is present at the group's strategic locations in Italy and abroad. Sales opportunities are developed through participation in conventions, meetings, industry events marketing ad digital campaigns. The new General Manager, Matteo Gera, has a long track record in leading sales teams.

Orders from large customers and projects are usually awarded through tenders for the provision of long-term services, in which the Group participates by relying on a team specialised in follow-up and tender offers, preparing the necessary documentation and maintaining relations with the technicians in charge of the selection process.

Once acquired, the group develops cross-selling opportunities with the customer using CRM software, offering services and products throughout the product information life cycle.

An integrated business model



### 2. Execution

Once the client has been secured, different execution sub-processes can be articulated to suit the client's individual organisation. Typically, the execution phase lasts an average of 6 months to a year, during which the company structures a specialised team to research and develop a preliminary product, followed by 3-5 months for delivery. We will analyse the execution phase by field of activity:

#### a) Global Content

The company analyses the documents to be translated and reviews previous translations carried out for the same client. This phase is followed by an estimate of the time required to deliver the finished product and a price estimate, which depends on the number of languages to be translated, the document's size and the client's sector.

To carry out its activities, the company relies on more than 1,500 certified and specialised translation service providers, selected over the years on the basis of their field of application and professionalism. The translation activity is then monitored to ensure timely delivery.

The two main types of orders are: serial orders and day-to-day orders. Serial orders depend on winning tenders for the provision of multi-year translation services for long manuals or constant information flows. Day-to-day orders, on the other hand, are one-off orders received through the company's website or as a result of marketing/cross-selling activities.

#### b) Product knowledge

The process starts with an analysis of the technical specifications of the customer's products. Through the integration of engineers, on-site inspections, technical surveys and the use of mathematics, the group gathers information and develops a thorough knowledge of the products, and then, through the use of special software, develops assistance in writing technical documentation.

There is a dedicated team for the creation and development of training courses.

#### c) Printing

The job is first analysed, the organisation team coordinates with the production managers in order to organise the production logistics within the agreed deadlines; the necessary machines are selected. The plants in Asti and Belo Horizonte provide this service with a variety of formats and media, and the company takes care of binding, stapling, kitting and assembly (if necessary). Once the characteristics, quality and packaging have been checked, the company takes care of the delivery logistics. The service can vary depending on the services offered and the size of the client. Digitisation of archives, kitting and customised logistics can be offered as tailor-made services to large clients.

#### d) Engineering

The first phase concerns the project's pre-analysis by a team of experienced engineers who assess its feasibility. 3D technologies are used specifically to simulate the project virtually. The client is assisted in the creation of digital prototypes to help identify criticalities. The client is then supported in the definition of the sequences related to the assembly, launch and production of the technical support documentation.

#### e) Experience

In the first analysis phase, specialised engineers study the product's mathematical characteristics. The team analyses the client's requirements, creating a storyboard of the required virtual experience. The programming and development of the virtual experience is then coordinated and tested by the team and the client to correct any anomalies. The product is then finalised and delivered.

### 3. After-sales

STAR7 analyses the delivered services and the level of customer satisfaction, also assessing the quality of the service according to agreed standards.

Quarterly performance evaluation and analysis systems are in place to ensure proper management of the customer relationship, including the after-sales phase. Each division has a person in charge of monitoring performance, controlling the service's quality and evaluating customer satisfaction.

Regular meetings are held for feedback, technical assistance and proposals for new solutions.

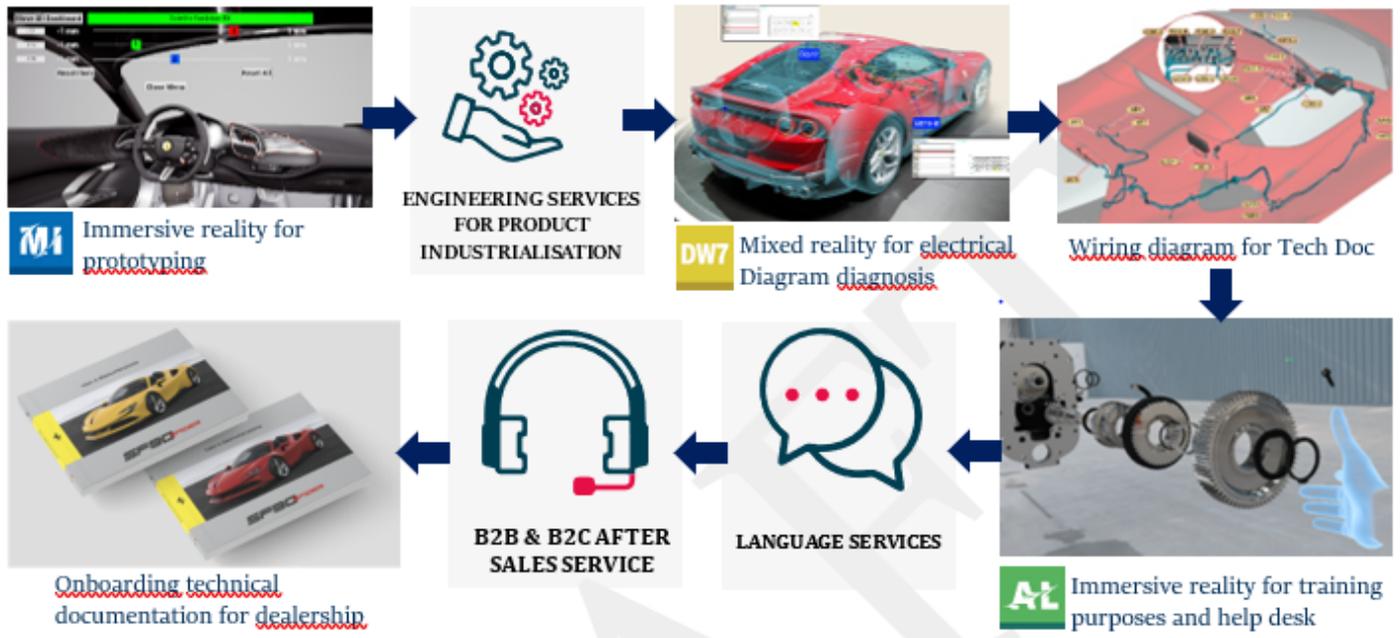
## Business Cases

### Ferrari (a STAR7 customer since 2005)



NEED: to identify a single proactive partner able to offer technical support, technical training and engineering services, while offering insight and the capacity to optimise processes and costs for product support, from engineering to aftersales.

Ferrari's team main offered activities through a team of over 60 employees



### Apple (a LocalEyes customer since 1997)



NEED: to outsource localisation services, building a European network able to support Apple's growth and internationalisation by managing global multilingual content, from technical to marketing & communication.

From first localization engineering team in 1999 till AI & Natural Language processing (Siri) until now



## The Market

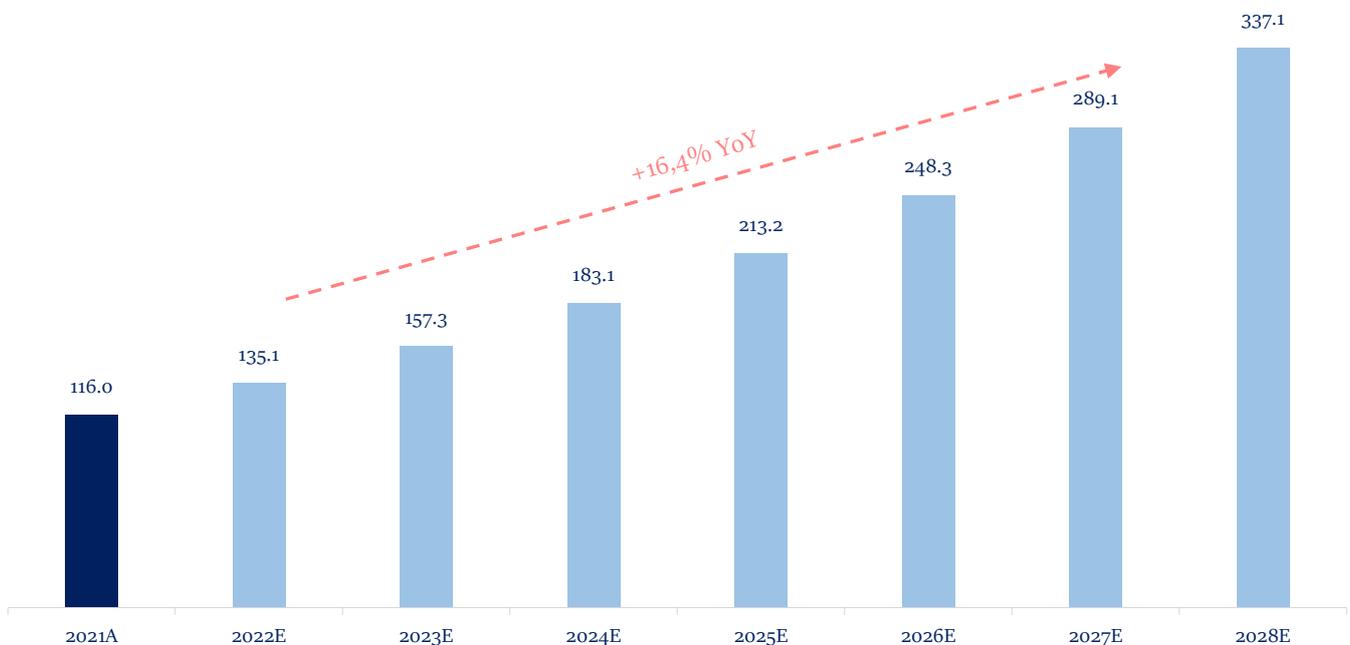
STAR7 is a unique entity oriented towards the management of the entire information ecosystem that revolves around the product, from its design phase to after sales. Its different business lines are strongly integrated; market research is limiting as the reference markets are diverse and cannot adequately express the company's business model.

This research is based on three reference markets: firstly, industrial markets focused on Industry 4.0, taking into account that the company performs in-depth data analysis, digital twinning and augmented and virtual reality services (proprietary solutions developed in-house: Alcor, Mizar, Antares and DW7). Secondly, focus on the automotive market and the potential impact of new electric vehicles by all car manufacturers for STAR7, in particular on the product knowledge and printing divisions. Finally, a careful analysis was carried out on the language service providers' market, a division particularly strengthened by the recent acquisition of LocalEyes.

## Industry 4.0

The global Industry 4.0 market size stood at \$116bn in 2020 (Fortune business insight). That market grew at a rate of 14.2% in 2021, and is expected to reach \$337bn in 2028, representing an expected CAGR of 16.4% between 2021-2028.

Industry 4.0 market growth projection



Sources: Fortune Business insight, TP ICAP Midcap

Digital technologies such as artificial intelligence, augmented and virtual reality and digital twinning are advancing, all elements of STAR7's value chain, in particular in the Engineering and Experience divisions. We can only imagine how boosted the growth may be after all developments occurring in the metaverse.

As the role of supply chain management becomes increasingly important, manufacturers in the early stages of the transition may find difficult to embrace Industry 4.0 disruptive development. Flexibility in adjusting inventory requirements, optimising the supply chain, increasing manufacturing efficiency will all become critical in the coming years.

The importance of digital twins is increasing in parallel with the popularity of the Internet of Things. Digital twins are virtual models that follow the life cycle of a physical entity. They allow OEMs and car manufacturers to track and manage equipment and systems by providing near real-time information. STAR7 is developing virtual representation tools using AR and VR through its R&D investments applied to its sectorial and technological know-how.

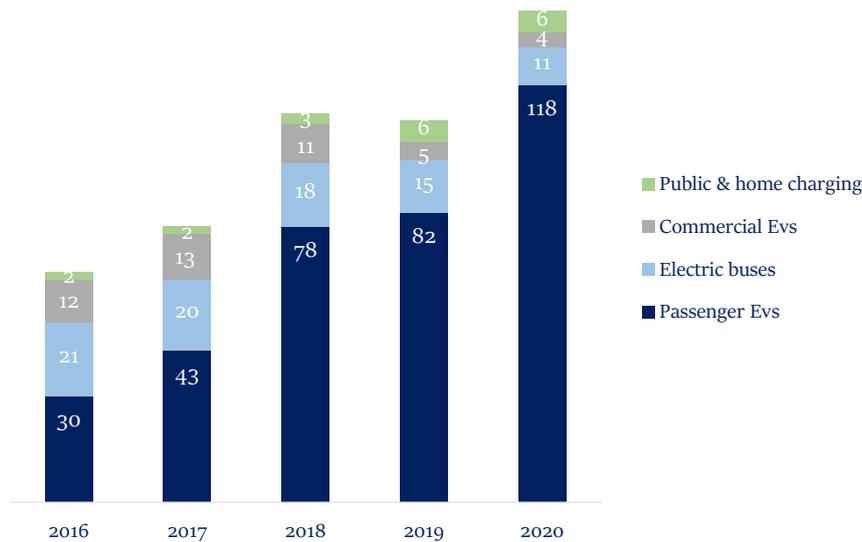
In a survey completed by AMRC in September 2018, it was reported that 45% of engineers think that 3D representation is essential in product development. We expect this trends to increase as industry develops in efficiency; STAR7 will potentially benefit from its key customers and potential future customers moving towards 3D representation for product development and product experience marketing.

## The upcoming transition to Electric Vehicles

With the launch of new vehicles, car manufacturers need support to prepare the technical documentation, both in terms of writing and translation, to make it available across digital and paper channels, a service in which STAR7 is highly specialised.

McKinsey predicted in 2019 that car manufacturers could have launched from 100 up to 150 new models per year. At the same time, the electric transport market will be strongly driven by the growth of EV models launch, a future automotive market scenario that is certainly interesting for the Group, the shift to electric will be a huge opportunity for the group's revenue growth.

Investment in electrified transport by category (\$bn)



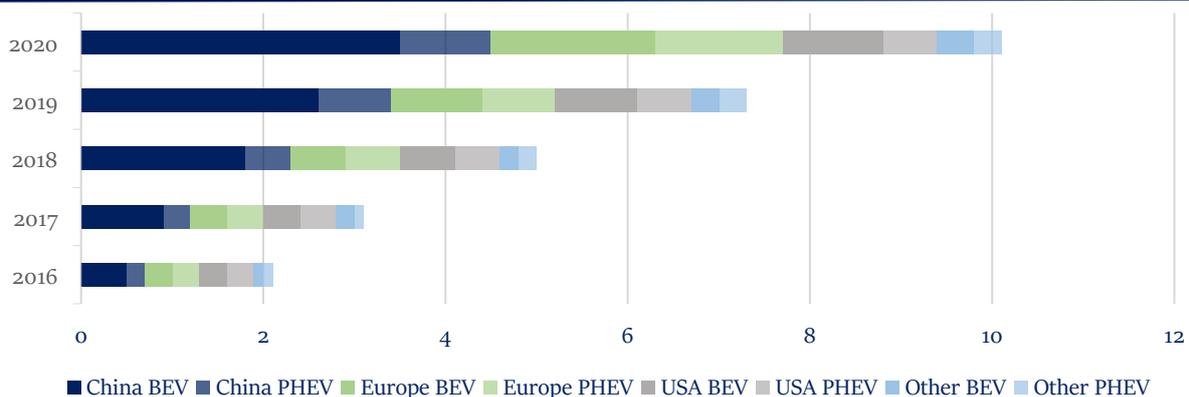
Sources: Bloomberg NEF, TP ICAP Midcap

The Group is aware of the strong growth in the demand for EVs. Thanks to its offer's diversification, it is able to meet the sector's future needs, a sector in which it is already well established. Every new vehicle launch is a huge opportunity for STAR7 in particular for the PK division, followed by Global Content and Printing.

