



H1 2022 FINANCIAL RESULTS

CONFERENCE CALL

29 SEPTEMBER 2022

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Agenda

STAR7 H1 2022

At a glance

Achievements

Financial results

Final remarks

Appendix

Today's presenting team



Lorenzo Mondo
Founder & Group CEO



Paolo Castagno
Chief Financial Officer



Matteo Gera
General Manager



STAR7 H1 2022

AT A GLANCE

Company overview



Unique, in a global network

Presence in **3 continents**
with **17 offices**
and more than **800 people**

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

STAR7

Company overview



- GLOBAL CONTENT**
Advanced language services
- PRINTING**
Printing, packaging and kitting services
- ENGINEERING**
Product and process engineering
- PRODUCT KNOWLEDGE**
Technical product expertise
- EXPERIENCE**
VR, AR, 3D and computer graphics

Proudly serving

>900 CLIENTS

Globally in more than

20 DIFFERENT INDUSTRIES



LUXOTTICA



UniCredit



BIESSEGROUP

TIM

FERRERO

MaxMaraFashionGroup

STELLANTIS

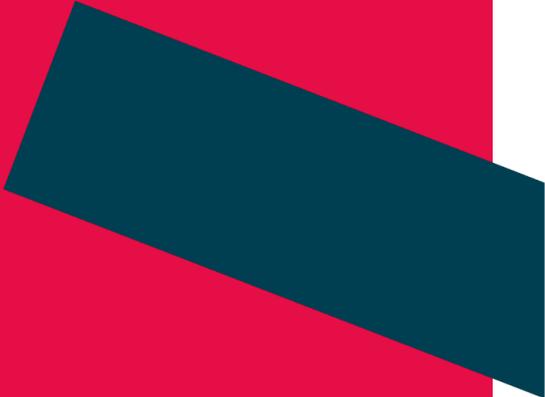
Costa

HITACHI
Inspire the Next

CNH
INDUSTRIAL

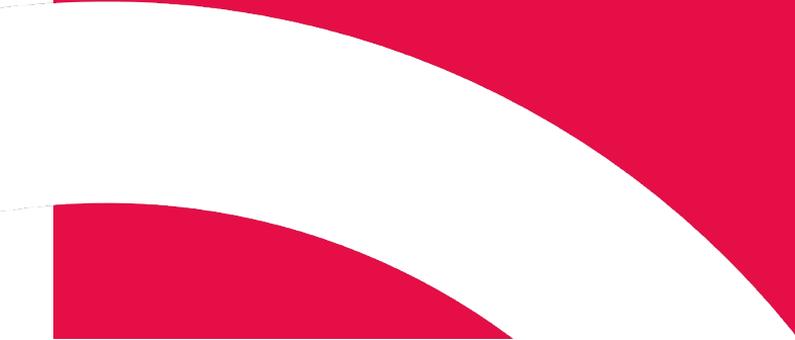
TECHNOGYM

IVECO • GROUP
IVECO | IVECO TRAKKER | IVECO S-MAX | IVECO S-MULE | IVECO S-MARINO | IVECO S-MARINO



STAR7 H1 2022

ACHIEVEMENTS



M&A: acquisition of 100% of Vertere

Strengthening the performance of the S7 Global Content Service Line

Vertere ID

Vertere s.r.l. is a **language service provider**, recognised as the Italian pioneer in the successful implementation of **Computer Assisted Translation systems** in the **management of workflows**, especially for SME customers.

Clear value-creation rationale

Another S7 step to **fuel growth in the Global Content business** with a **limited execution risk**.

Boost STAR7 productivity, by optimising the workflow of translation and content localisation, with positive impacts expected on both revenues and margins.