2020 has been a pivot year for electric cars, the future development still has a huge potential, only in 2022 51 different vehicles launches have been planned: BMW (i7, iX1, iX M60), Audi (etron, etron sportback, urbansphere concept), Electric Jeep SUV, Nio (ES7, ET5), Toyota (bZ4X, Corolla bz EV), Volvo XC40 Recharge...

Overall global electric car stock reached 10M in 2020 with BEV (Battery electric vehicles) accounting for 67% of the world's electric car fleet, the largest increase in 2020 occurred in Europe, registrations increased of 1,4M units, from 1,8, almost doubled. China followed with 1,2M registrations while USA remained at 300k.

Global electric car stock by region (#M)

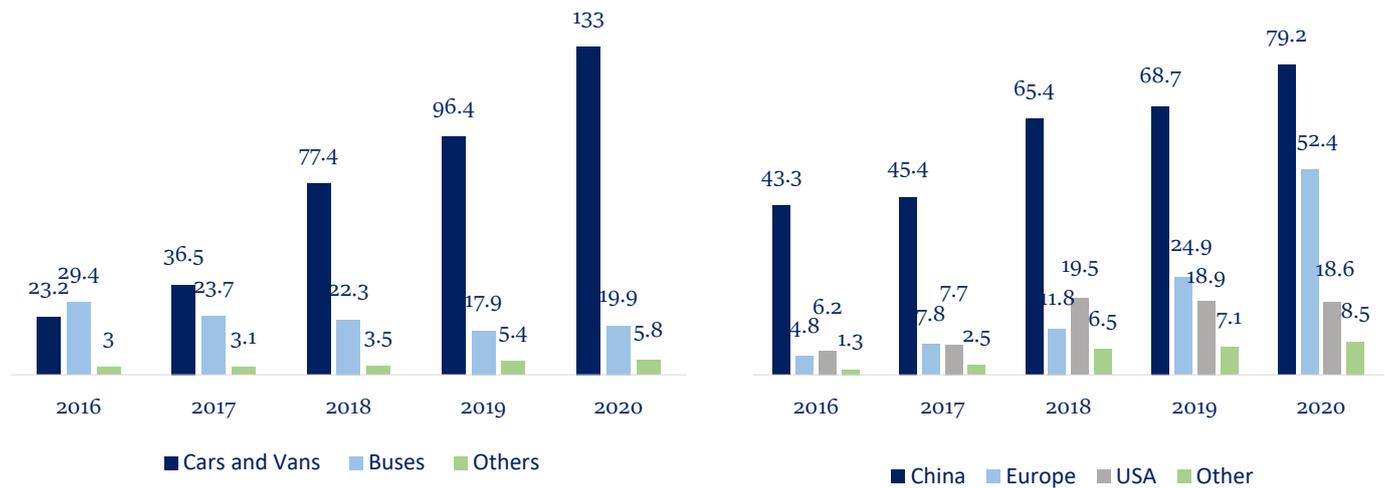


Source: IEA

By analysing battery demand by mode, we realise how intensively the demand for Cars and vans is growing. China started early; already in 2016, battery demand was at 43.3 GWh/year. Today, the same value settles at 79,2 GWh/year, for a CAGR of 16,3%. In the same period, Europe registered a CAGR of 81,7% and settles at 52,4 GWh/year (still a gap with China's 26.8GWh/year). The United States is following slowly.

The European objective is to reach 100% Zero Emission Vehicle sales by 2035.

Battery demand by mode (GWh/year) and Battery demand by region (GWh/year) (2016-2020)



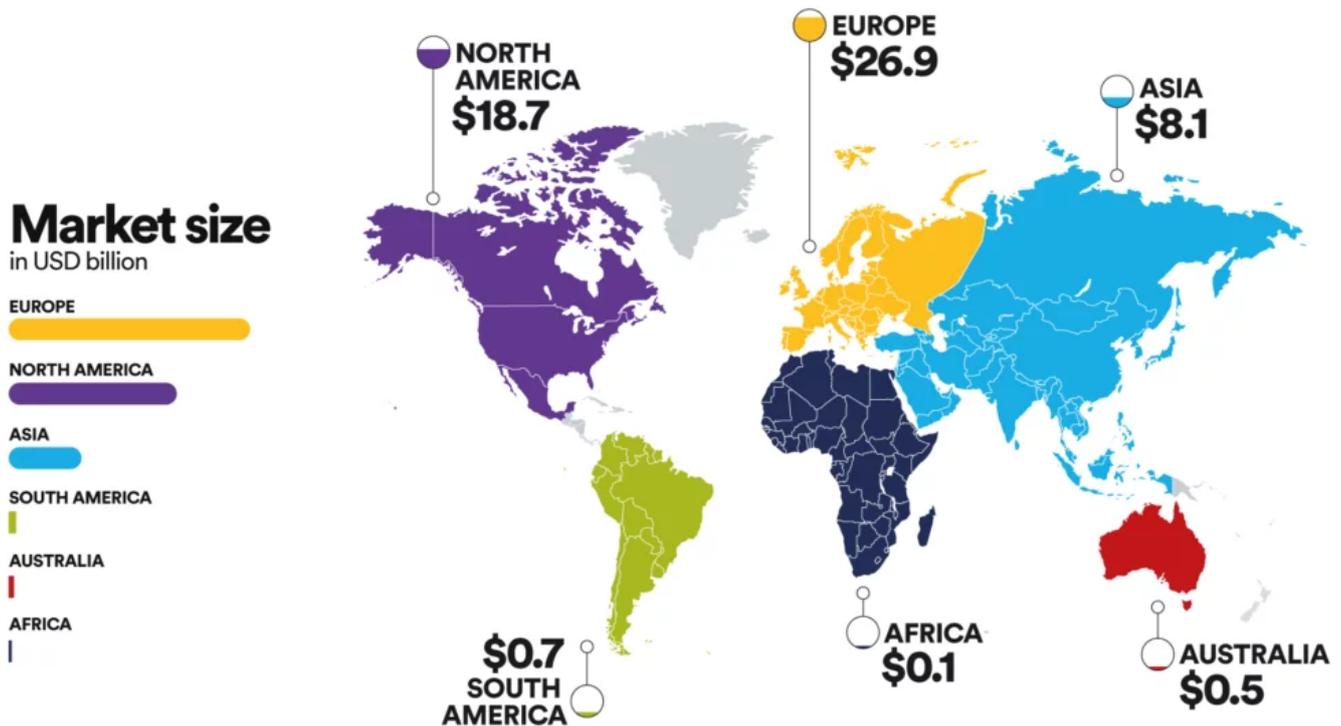
Source: IEA, TP ICAP Midcap

The group's business could benefit from this positive growth trend in particular for new vehicles launches and R&D related investments, as the company performance is not related with clients volumes, per division some of the potential services that could be boosted are:

- Engineering: supporting customers in product design
- Product knowledge: customer support in the technical preparation of product information and related after-sales support
- Experience: 3D visualisations and comprehension-based instruction of technical documents using VR/AR technology could greatly assist customers in the design and production phase
- Printing: support for the printing of hard copy manuals and management of their logistics
- Global Content: support for all document translation needs and beyond

## The language services industry

The LSP market's overall fragmentation

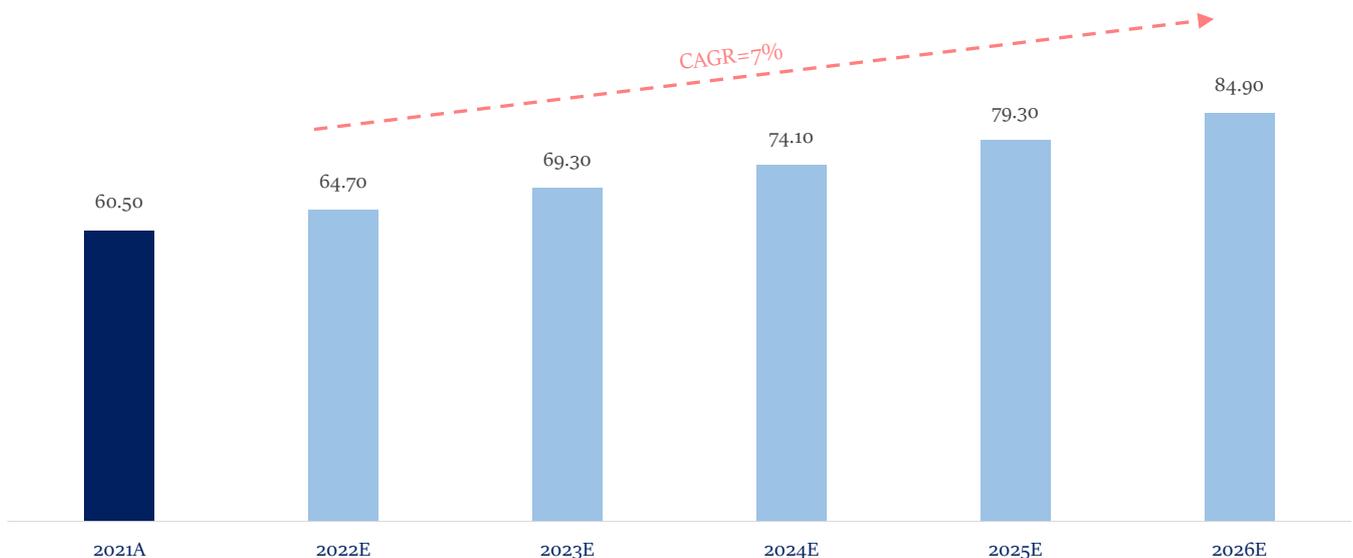


Sources: Nimdzi, TP ICAP Midcap

Amounting to \$55bn in 2020, the language services industry grew to \$60.5bn in 2021. The market's expected growth is estimated at 7% for the coming years, and expected to amount to \$84.9bn by 2026.

STAR7's addressable market is estimated at 60% of the total market, 40% of which is not outsourced, but accomplished in-house after the process of hiring translators and interpreters. It should be noted that the market size calculation may include both translation companies and their suppliers, some of whom may have been counted 2x.

LSP market growth forecasts



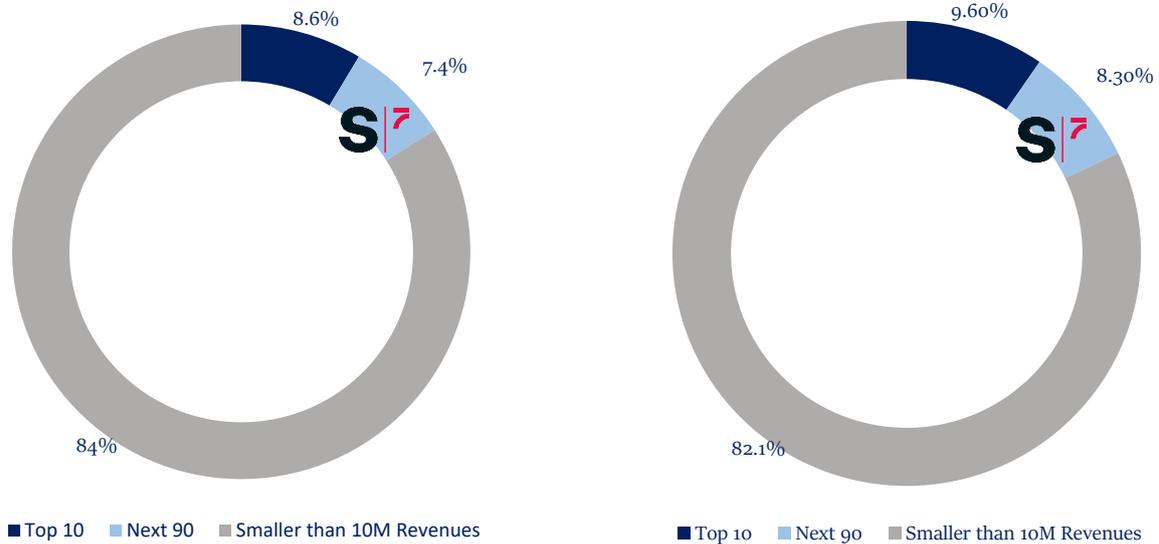
Sources: Nimdzi, TP ICAP Midcap

The language services sector remains fragmented. The top 100 firms represented approximately 17.9% of the 2021 total language industry, an increase of 1.9% from 2020 (Source: Nimdzi).

Despite ongoing consolidation at the top, the sector remains predominantly composed of firms with revenue inferior to \$10m. The language services industry is highly unconcentrated, with the largest player, "transperfect", recently exceeding \$1bn in revenue.

The sector's low concentration opens up interesting growth opportunities for STAR7 through further acquisitions.

LSP market fragmentation, top 100 companies in the 2020-2021 global market



Sources: Nimdzi, TP ICAP Midcap

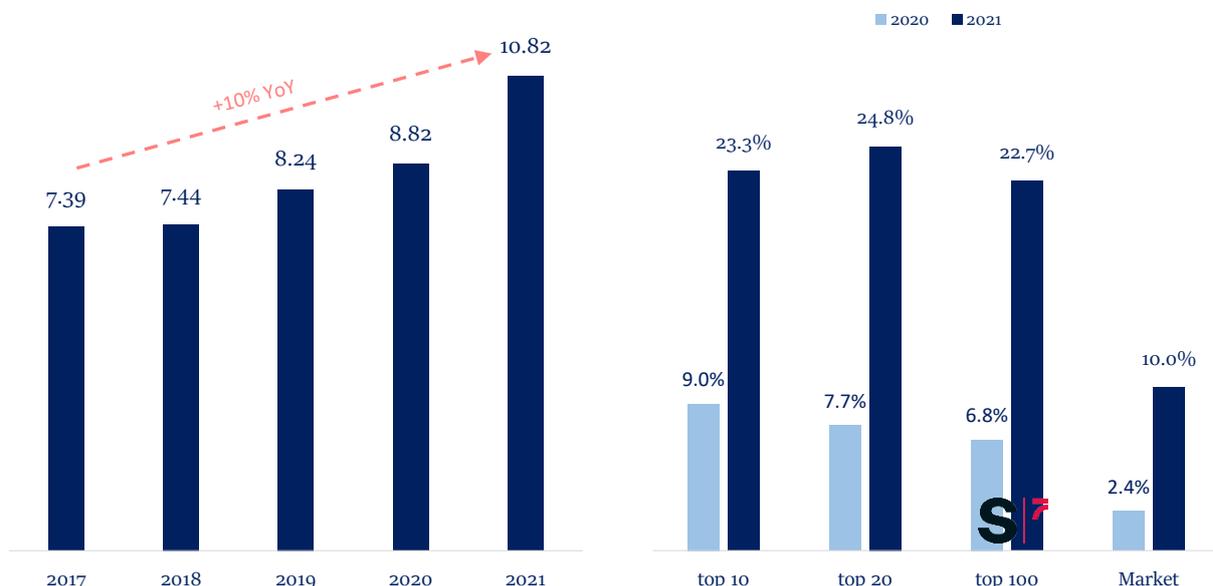
In the post-pandemic phase, language service providers (LSPs) had to adapt their business models to the new environment and prepare for new customer demands. Therefore, industry players have been working on digital offers, renewing platforms by integrating features and services, whose different demands have accelerated the industry's process of innovation.