ACQUISITION DATE

26 July 2022

ACQUISITION COST

€ 0.8 m

2021 REVENUES

€ 1.3 m

2018-2021 AVERAGE EBITDA

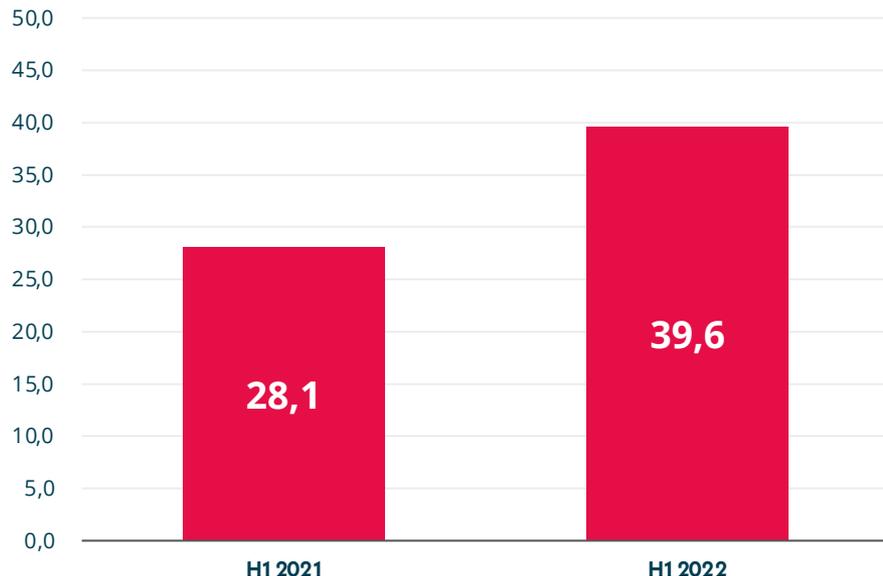
€ 0.2 m

STAR7 H1 2022

FINANCIAL RESULTS

H1 2022 key highlights

REVENUES *(data in €m)*



+41%
Change %

H1 2022 – H1 2021

Strong recovery as a result of **two levers**:

- **organic growth**
(+ €3.0m or +10.6% on a like-for-like basis)
- **acquisition** of Geo Group and LocalEyes (+ €8.6m).

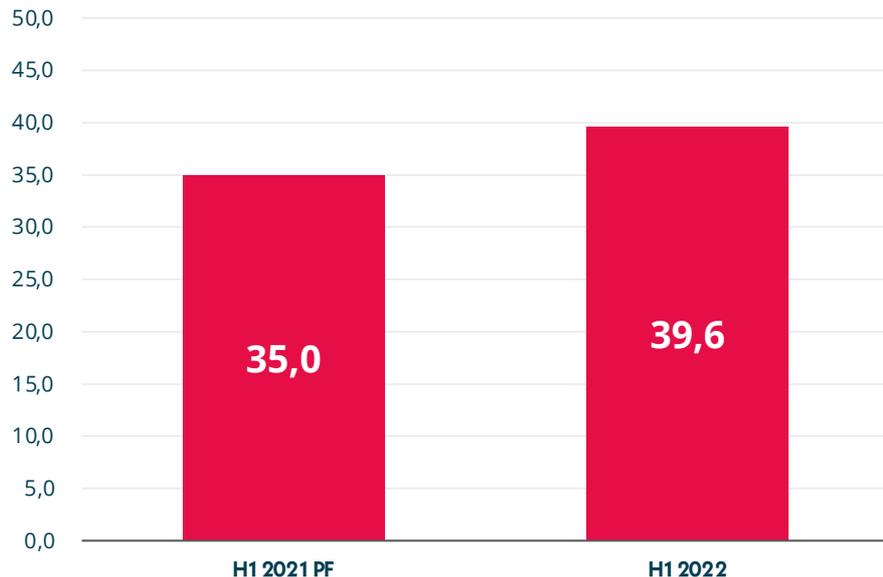
Organic growth driven by:

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

Positive exchange rate effect (+ €0.7m) due to the revaluation of both USD and BRL against EUR.

H1 2022 key highlights

PRO-FORMA REVENUES *(data in €m)*



+13%
Change %

H1 2022 – H1 2021 PF

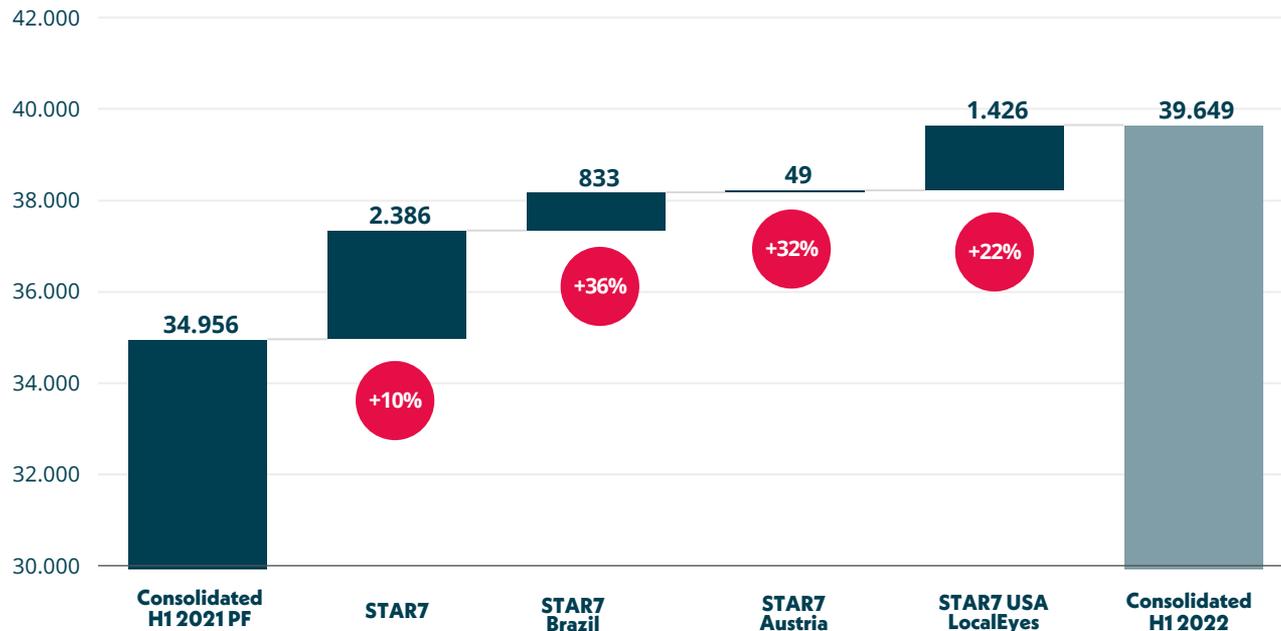
Considering pro-forma data, i.e., the same consolidation perimeter for the two semesters, revenues are up **13%**, thus proving the **strong organic growth achieved**.