It is fair to say that 2021 has been an exceptional year for the language industry. The lag in demand from the government and the media sectors, combined with the increase in demand from e-commerce and e-learning, has contributed strongly to this innovation.

The sector has emerged stronger, with the top 100 LSPs recording a 10% CAGR over the period 2017-2021, generated through both mergers and acquisitions (M&A) and organic growth.

The top 100 LSPs recorded 22.7% annual growth in 2021, if we compare this to the 6.8% in 2020, we realise how substantial the development has been in the last year.

Revenue and growth of the top 100 LSPs



Sources: Nimdzi, TP ICAP Midcap

The combined 2021 revenue of the top 10 companies grew by 23.3% (up from 9% in 2020). The top100 companys registered a revenue growth of 22.7% (up from +6.8% in 2020). The market as a whole grew by 10% (vs. 2.4% YoY).

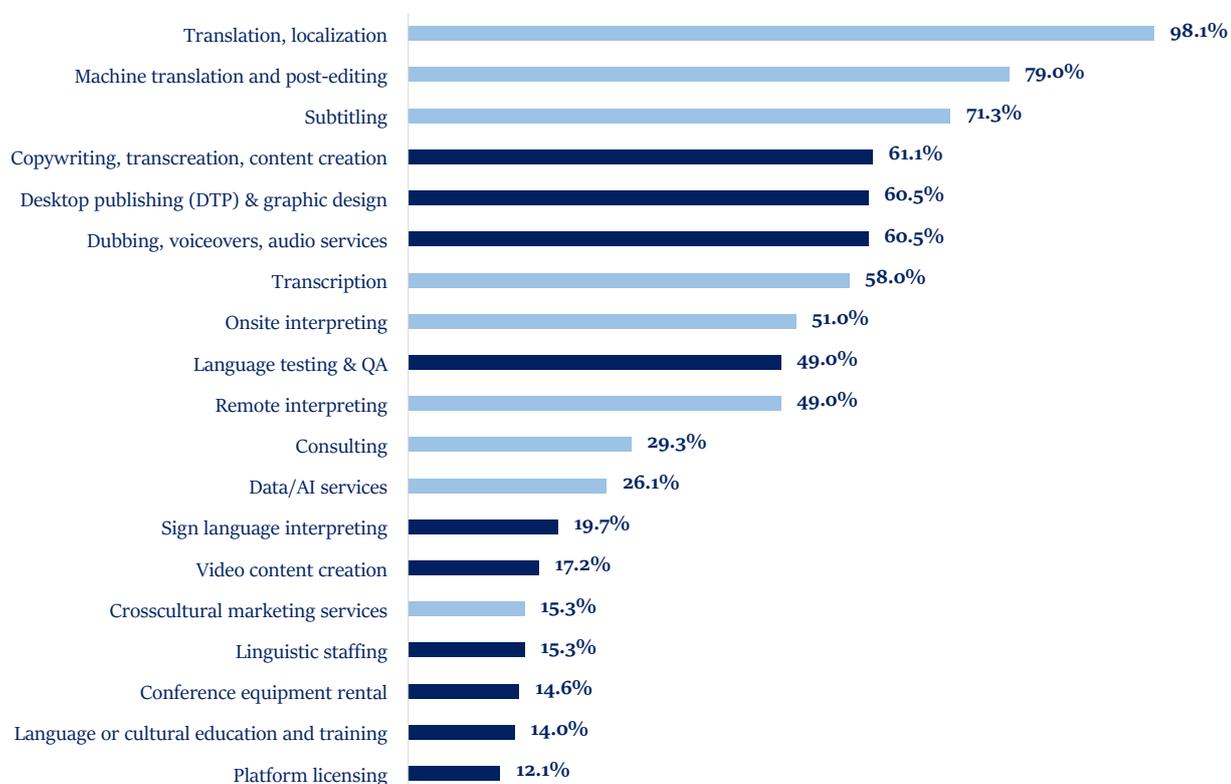
Group revenue increased by 35,7% in 2021, while in 2020 registered a decrease of 15% in revenues amount.

Leading companies in the LSP industry were surveyed by Nimdzi's research team, firstly to discover the main services being offered, and secondly, regarding the main industries in which the leading industry players operate.

The results show that the most common services provided by LSPs are translation and localisation (98.1%), machine translation and post-editing (79.0%), subtitling (71.3%) and writing, transcreation and content creation (61.1%).

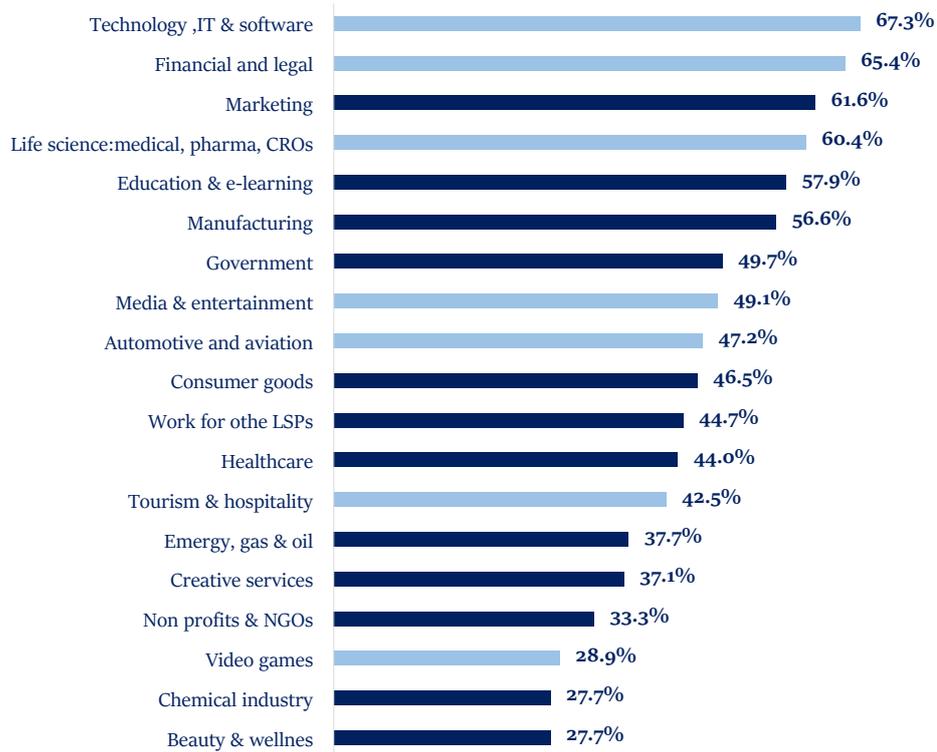
The following graphs, in light blue, highlight the main services offered by the company or the sectors in which it is currently involved or wishes to develop in the near future.

Services and verticals most offered by the top 100 LSPs



Sources: Nimdzi, TP ICAP Midcap

Sectors most served by the first 100 LSPs



Sources: Nimdzi, TP ICAP Midcap

## Strategy & Targets

The assessment of continued business success is based on five pillars:

### 1. Gain position as an "integral" partner

Through the sale of one of the company's five main product lines, the objective becomes to integrate support throughout the product life cycle and foster integral collaboration. Thanks to the consolidated know-how developed over the years, the company is able to anticipate customer needs and preferences and generate potential cross-selling.

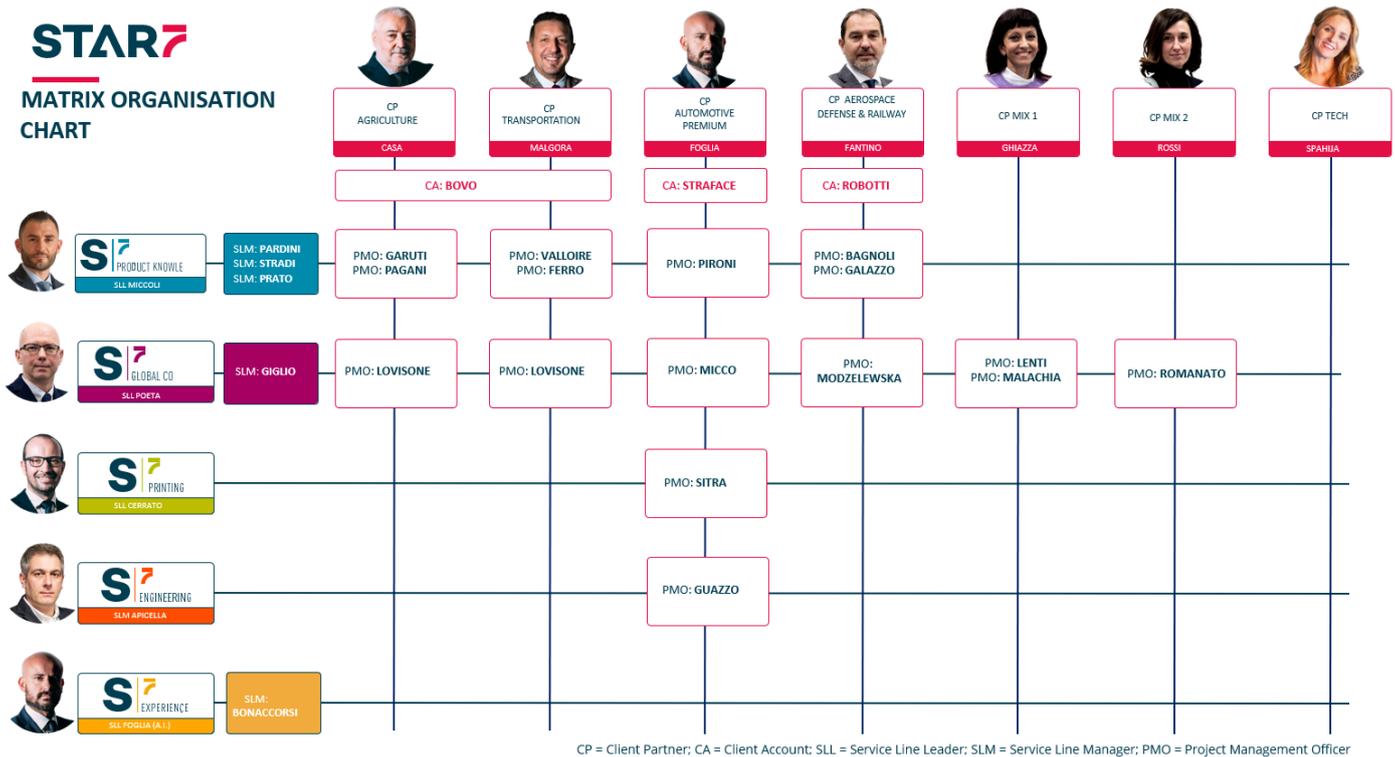
The group's five services and technologies are integrated in different ways depending on the client's sector and area of application of the company's know-how. For example, the automotive and transport sector and application areas such as Training and Support, Marketing and Communication, After Sales Support and Product Information Life Cycle, the company's offer could be integrated in the following ways:

Integrated strategy: potential application in the automotive and transport sectors

<b>Automotive &amp; Transportation</b> <b>Marketing and communication content</b> Discover our integrated services ^	<b>Automotive &amp; Transportation</b> <b>Training Support</b> Discover our integrated services ^	<b>Automotive &amp; Transportation</b> <b>After Sales Support</b> Discover our integrated services ^
<p><b>Global Content</b>                      Language services: Translation, Copywriting &amp; transcreation, Interpreting                      Consulting: Terminology management, Translation memory setup                      Multimedia: Dubbing, voice-over and subtitling</p> <p><b>Experience</b>                      Virtual reality: Virtual product configuration, Augmented reality, Immersive reality                      Creativity: CGI, VFX and 3D art, Graphic Design, Video &amp; animation</p> <p><b>Printing</b>                      Printing: Digital Printing, Offset printing                      Customised logistics and kitting: Customised logistics and kitting, Warehousing</p> <p><b>Technologies</b>                      Product experience Technologies: Antares</p>	<p><b>Global Content</b>                      Language services: Translation, Interpreting                      Consulting: Terminology management, Translation memory setup                      Multimedia: Dubbing, voice-over and subtitling</p> <p><b>Experience</b>                      Virtual reality: Immersive reality                      Creativity: CGI, VFX and 3D art, Video &amp; animation</p> <p><b>Printing</b>                      Printing: Digital Printing, Offset printing                      Customised logistics and kitting: Customised logistics and kitting, Warehousing                      Going paperless: Paperless solutions, Physical stock</p> <p><b>Product Knowledge</b>                      Training: Training &amp; e-learning, Virtual training</p> <p><b>Technologies</b>                      Product experience Technologies: Alcor</p>	<p><b>Global Content</b>                      Language services: Translation, Machine translation &amp; post editing</p> <p><b>Experience</b>                      Virtual reality: Virtual product configuration</p> <p><b>Printing</b>                      Printing: Digital Printing, Offset printing                      Customised logistics and kitting: Customised logistics and kitting, Warehousing                      Going paperless: Paperless solutions, Physical stock</p> <p><b>Product Knowledge</b>                      Support for after-sales: Customer Care, Technical help desk                      Digital solutions for after-sales: Virtual reality, Artificial Intelligence, Mixed reality                      Technical consulting: Serviceability Analysis</p> <p><b>Technologies</b>                      Product experience Technologies: After Sales Digital Twin</p>

A second factor that favours cross-selling is a company's matrix organisation (versus a business unit organisation). This is the typical structure of companies working in project mode, where competences are grouped into functions, each with a separate manager, plus a project manager. The employees have to come into contact with both figures. This leads to team flexibility and multifunctionality. The company structure is composed as follows:

**STAR7**  
MATRIX ORGANISATION CHART

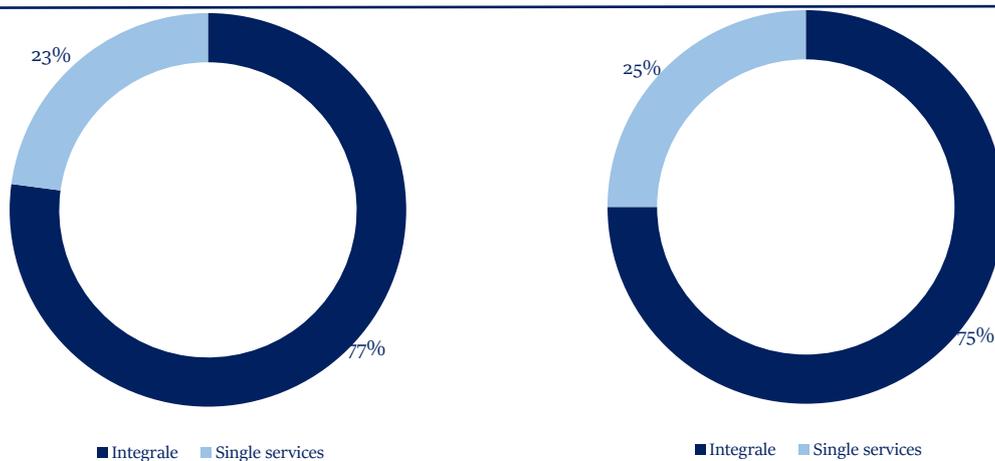


Source: Company presentation

The presence of five different business lines allows the company to reduce its operational, commercial and economic-financial risks, potentially enabling it to act as a single point of contact in the provision of multiple services.