The contribution from **newly acquired companies** also **fuelled the expansion of Group's revenues**.

The integration of M&A operations is generating the expected results.

H1 2022 key highlights

REVENUES BRIDGE (data in € '000)



+13%
Change %

H1 2022 – H1 2021 PF

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

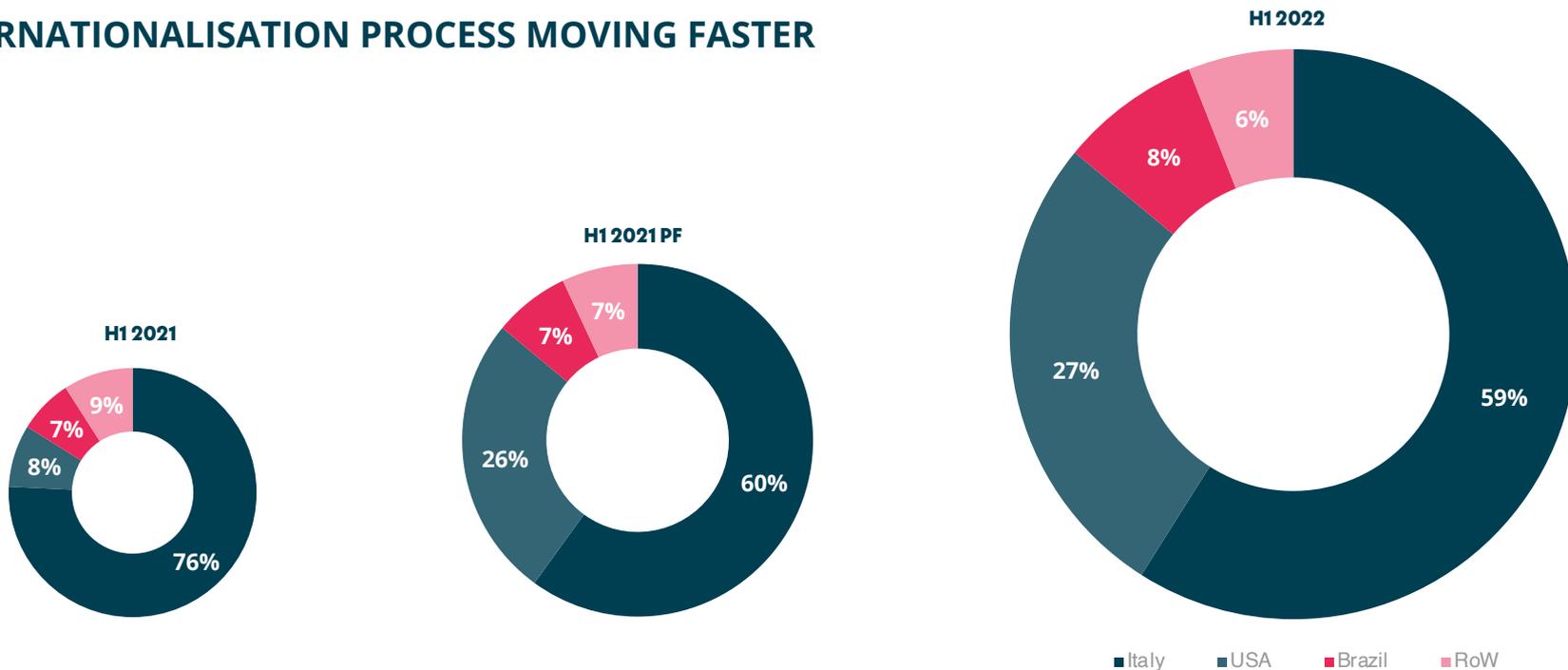
Improvement in sales organisation in USA currently underway, with visible results expected in H2 2022.