In 2021, 75% of the company's revenue was generated by full-service customers, vs. 25% for single-service customers. This is a strong indication of the company's ability to cross-sell. The slight decrease from 2020 can be attributed to the €1.8m in Apple revenue, which remains a single service customer. In 2022 the mix will be further impacted by Apple's integration, which will contribute to single services. We are expecting the development of a full service offer to tempt the global technology giant as well. The company's top five customers use this service.

Integral Service on total revenue (2020 - 2021)



Sources: Company, TP ICAP Midcap

STAR7 has established important long-term partnerships with various Italian and international players. 84% of the company's revenue come from multi-year contracts and framework agreements (company presentations). The turnover rate is extremely low, giving the company ample space and time for cross-selling.

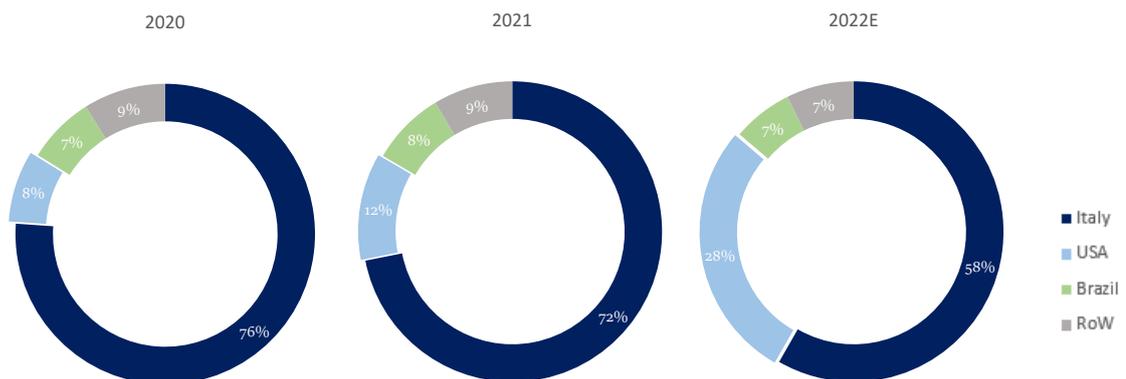
## A diversified international clientele

2021 ended with 72% of revenue coming from Italy, vs. 76% in 2020. This is a clear indicator of the group's international strategy. We estimate that Italian revenue will fall to around 58,3% in 2022 (PF 2021), following a strong increase in the US as consequence of the recent acquisition. The Group can be defined, year after year, as a small and highly specialised multinational.

The LocalEyes acquisition, along with the addition of Apple Inc. to its customer portfolio, was an important strategic step, both in terms of the company's international development targets and the strength of the Group's reputation, which already supplied multinationals such as Ferrari, Leonardo and Luxottica.

In 2021, the US market represented 12% of revenue, and is expected to double to around 28% by 2022. Brazilian revenue continues to grow and, despite a very unfavourable exchange rate, constituted 8% of total 2021 revenue.

Regional revenue breakdown (2020 - 2021 - 2022E)



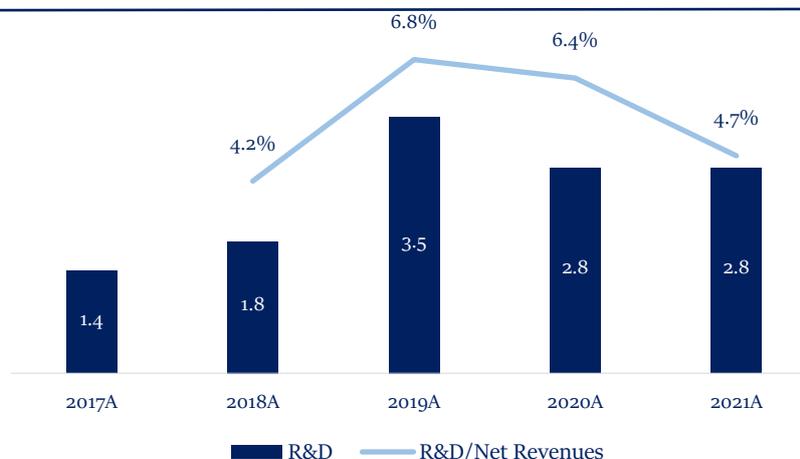
Sources: Company, TP ICAP Midacap

## R&D Investments

As of 31 December 2021, €2.8m had been invested in R&D, representing 4.8% of the Group's net revenue (vs. 6.4% in 2020). Group R&D is mainly applied to innovative technologies supporting the digital transformation of product information management.

Additionally, the company invests heavily in the training of its specialised staff, with over 8,400 hours of training completed by its employees in the last two years alone. The group's flexibility and high adaptability enable STAR7 to respond to its customers' needs within a short timeframe.

R&D investments (2017 - 2021)



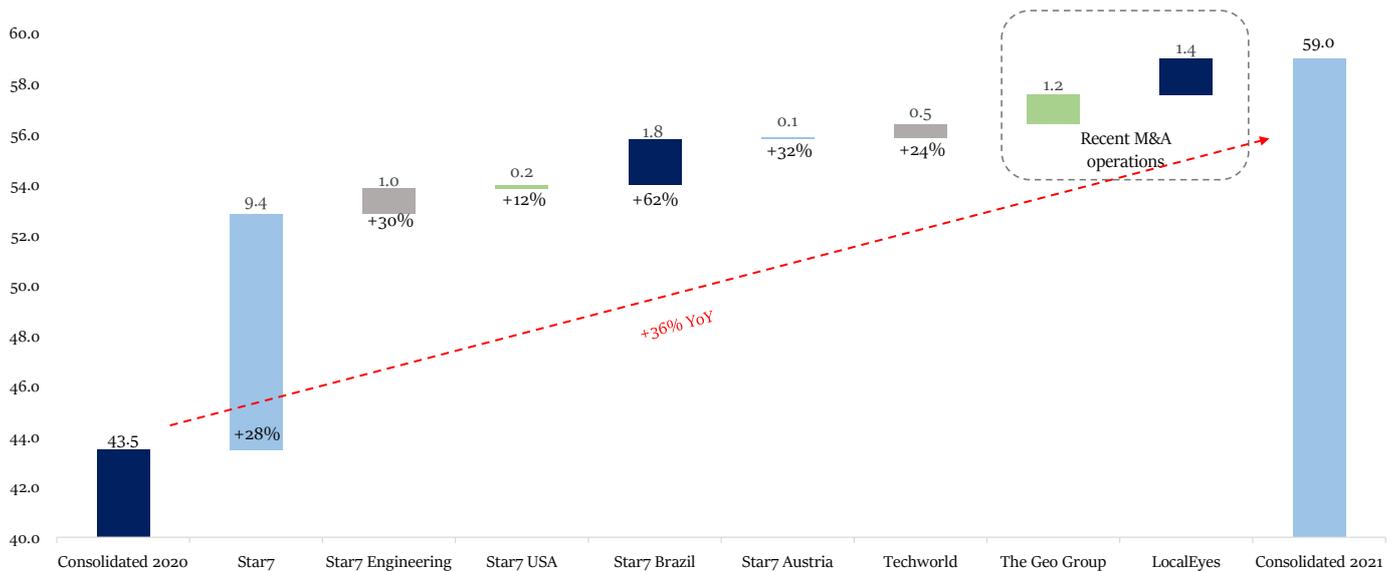
Sources: Company presentation, TP ICAP Midcap

## Organic growth coupled with strategic acquisitions

The expansion of the customer portfolio through the offer's differentiation has been accompanied by the acquisitions made over the years, allowing the company to grow through foreign operations. This has strengthened and expanded the range of services offered.

Today, the business model is efficient and scalable; recorded growth rates have been significant and the company is growing and consolidating every year. LocalEyes' integration has gone particularly well, which is encouraging the group to expand more.

Group Revenue Bridge 2020 - 2021



Sources: Company presentation, TP ICAP Midcap

## Market positioning & trends

The group's well-established presence in the European, North American and South American markets has enabled the company to capture and exploit favourable trends in recent years; its growth strategy has been focused and determined.

Market trends such as sustainability and the digital transformation have been rapidly adopted and integrated into its business model.

The group intends to strengthen its market position through internal and external growth strategies:

### (a) Organic growth

The internal growth strategy will focus on strengthening cross-selling activities and optimising the costs of providing translation and publishing services by setting up subsidiaries in countries with low personnel costs.

The offer will be subject to constant technological development wherever possible, in order to increase services and functionality, and the strategic planning of marketing activities which aim to increase the value of the company's offerings.

Product and process engineering services and consulting activities will be optimised.

### (b) External growth

By integrating a high calibre client such as Apple Inc, the LocalEyes acquisition has enabled the company to take a major leap in terms of international development and relationships. This acquisition has enabled the company to enter, in terms of revenue, the list of the world's top 30 language service providers. Despite this, the company remains focused on continuing its extra-organic development process by acquiring companies operating in similar fields to exploit potential cost synergies, while benefiting from potential business development.

The company aims to increase its presence in sectors such as: tourism, life sciences and gaming.

### c) Innovation

The company plans to make targeted investments in technology, process automation, experience solutions and digital packaging. Another important objective is to expand the printing division's production capacity.

Regarding Global Content, the company aims to develop neural machine translation and artificial intelligence to optimise its translation-related activities.

The company intends to optimise margins by opening and strengthening its presence in Argentina and Albania, as well as by investing in internal process optimisation to further simplify business processes.

Organisationally, however, the company aims to centralise certain operational functions in order to better coordinate group developments.

## Financial Analysis

Over the past four years, the company saw a 19% revenue increase from 2018 to 2019, followed by a -15% drop in revenue due to the pandemic between 2019 and 2020, and finally ending 2021 with a 36% increase.

Recent revenue growth has been driven mainly by:

- New customer acquisitions
- Cross-selling on existing customers
- M&A operations (in 2021 alone, the company acquired a production branch of Grafitec Srl, belonging to the aerospace and defence printing division; 100% of The Geo Group, Global Content in the US with a production headquarters near the client Cnh Industrial; LocalEyes, with a strong presence and volume generated in the US market, strategically very important for the company's future).

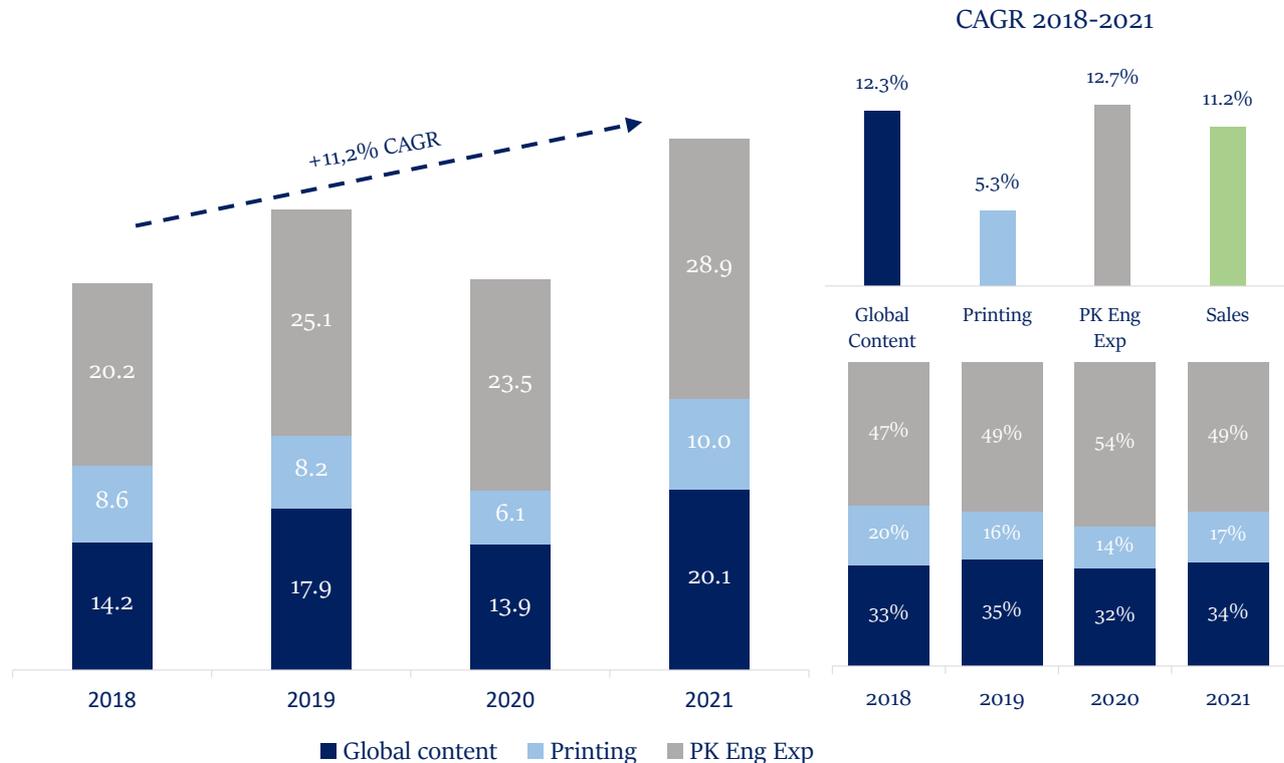
STAR7's revenue increased from €42.9m in 2018 to €59m in 2021, recording a CAGR of 11.2%.

The Global Content division recorded a CAGR of 12.3%, from €14.2m in 2018 to €20.1m in 2021. We expect strong growth in this division in 2022, with the integration of LocalEyes' €15m in revenue. This division's total revenue should increase from 34% to around 46% in 2022.

The Printing division recorded a CAGR of 5.3% from €8.6m in 2018 to €10m in 2021, as the company's investments in physical assets were directed towards this division mainly to equip itself with today's best digital printing technology.

The Product knowledge division also grew, driven by the technical reporting service, and recorded a CAGR of 12.7%. We expect the Experience division to grow significantly in the coming years.

Sales growth by business unit 2018 - 2021



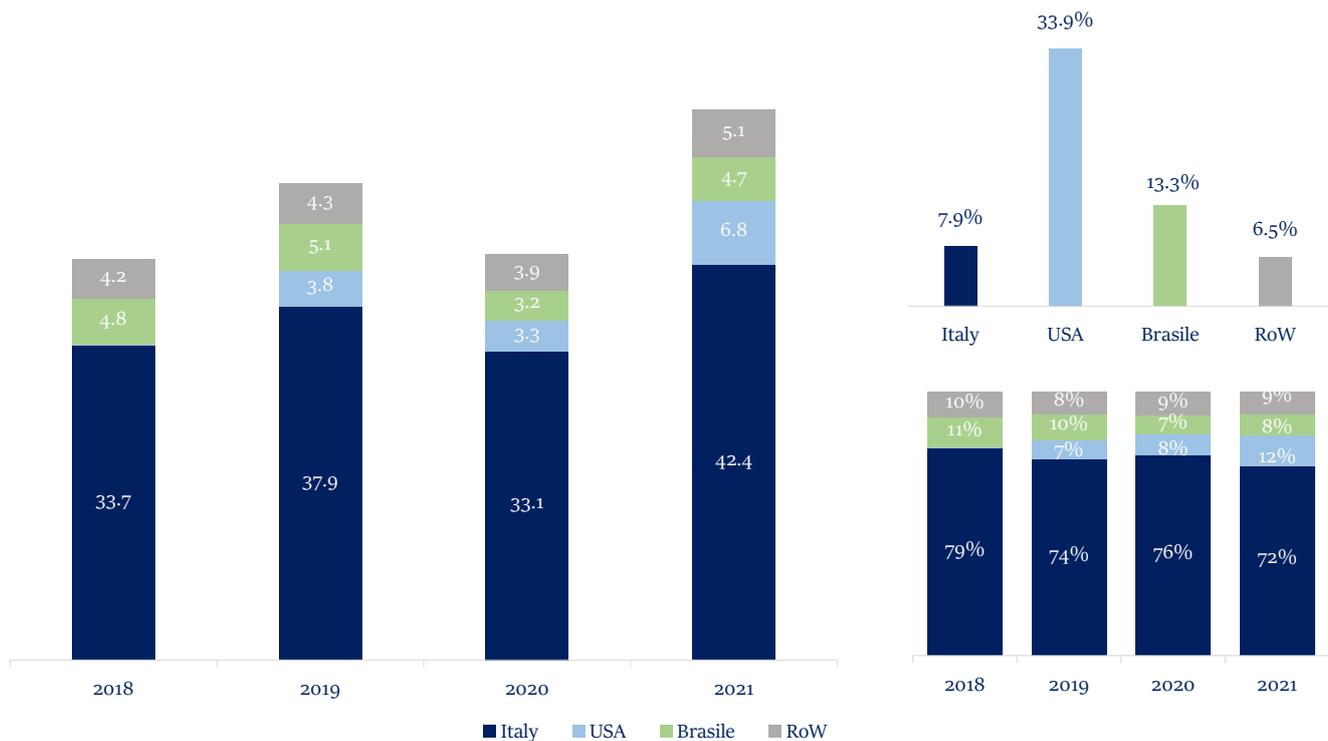
Sources: Company, TP ICAP Midcap

Segmenting revenue by region, it is clear that US revenue has grown exponentially, recording a CAGR of 33.9% between 2019 and 2021. The LocalEyes acquisition took place in November 2021 and brought in only €1.8m of revenue. In 2022, we expect it to generate US revenue of approximately €15m, three times the current US 2021 revenue, from €6.8m to around €20m in 2022. The company's strategy to develop foreign sales is both confirmed by the historical financial statements, and is expected to grow substantially in 2022.

Regarding the Italian revenue between 2018 and 2021, it recorded a CAGR of 7.9% in a more saturated market. At the same time, it was able to grow in absolute value from €33.7m 2018 to €42.4m 2021.

The absolute value of Brazil's revenue is slightly decreasing. In order to understand what part of this decrease is attributable to exchange rate variation between the Brazilian real and the euro, a simulation was developed. The annual average of the Brazilian Real to Euro exchange rate was 0.2329, while in 2021 this rate stood at 0.15692. Converting the value of the 2018 revenue to BRL, we obtain a value of 20.6m BRL, while in 2021 we arrive at 29.95m BRL. This means that this division's revenue has actually grown at a CAGR of 13.3% and that the growth rate calculated in Euros (-0.7%) is not explanatory enough.

Sales trends by region 2018 - 2021



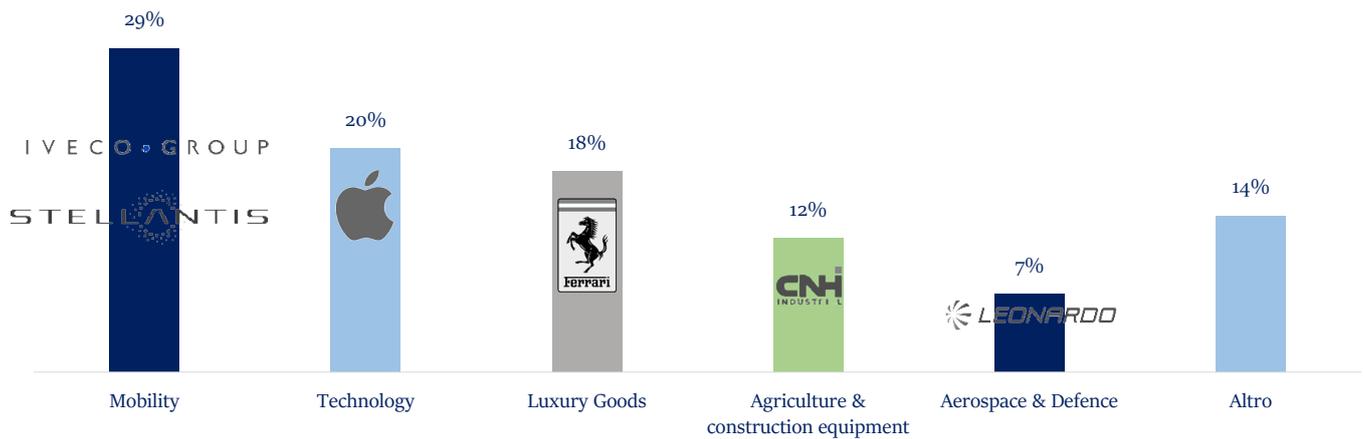
Sources: Company, TP ICAP Midcap

If we breakdown 2021 revenue by sector (graph below), we can see that the revenue's origin is not overly concentrated, spread over five sectors which generate 86% of revenue. This sector breakdown comes from the pro forma 2021 balance sheet, in which the technology sector already has a 20% impact on total revenue; in the actual balance sheet, this sector would have a lesser impact.

At the same time, the company has recently signed a supply contract with Costa Crociere, which should open the doors to the tourism sector. This will be a further source of customer diversification.

As consequence of the reputation and capability of the company in entering the Tech sector experienced through the recent acquisition (LocalEyes has been working with Apple Inc. since 1993), the company also aims to develop revenue in the life sciences, video game and tourism sectors.

Sales breakdown by sector 2021



Sources: Company presentation, TP ICAP Midcap

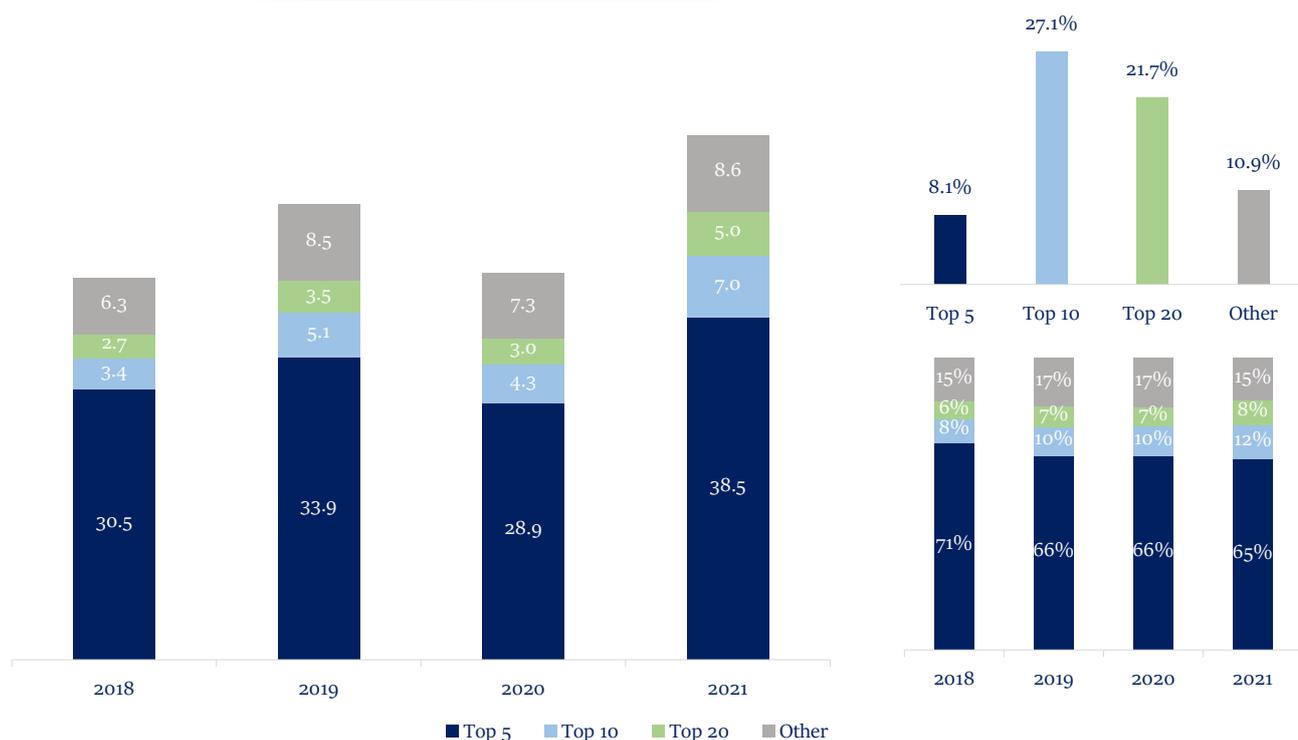
In order to assess the group's cross-selling abilities, a further revenue breakdown is necessary, this time by major customers, respectively the Top 5, Top 10, Top 20 and other customers.

As can be seen (image below), the top five customers have a substantial impact on the company's revenue, with dependence on this group amounting to 65% in 2021. The next five companies generated 12% of revenue, the top 20, 8% with the remaining 15% generated by the smaller customers.

The top 5 customers' growth rate is 8.1%, which underlines the group's strong ability to continue cross-selling over the long-term. The growth rate of the next 15 customers is very high, the cross-selling potential for this second category of customers still has a lot of room for improvement.

The growth rate of the remaining customer category is higher than that of the top 5 customers, a strong indicator in terms of the business' future differentiation, which is currently very concentrated. In the coming year, we expect to see a strong increase in the value of the top 5 customers, with the addition of Apple Inc. to the list of customers.

Sales breakdown by customer size (2018 - 2021)



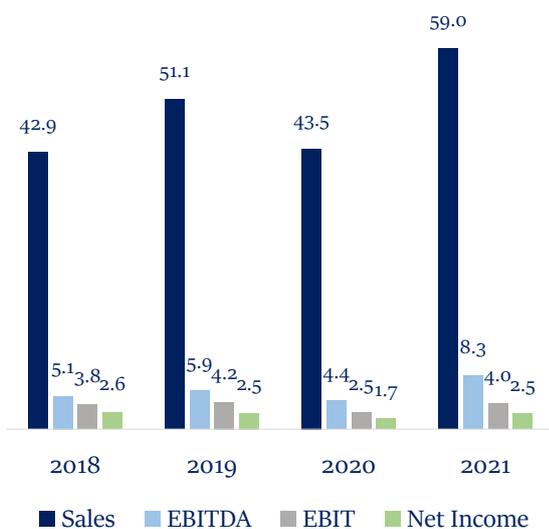
Sources: Company, TP ICAP Midcap

Regarding margins, we can highlight:

- the 2021 EBITDA margin reached 14% (vs. 10,9% in 2020), an increase in absolute value of 3.1%. Furthermore, LocalEyes ended H1 2021 with revenue of €6.3m, EBITDA of €1.9m, a 29.7% EBITDA margin (2020 annual EBITDA margin was 24.4%). For these reasons, EBITDA margin is expected to increase till 19,2% in 2022.

- Regarding the decrease in EBIT margin, we believe that recent investments in both tangible assets, especially in the printing division, and intangible assets have led to a more than proportional increase in depreciation and amortisation, with approximately 37.5% of the amortisation of intangible assets being due to the high level of goodwill on the balance sheet. In Italy, based on OIC (vs. IFRS16), goodwill is amortised; STAR7 in particular amortizes it in 10 years.

Sales, EBITDA, EBIT, net income and EBITDA margin, EBIT and net income trends



Sources: Company, TP ICAP Midcap

Regarding working capital (image below), we note that:

- Accounts receivable showed an increasing trend in relation to revenue until 2020, until it began to show a strong decrease in this year's balance sheet. This is a very interesting indicator of the Group's developed contractual strength towards its customers; the company is able to collect receivables from its clients faster than in the past despite continued revenue increases. This shows a strong level of attention to the quality and timing of revenue collection. These orders previously referred to the annual value of the activity assigned to STAR7 and therefore had to wait for the signature of the top management with the corresponding timing. Over the last two years, we have switched first to issuing orders on a half-yearly basis and now on a quarterly basis, which facilitates the invoicing process and thus improves collection times and working capital overall.

- Inventory dynamics are static and small, at most related to printing activities.

- Payment dynamics are slightly down as the company continues to pay its suppliers without any particular variations.

- Working capital as a whole is about 30% of 2021 sales. We are expecting a further improvement in this value in 2022. LocalEyes will contribute a further increase of around €13.2m (€1.8m has already been contributed) and at the same time the contribution of receivables as a % of the company's sales will be extremely low. The acquired company's 2020 balance sheet, receivables represented around 10% of sales, as Apple Inc, LocalEyes' main customer, has a policy of paying its suppliers on a short-term basis in return for trade discounts.

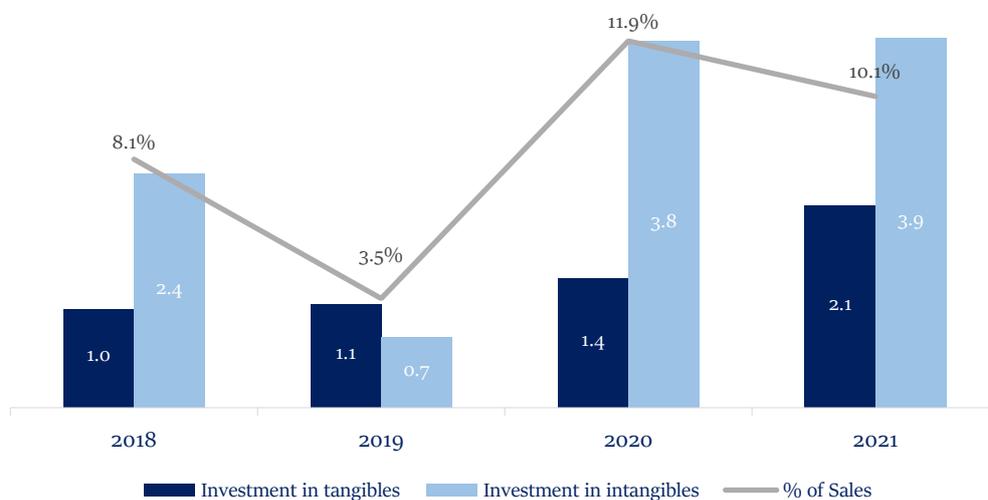
WC trends (2018 - 2021)



Sources: Company, TP ICAP Midcap

Intangible asset investments amounted to 6,5% of 2021 revenue (vs. 8.8% in 2020). In the last two years, this item has been inflated by non-recurring items, such as the "deferred charges incurred for the listing on Euronext Growth Milan" of approximately €2.6m, and the non-recurring goodwill generated by the consolidation of acquired companies amounting to €1.5m. The tangible investments are mainly related to the printing division, as the company has recently equipped itself with the best digital printing technology on the market; financial statements show that this category also includes investments in electronic equipment and machinery.

Capital expenditure trends (2018 - 2021)

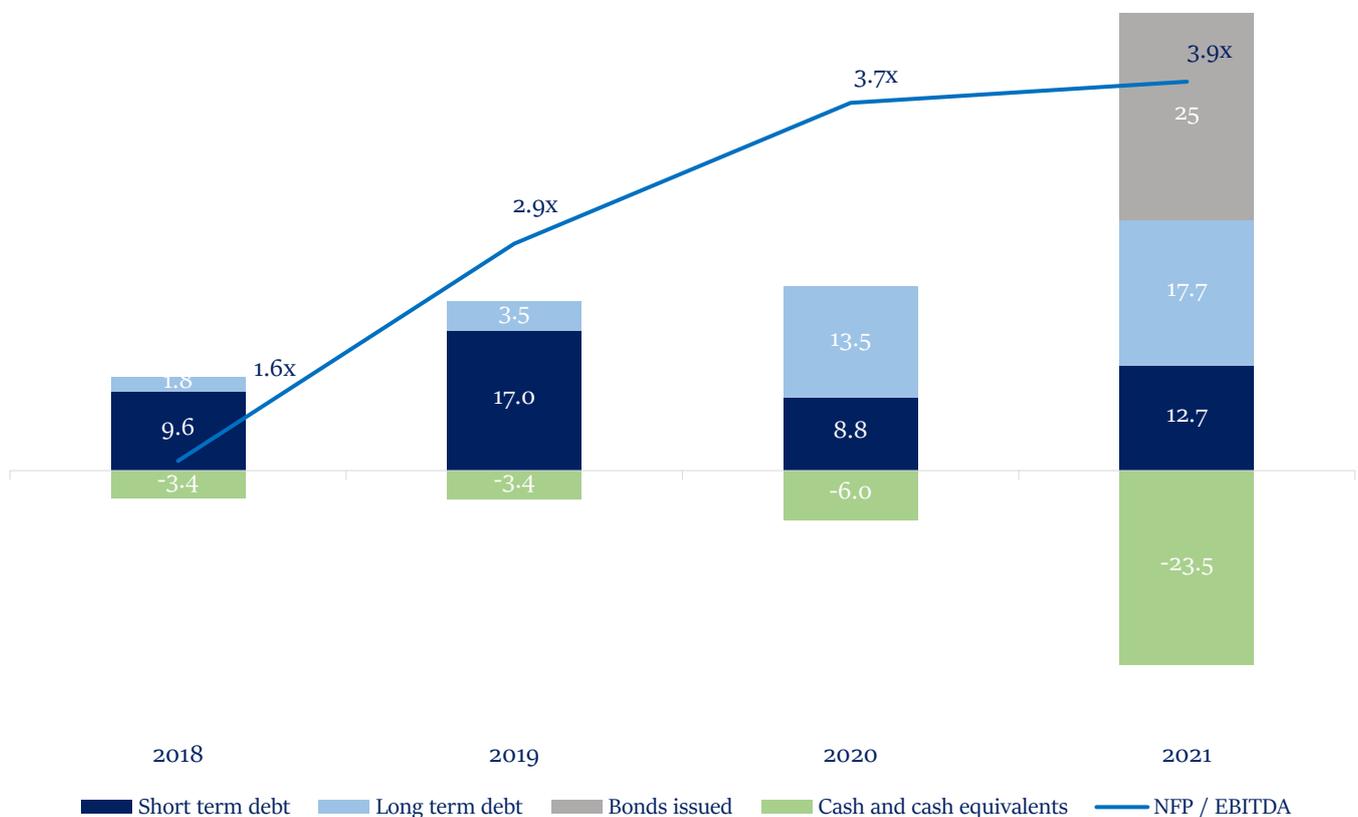


Sources: Company, TP ICAP Midcap

Regarding the debt structure trends:

- 2019 long-term debt amounted to approximately €3.5m, and to date stands at €17.7m, the company is adopting a long-term debt policy (3M of these 17,7M come from a LT Vendor Loan).
- To finance the LocalEyes' acquisition, the company issued bonds for a total value of €25m, repayable in 7 years.
- The company was listed on the stock exchange in December 2021, which has led to a substantial increase in the cash situation, amounting to €23.5m.
- The company's net financial position in 2020 was 3.7x EBITDA, in 2021 it stands at 3.9x a pretty high value (2.4x if calculated with the EBITDA PF2021). It looks like the company has no possibility to undertake big M&A operations in short term. But the sharp increase in the EBITDA value already in 2022 merged with the solid cash generation will counterbalance this situation. Not considering any change in the debt or m&A transaction we expect this multiple to reach the value of 1,8x in 2022.

Net financial position trends (2018 - 2021)



## Estimate: 12.3% CAGR

Our estimates are based on the operational and market analyses developed in the previous sections.

Business is expected to grow at a CAGR rate of 12.3% between 2021-2026, reaching revenue of €105m.

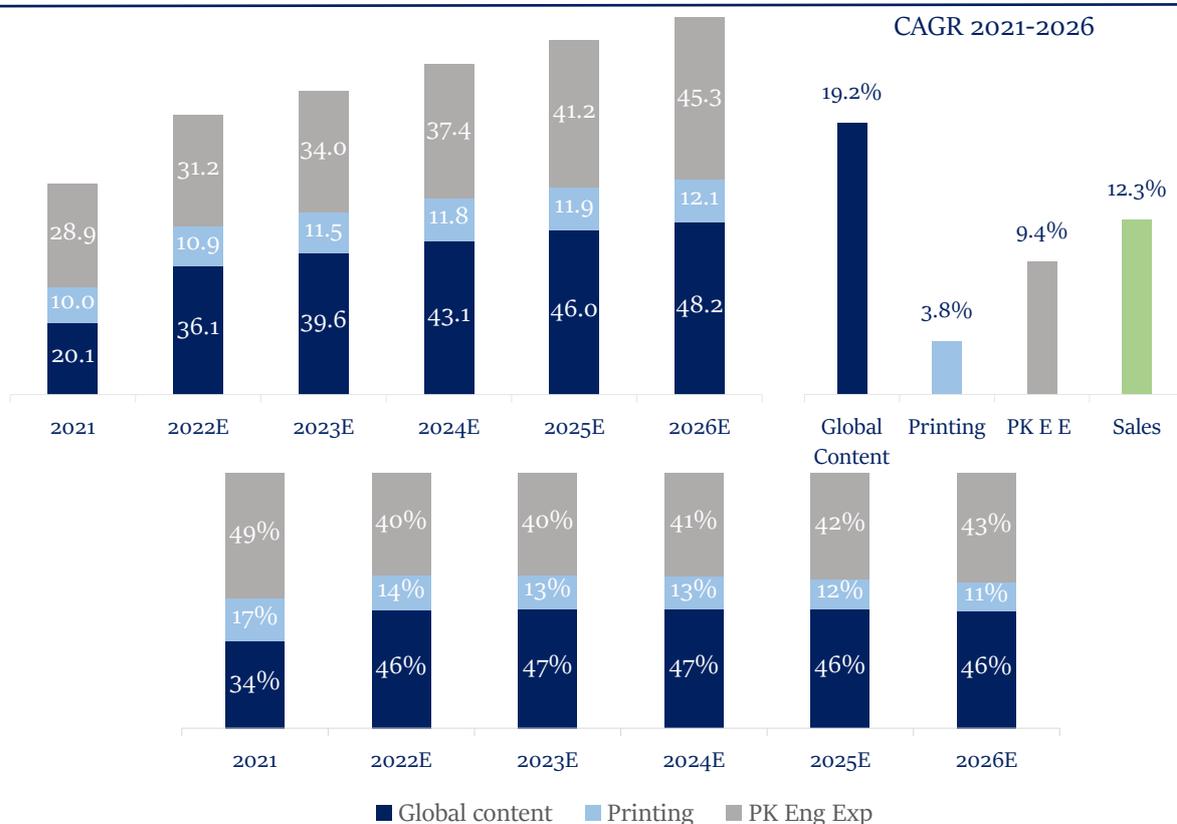
The strong revenue growth will be driven by a significant increase in the Global content division's value starting in 2022; it is estimated to increase from 34% currently, to around 46%, thanks to LocalEyes' revenue contribution and, subsequently, the additional reputational capital that this acquisition brings to the group. Providing translation services to the world's most valuable and famous company will serve as an excellent driver of future growth. Additionally, the company has already gained entrance to the tourism sector with Costa Crociere and we believe its strong presence in the technology sector will facilitate its entry into the gaming and life sciences sectors.

We expect the Global Content division to grow at a CAGR of 19.2%, with 2022 revenue growth of 79.7%, amounting to €36M (from €20m in 2021), followed by a CAGR of 7.5% between 2022 and 2026. It is estimated that this division's percentage share in total revenue will increase to 46% in 2022, while maintaining this level until 2026.

Regarding the Printing division, the recent acquisition of Grafitech's production division has brought about technological improvements. Additionally, the company has invested in this division by improving printing quality and specialising in both classified and ordinary documentation for the defence sector. In our opinion, the sector will not see strong growth in the coming years due to the digital market's development, which will replace this type of service in the long-term. For this reason, we are calling for a 2021-2026 CAGR of 3.8%.

Finally, regarding the Product knowledge, Experience and Engineering divisions, we estimate a CAGR of around 9.4%, driven by technological advances and R&D investments directed towards the Experience division. For the coming years, we estimate the market's exponential growth, as evidenced by recent Industry 4.0 growth trends.

Revenue trends by division (2021 - 2026E)



Sources: Company, TP ICAP Midcap

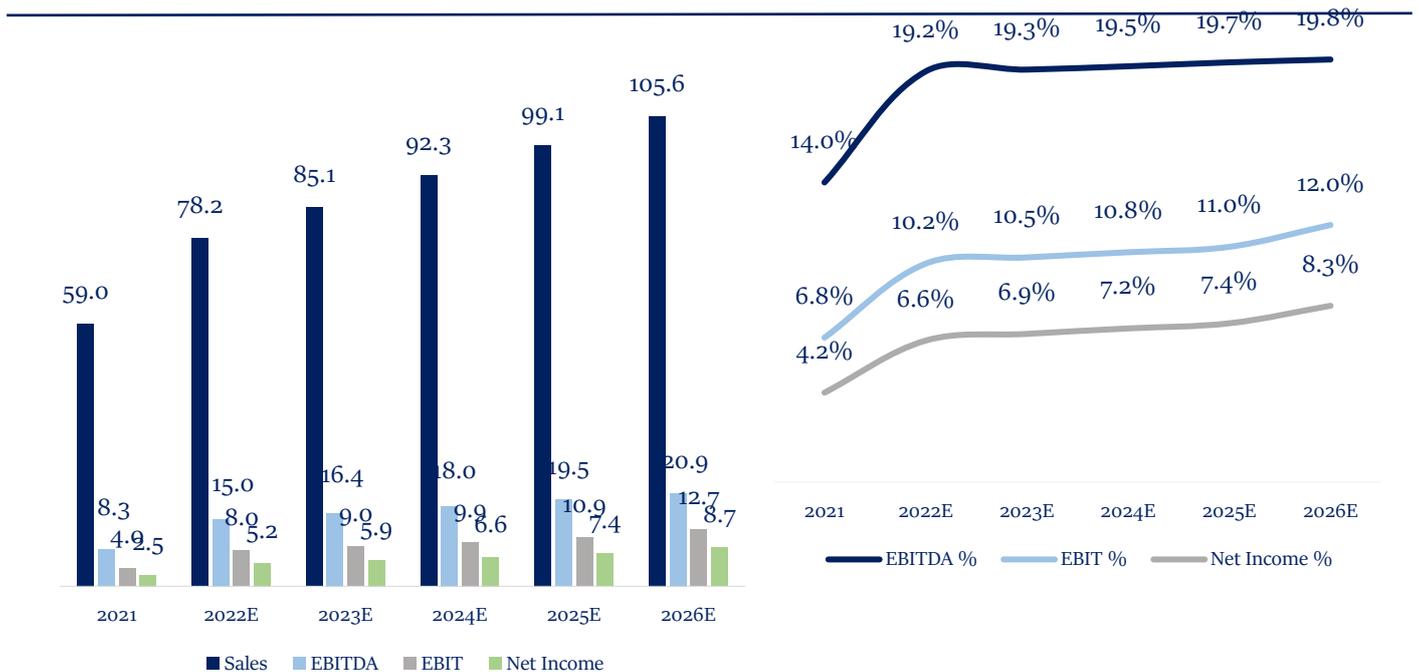
EBITDA growth is expected to outpace sales growth, with a CAGR of 20.3%. LocalEyes' high margins will lead to an 81.7% increase in 2022 EBITDA, which we estimate to amount to €15M (up from €8,3m in 2021); therefore, EBITDA margin would increase to 19,2% in 2022 (up from 14% YoY). Regarding further growth, we expect a slight improvement in personnel and service costs as a percentage

of revenue. We are expecting a gradual reduction in raw material costs leading to a gradual increase in gross margin, and estimate the 2026 EBITDA margin to be 19,8% further boost of 0,6% from 2022 till 2026.

The EBIT margin is estimated to amount to 12% in 2026, we are expecting the amortisation of intangible assets to increase due to the goodwill amortization in 10y of LocalEyes, following its acquisition and the Italian accounting principles.

Net income is expected to increase from €2.5M in 2021 to €8,7M in 2026.

Sales, EBITDA, EBIT, net income & EBITDA margin, EBIT & net income trends (2021 - 2026E)



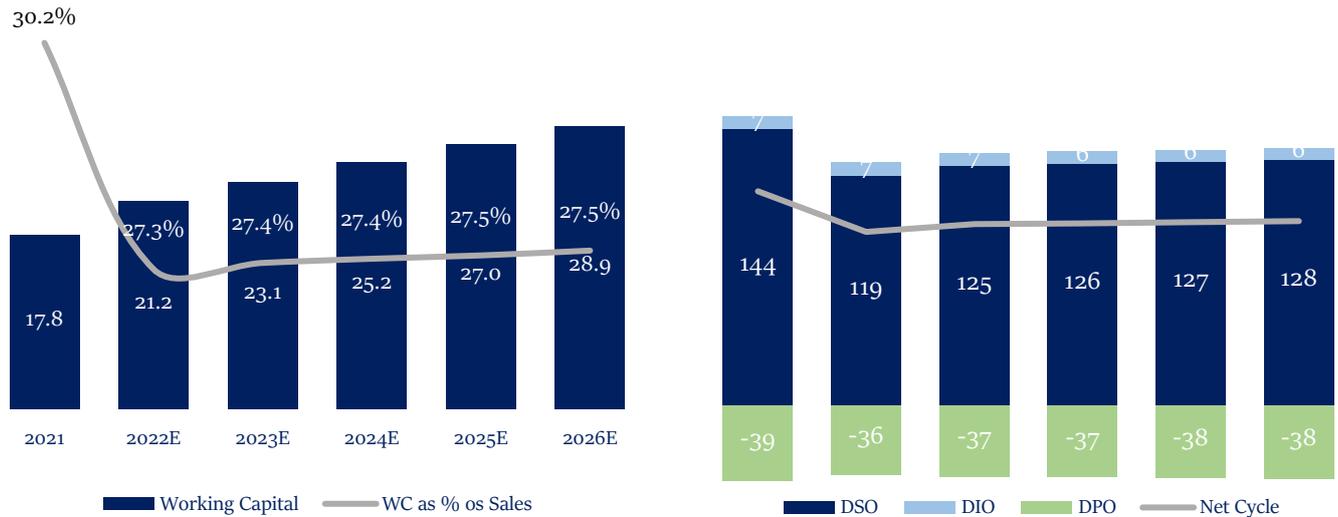
Sources: Company, TP ICAP Midcap

Regarding working capital, we are expecting a slight increase in absolute terms despite strong sales increases. This is due to LocalEyes giving Apple a trade discount in return for prompt payments, often paid within a week of invoicing. As a % of revenue, we estimate that the value of working capital will decline from 30.2% to 27,3% as early as 2022 (driven by a decline in receivables from 40% to 36% of sales value). Thereafter, we believe the company will be able to maintain current business levels that are already well above 2020 levels.

In terms of inventory, we believe that it will gradually decline as a % of sales, as this division is less affected by our 5-year growth forecasts.

Regarding trade payables, the impact of LocalEyes' fast payment processing to suppliers will result in a slight acceleration of payment terms, resulting in a slightly higher cash utilisation rate; this will gradually return to 2021 DPO levels (around 38/39 days).

Projection of key working capital factors (2021 - 2026E)



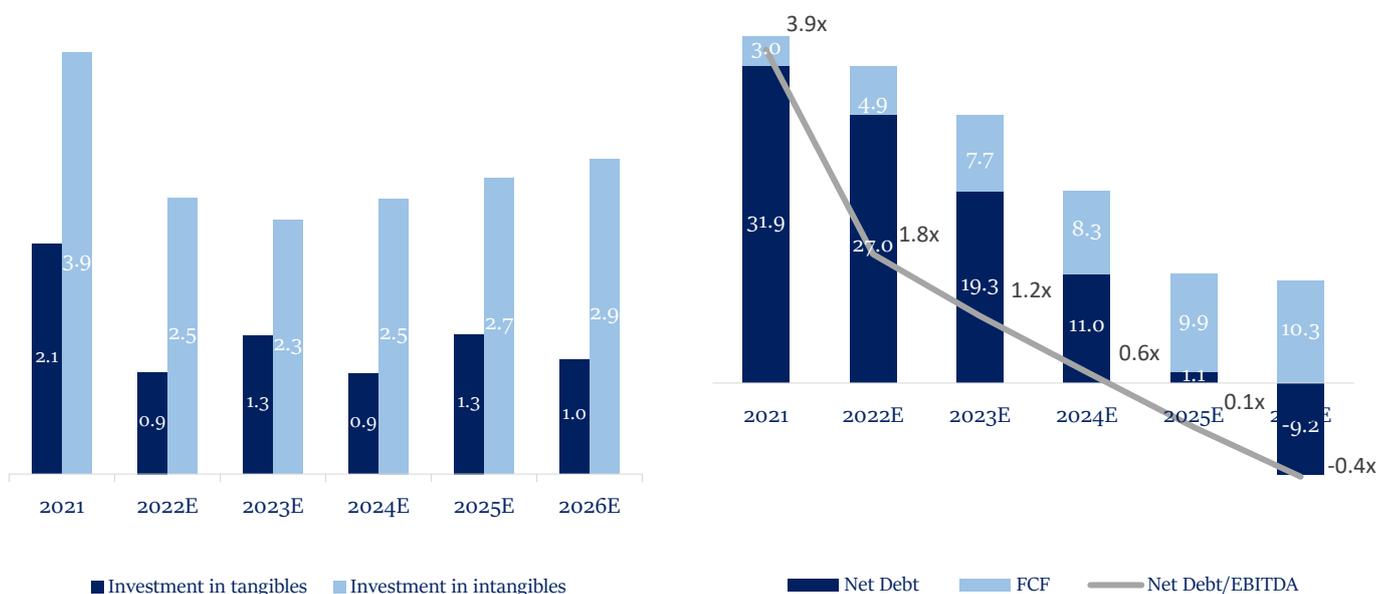
Source: TP ICAP, Midacap

We expect a slight decrease in tangible capex, as following the recent purchase of machinery for the Printing division. We are also expecting a lower, but steady level of investment in electrical equipment and machinery. For intangible assets, following the removal of non-cyclical items in 2020 and 2021, we are cautiously estimating a decrease in 2022, followed by small incremental increases year by year.

In terms of cash generation, we believe that by paying down debt with generated FCF, the company should be able to reduce its net financial position to zero by 2025, a strong indicator that leaves room for potential M&A operations.

In 2021 the NET DEBT on EBITDA indicator presents a value of 3,9x, it is expected to drop down to 1,8x in 2022 thanks to the substantial guaranteed increase in EBITDA merged with a solid expected cash generation (we expect FCF/EBITDA to range from 32% to 50% between 2021-2026).

Projected net financial position (2021 - 2026E)



Sources: Company, TP ICAP Midcap

## Valuation

In order to determine STAR7's intrinsic value, we used the discounted cash flow method (weighting 80%) and the relative valuation method (weighting 20%) for which ten, mainly Italian market peer comparable companies were selected. The two multiples selected for the valuation are EV/EBITDA (weighted 10%) and EV/Sales (10%).

Our valuation does not take into account possible future mergers and acquisitions.

## DCF Method

In order to apply the discounted cash flow method, the following assumptions were used:

### Normative cash flows:

- Normative EBITDA margin of 19.8% in 2031E
- Capital expenditure at 4% of 2031E revenue
- Net working capital stable at 27.5% of revenue
- Corporate tax rate of 22% modelling weight between the group's historical tax rates and those of acquired companies

### Discount rate:

- Risk-free rate of 2,54% (Italian 10-year BTP, average of values for the last six months)
- Equity risk premium of 8.6% (Source: Damodaran website)
- Specific size premium of 2%
- Leveraged beta of 1.00x
- Long-term growth rate of 2% (Capex and D&A estimated at 4% of revenues).
- A cost of equity of 13,1% on an equity weighting of 71,2%
- Debt charges of 2% on a debt weighting of 28,8%
- A WACC of 9,9%

Proof of beta calculation

Beta Calculation					
Peers	Ticker	Beta 3YR	Gearing ratio	Tax rate	Unlevered
Almawave S.p.A.	AIW-IT	0.5x	23%	27.9%	0.4x
Neosperience SpA	NSP-IT	0.4x	-16%	27.9%	0.5x
Keywords Studios plc	KWS-GB	0.5x	0%	12.5%	0.5x
RWS Holdings plc	RWS-GB	0.9x	-1%	12.5%	0.9x
Alten SA	ATE-FR	1.6x	1%	26.5%	1.6x
ZOO Digital Group plc	ZOO-GB	0.7x	10%	12.5%	0.6x
<b>Average</b>		<b>0.770x</b>	<b>0.030x</b>	<b>0.200x</b>	<b>0.758x</b>
<b>Star7 Group</b>	<b>STAR7-IT</b>	<b>NA</b>	<b>40%</b>	<b>22.0%</b>	<b>NA</b>
<b>Re-Levered Beta</b>	<b>1.00x</b>				

DCF method

FY ending in Dec (€M)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
<b>Sales</b>	<b>78.2</b>	<b>85.1</b>	<b>92.3</b>	<b>99.1</b>	<b>105.6</b>	<b>111.0</b>	<b>115.5</b>	<b>119.2</b>	<b>122.2</b>	<b>124.6</b>
% change	32.6%	8.8%	8.5%	7.4%	6.5%	5.1%	4.1%	3.2%	2.5%	2.0%
<b>EBITDA</b>	<b>15.0</b>	<b>16.4</b>	<b>18.0</b>	<b>19.5</b>	<b>20.9</b>	<b>22.0</b>	<b>22.9</b>	<b>23.6</b>	<b>24.2</b>	<b>24.7</b>
% change		9.3%	9.4%	8.4%	7.2%	5.1%	4.1%	3.2%	2.5%	2.0%
% Sales	19.2%	19.3%	19.5%	19.7%	19.8%	19.8%	19.8%	19.8%	19.8%	19.8%
<b>D&amp;A</b>	<b>(6.9)</b>	<b>(7.4)</b>	<b>(7.9)</b>	<b>(8.4)</b>	<b>(8.0)</b>	<b>(7.6)</b>	<b>(7.1)</b>	<b>(6.5)</b>	<b>(5.8)</b>	<b>(5.0)</b>
% Sales	8.9%	8.7%	8.6%	8.5%	7.6%	6.9%	6.2%	5.4%	4.7%	4.0%
<b>EBIT</b>	<b>8.0</b>	<b>9.0</b>	<b>9.9</b>	<b>10.9</b>	<b>12.7</b>	<b>14.3</b>	<b>15.7</b>	<b>17.1</b>	<b>18.4</b>	<b>19.7</b>
% Sales	10.2%	10.5%	10.8%	11.0%	12.0%	12.9%	13.6%	14.3%	15.1%	15.8%
<b>Taxes</b>	<b>(1.6)</b>	<b>(1.8)</b>	<b>(2.0)</b>	<b>(2.2)</b>	<b>(2.6)</b>	<b>(2.9)</b>	<b>(3.2)</b>	<b>(3.5)</b>	<b>(3.7)</b>	<b>(4.0)</b>
Tax rate	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%	20.2%
<b>NOPAT</b>	<b>6.4</b>	<b>7.1</b>	<b>7.9</b>	<b>8.7</b>	<b>10.1</b>	<b>11.4</b>	<b>12.6</b>	<b>13.6</b>	<b>14.7</b>	<b>15.7</b>
<b>D&amp;A</b>	<b>(6.9)</b>	<b>(7.4)</b>	<b>(7.9)</b>	<b>(8.4)</b>	<b>(8.0)</b>	<b>(7.6)</b>	<b>(7.1)</b>	<b>(6.5)</b>	<b>(5.8)</b>	<b>(5.0)</b>
<b>CAPEX</b>	<b>3.7</b>	<b>3.6</b>	<b>4.2</b>	<b>4.0</b>	<b>4.6</b>	<b>4.7</b>	<b>4.9</b>	<b>4.9</b>	<b>5.0</b>	<b>5.0</b>
% Sales	4.7%	4.2%	4.5%	4.0%	4.3%	4.3%	4.2%	4.1%	4.1%	4.0%
<b>WC</b>	<b>21.3</b>	<b>23.3</b>	<b>25.3</b>	<b>27.2</b>	<b>29.0</b>	<b>30.5</b>	<b>31.8</b>	<b>32.8</b>	<b>33.6</b>	<b>34.3</b>
% change		9.1%	8.7%	7.5%	6.7%	5.1%	4.1%	3.2%	2.5%	2.0%
% Sales	27.3%	27.4%	27.4%	27.4%	27.5%	27.5%	27.5%	27.5%	27.5%	27.5%
<b>Δ WC</b>	<b>3.5</b>	<b>1.9</b>	<b>2.0</b>	<b>1.9</b>	<b>1.8</b>	<b>1.5</b>	<b>1.2</b>	<b>1.0</b>	<b>0.8</b>	<b>0.7</b>
% Sales	4.5%	2.3%	2.2%	1.9%	1.7%	1.3%	1.1%	0.9%	0.7%	0.5%
<b>FCF</b>	<b>6.1</b>	<b>9.0</b>	<b>9.6</b>	<b>11.2</b>	<b>11.8</b>	<b>12.8</b>	<b>13.6</b>	<b>14.2</b>	<b>14.7</b>	<b>15.0</b>
<b>Discounted FCF</b>	<b>5.8</b>	<b>7.8</b>	<b>7.7</b>	<b>8.1</b>	<b>7.7</b>	<b>7.7</b>	<b>7.4</b>	<b>7.0</b>	<b>6.6</b>	<b>6.2</b>

Sources: Company, TP ICAP Midcap

Valuation Summary

Valuation Summary		WACC Calculation	
Sum of discounted FCF	72.1	Rf rate 10YR BTP	2.54%
Discounted TV	79.6	Size premium	2.0%
<b>Enterprise Value</b>	<b>151.7</b>	Beta (re-levered)	1.00 x
Net Debt	31.9	Market Premium	8.6%
Provisions	4.4	<b>Cost of equity</b>	<b>13.1%</b>
Minority interest	0.9	Interest Rate	2.6%
<b>Equity Value</b>	<b>114.5</b>	Tax rate	22.0%
# of shares	9.0	<b>Cost of debt</b>	<b>2.0%</b>
<b>Target Price</b>	<b>€ 12.7</b>	% equity	71.2%
<b>Potential upside</b>	<b>44.9%</b>	% debt	28.8%
		<b>WACC</b>	<b>9.9%</b>

Sources: Company, TP ICAP Midcap

Sensitivity Analysis

		WACC				
		8.9%	9.4%	9.9%	10.5%	11.1%
TGR	1.0%	13.53	12.42	11.44	10.44	9.55
	1.5%	14.36	13.13	12.06	10.96	10.00
	2.0%	15.27	13.91	<b>12.72</b>	11.52	10.47
	2.5%	16.31	14.78	13.45	12.13	10.99
	3.0%	17.49	15.76	14.28	12.81	11.55

Sources: Company, TP ICAP Midcap

Based on the DCF valuation method, the equity value of the company stands at €110m, the number of outstanding shares is 9m (1,35M PAS to be confirmed with 15m EBITDA in 2022), STAR7 Group's intrinsic value per share is €12.72.

Description of market peer comparison companies



Almawave SpA develops software technologies for artificial intelligence, natural language analysis and big data management. The company owns and distributes patented technologies that provide solutions for text and speech analysis, knowledge management, multi-channel contact management, virtual agents and customer experience management under the Iride and Audioma brands. Its software also enable automatic speech recognition under the Audioma, FlyScribe and Verbamatic brands. The company was founded on 31 October 2006 and is headquartered in Rome, Italy.



Keywords Studios Plc provides creative and technical services, both integrated and outsourced, to the video game industry. It offers art services, game development, audio services, feature quality assurance, localisation, localisation quality assurance and player support. The company was founded by Giorgio Guastalla and Teresa Luppino in 1998 and is based in Dublin, Ireland.



RWS Holdings Plc is a translation and patent search company providing intellectual property translation and information services. It operates in the following sectors: RWS IP Services, RWS Life Sciences and RWS Moravia. The RWS IP Services segment deals with quality patent translations, seamless patent filings and an unparalleled intellectual property search capability. The RWS Life Sciences division focuses on the language service needs of the life sciences market and provides technical translations and linguistic validation to large pharmaceutical companies and clinical research organisations. The RWS Moravia division provides localisation services, including the adaptation of content, software, websites, applications, marketing materials and audio/video materials to ensure brand consistency. The company was founded in 1982 and is based in Chalfont St Peter, UK.



ZOO Digital Group Plc engages in the provision of software applications and subtitled programs. It operates through the following segments: Localization, Digital Packaging and Software Solutions. The Localization segment includes subtitling and dubbing along with all associated services. The Digital Packaging segment comprises the sale for all service lines. The Software Solutions segment consists of the research, development, consultancy and software sales. The company was founded on October 14, 1999 and is headquartered in Sheffield, the United Kingdom.



Alten SA provides engineering and technology consulting services. It operates in the following geographical segments: France and International. The company was founded by Simon Azoulay on 28 October 1988 and is headquartered in Boulogne-Billancourt, France.



Neosperience SpA develops and operates a software platform for digital experience. It is a digital customer experience cloud that enables organisations to understand, engage and delight digital customers. The company provides customer-focused, commercial and conversational applications to enhance the brand and product experience. The company was founded by Dario Patrizio Melpignano and Luigi Linotto in 2006 and is based in Milan, Italy.

## Relative Valuation

The relative valuation through the EV/sales multiple leads to a value of €12,6/share, with a potential upside of 44%, to which we have assigned a weight of 50%.

Company Name	Ticker	Country	EV/Sales		
			2022	2023	2024
Almawave S.p.A.	AIW-IT	Italy	2.4 x	2.0 x	1.7 x
Neosperience SpA	NSP-IT	Italy	1.6 x	1.3 x	1.0 x
Keywords Studios plc	KWS-GB	Ireland	3.1 x	2.8 x	2.5 x
RWS Holdings plc	RWS-GB	United Kingdom	1.8 x	1.7 x	1.6 x
Alten SA	ATE-FR	France	1.0 x	0.9 x	0.8 x
ZOO Digital Group plc	ZOO-GB	United Kingdom	1.4 x	1.2 x	

EV/Sales	2022	2023	2024
Figure	78.2	85.1	92.3
Multiple	1.7x	1.5x	1.6x
Multiple at -0% discount	1.7x	1.5x	1.6x
<b>Enterprise Value</b>	<b>130.1</b>	<b>125.0</b>	<b>146.5</b>
Bridge 2021	37.2	37.2	37.2
<b>Equity</b>	<b>92.9</b>	<b>87.7</b>	<b>109.3</b>
Diluted number of shares	7.6	7.6	7.6
Price/Share	12.1	11.5	14.3
<b>Average</b>	<b>12.6</b>		
<b>% upside (downside)</b>	<b>43.9%</b>		

The relative valuation via the EV/EBITDA multiple, considered the most significant, leads to a value of €13,4, with a potential upside of 73,8%, to which we have given a weighting of 50%.

Company Name	Ticker	Country	EV/EBITDA		
			2022	2023	2024
Almawave S.p.A.	AIW-IT	Italy	23.2 x	16.1 x	11.1 x
Neosperience SpA	NSP-IT	Italy	5.3 x	4.2 x	3.2 x
Keywords Studios plc	KWS-GB	Ireland	16.2 x	14.9 x	13.7 x
RWS Holdings plc	RWS-GB	United Kingdom	7.9 x	7.6 x	6.6 x
Alten SA	ATE-FR	France	7.9 x	7.3 x	6.8 x
ZOO Digital Group plc	ZOO-GB	United Kingdom	12.5 x	9.9 x	

EV/EBITDA	2022	2023	2024
Figure	15.0	16.4	18.0
Multiple	10.2x	8.8x	6.8x
Multiple at -0% discount	10.2x	8.8x	6.8x
<b>Enterprise Value</b>	<b>153.5</b>	<b>144.1</b>	<b>121.8</b>
Bridge 2021	37.2	37.2	37.2
<b>Equity</b>	<b>116.3</b>	<b>106.8</b>	<b>84.6</b>
Diluted number of shares	7.6	7.6	7.6
Price/Share	15.2	14.0	11.1
<b>Average</b>	<b>13.4</b>		
<b>% upside (downside)</b>	<b>52.8%</b>		

The relative valuation based on the weights applied to the multiples leads to a target price of €13. This methodology was developed to support the DCF method, and for this reason we have given a 20% weight in the calculation of the final TP.

Relative Valuation	Price/Share	Weight
EV/Sales	12.6	50.0%
EV/EBITDA	13.4	50.0%
<b>Target Price</b>	<b>13.0</b>	<b>100%</b>
<b>Upside</b>	<b>48%</b>	

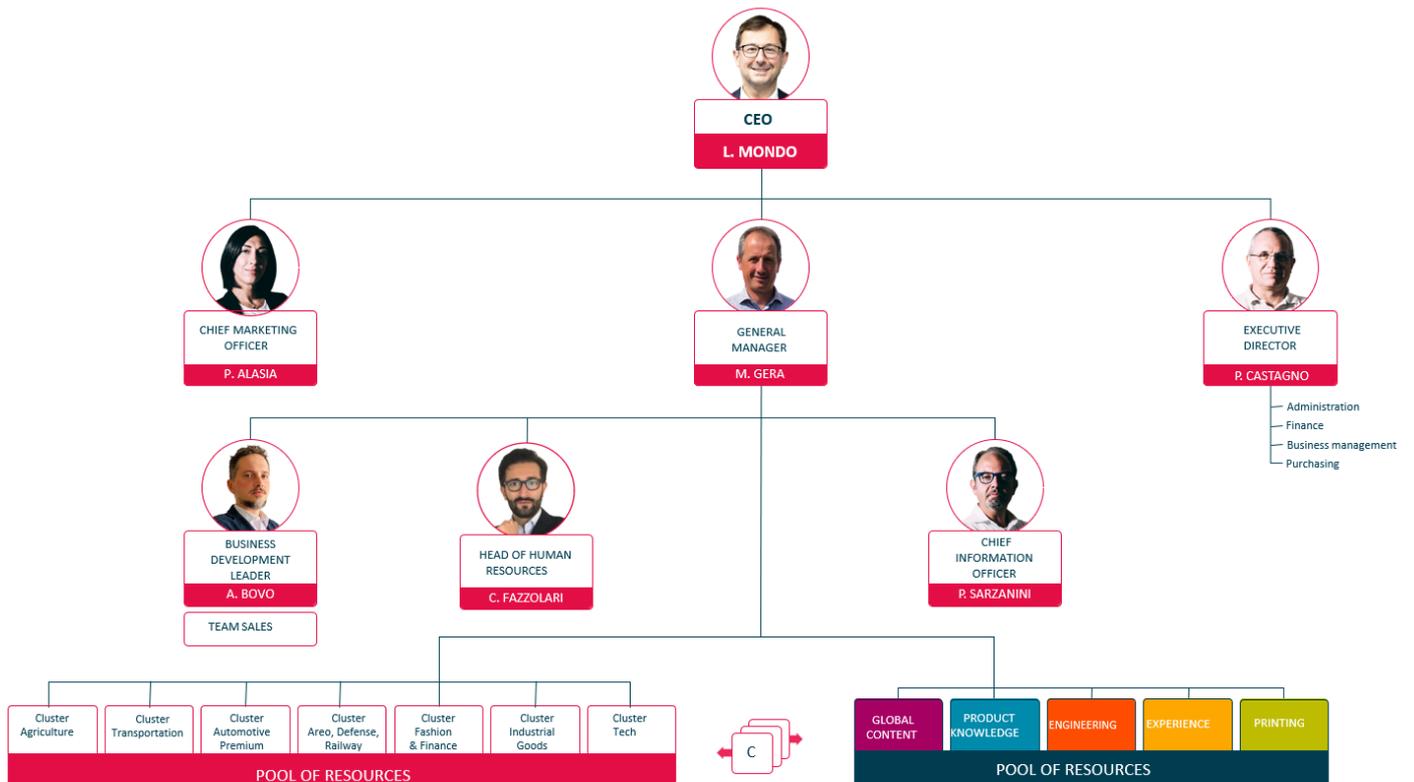
## Valuation Summary

In conclusion, our valuation of STAR7 depended 80% on DCF and 20% on relative valuation, and has resulted in a TP of €12.8, with a 46% upside potential.



Sources: Company, TP ICAP Midcap

## Organisational chart



## Management Team



### Lorenzo Mondo

#### Founder & Group CEO

Born in Asti (Piedmont) on 25 November 1973, Mr. Mondo is the founder, chairman and managing director of STAR7.

Mr. Mondo has been responsible for the company's management and strategic development since it was founded in 2000 as the Italian branch of the STAR group for translation services. With degrees in philosophy and environmental engineering, over 20 years of experience at the company's helm have enabled him to transform it from a simple language service provider, into a single source of global services for the creation and management of the entire life cycle of information and product content for all sectors and end markets.



### Matteo Gera

#### General Manager

Born in Ivrea (Piedmont) on 8 May 1970, Mr. Gera graduated in industrial engineering from the Politecnico University of Turin. Throughout his career, he has developed expertise in an international environment. He has considerable experience in leading sales teams, management and business development and has acted as General Manager and Regional General Manager for leading companies in the automotive, rail, aerospace and defence and energy sectors. He joined STAR7 in 2021 and leads the group's global business and strategic development and operations.



### Paolo Castagno

#### Chief Financial Officer

Born in Turin on 8 February 1965, following a degree in Economics and Commerce with Management, Mr. Castagno built his career through roles in administration, finance and auditing in large international manufacturing groups, such as Cartiere Burgo, Cebi, San Valeriano and Sinterama, where he held management positions.

He joined STAR7 in 2018 and leads the company's financial monitoring, strategy and planning.



### Piera Alasia

#### Chief Marketing Officer

Born on 24 November 1978 in Carmagnola (Piedmont). After graduating in Journalism and Mass Media from the University of Turin, Ms. Alasia began her professional career in France. In Italy, she deepened her experience in international communication agencies and consultancies, where she first worked on concept design and digital strategy before focusing on managing, developing and overseeing omni-channel brand strategies for large multinationals, including in the fashion and luxury, food and beverage and automotive sectors. She joined STAR7 in 2019 and is responsible for marketing and brand communication in Italy and abroad.



### Francesca Nicola

#### Executive Assistant to CEO

Born on 3 December 1983 in Tortona (Piedmont), after graduating with a Master's degree in literary and technical-scientific translation, Ms. Nicola assumed her first position at STAR7 14 years ago as a project manager, before becoming a team leader in the language services division. She continued her career with the STAR7 group in a commercial role as Business Development Manager. She became the Executive Assistant to the Managing Director of STAR7 four years ago and plays a key role in the management support and decision making processes.



## FINANCIAL DATA

Income Statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
Sales	51.1	43.5	59.0	78.2	85.1	92.3
Changes (%)	na	-15.0	35.7	32.6	8.8	8.5
Gross profit	47.6	40.7	55.2	74.1	80.8	87.9
% of Sales	93.0	93.7	93.6	94.8	94.9	95.2
<b>EBITDA</b>	<b>5.9</b>	<b>4.4</b>	<b>8.3</b>	<b>15.0</b>	<b>16.4</b>	<b>18.0</b>
% of Sales	11.6	10.1	14.0	19.2	19.3	19.5
<b>Current operating profit</b>	<b>4.2</b>	<b>2.7</b>	<b>4.1</b>	<b>8.1</b>	<b>9.1</b>	<b>10.1</b>
% of Sales	8.3	6.2	6.9	10.4	10.7	10.9
Non-recurring items	0.0	0.2	0.1	0.1	0.1	0.1
EBIT	4.2	2.5	4.0	8.0	9.0	9.9
Net financial result	0.2	0.3	0.6	1.5	1.5	1.5
Income Tax	1.5	0.4	0.9	1.3	1.5	1.8
Tax rate (%)	36.8	21.0	26.4	20.2	20.7	21.2
<b>Net profit, group share</b>	<b>2.4</b>	<b>1.5</b>	<b>2.2</b>	<b>4.8</b>	<b>5.5</b>	<b>6.2</b>
EPS	na	na	0.29	0.63	0.72	0.81
Financial Statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
Goodwill	4.1	4.8	35.5	30.6	25.9	21.5
Tangible and intangible assets	6.3	8.9	12.0	13.8	14.7	15.4
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.4	0.5	0.3	0.3	0.3	0.3
Working capital	20.3	17.8	15.3	18.8	20.7	22.8
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>Assets</b>	<b>31.0</b>	<b>32.0</b>	<b>63.1</b>	<b>63.4</b>	<b>61.6</b>	<b>59.9</b>
Shareholders equity group	9.8	10.3	24.6	29.4	34.9	41.1
Minorities	0.7	0.7	0.9	1.3	1.7	2.2
LT & ST provisions and others	3.5	4.7	5.7	5.7	5.7	5.7
Net debt	15.9	14.5	27.1	22.2	14.5	6.1
Other liabilities	1.1	1.8	4.9	4.9	4.9	4.9
<b>Liabilities</b>	<b>31.0</b>	<b>32.0</b>	<b>63.1</b>	<b>63.4</b>	<b>61.6</b>	<b>59.9</b>
Net debt excl. IFRS 16	15.9	14.5	27.1	22.2	14.5	6.1
Gearing net	1.5	1.3	1.1	0.7	0.4	0.1
Leverage	2.7	3.3	3.3	1.5	0.9	0.3
Cash flow statement	12/19	12/20	12/21	12/22e	12/23e	12/24e
CF after elimination of net borrowing costs and taxes	4.0	3.2	6.7	12.1	13.3	14.6
$\Delta$ WCR	-7.7	2.2	2.2	-3.5	-1.9	-2.0
Operating cash flow	-3.7	5.5	8.9	8.6	11.3	12.5
Net capex	-1.8	-5.2	-6.0	-3.7	-3.6	-4.2
FCF	-5.5	0.3	3.0	4.9	7.7	8.3
Acquisitions/Disposals of subsidiaries	-3.1	0.0	-31.6	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	9.1	1.8	33.1	0.0	0.0	0.0
Dividends paid	-0.8	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	11.8	0.0	0.0	0.0
Changes in exchange rates	-0.0	-0.2	0.0	0.0	0.0	0.0
Change in net cash over the year	-0.6	1.8	16.5	4.9	7.7	8.3
ROA (%)	8.1%	5.3%	3.9%	8.2%	9.6%	11.1%
ROE (%)	25.7%	16.3%	10.0%	17.6%	16.9%	16.2%

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