Revenues coming **from newly consolidated companies** accounted only for **€8.6m** in **1H2022**.

Significant growth achieved by LocalEyes proves the effectiveness of the acquisition made.

Clients' Revenues breakdown by region

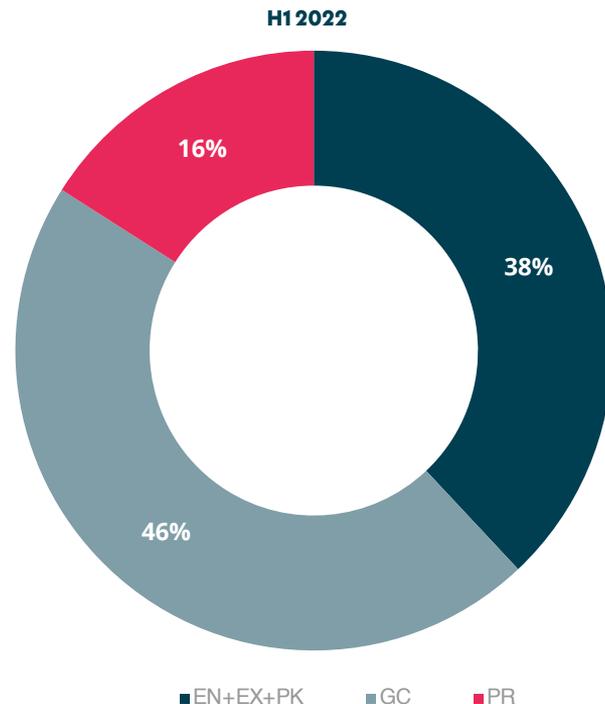
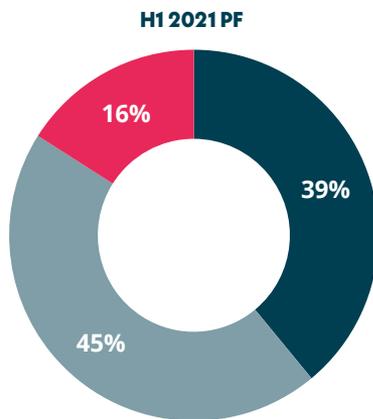
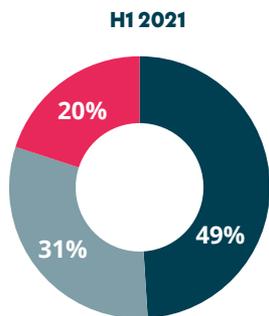
INTERNATIONALISATION PROCESS MOVING FASTER



Revenues breakdown by service

The acquisition of **LocalEyes** has **increased** the share of the **Global Content** business in H1 2022 while opening up new opportunities for **cross selling**.

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



H1 2022 key highlights

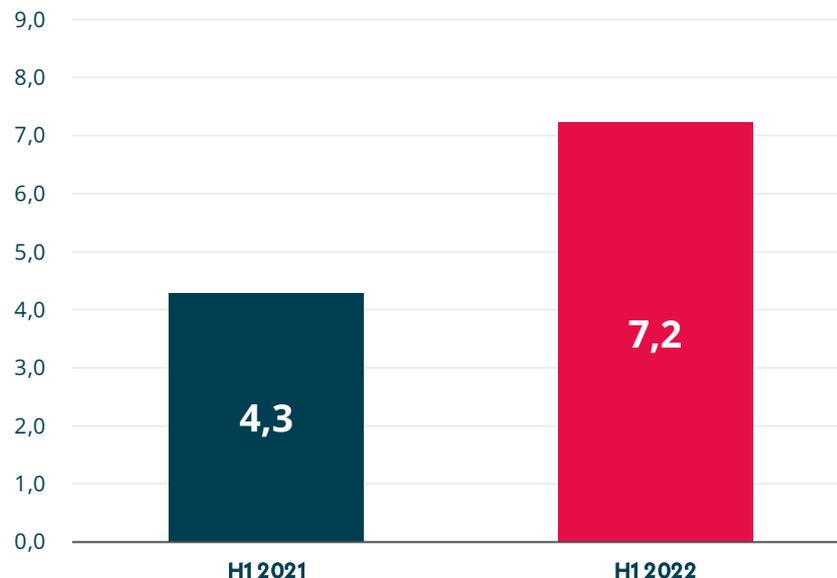
EBITDA (data in €m)

+69%
Change %

H1 2022 – H1 2021

The increase reflects the impact of the acquisition of LocalEyes (+ €2.5m) and a 10% increase of the rest of the Group on a like-for-like basis.

Offshoring activity in Albania continues to grow across all service lines.



H1 2022 key highlights

PRO-FORMA EBITDA (data in €m)

+10%
Change %

H1 2022 – H1 2021

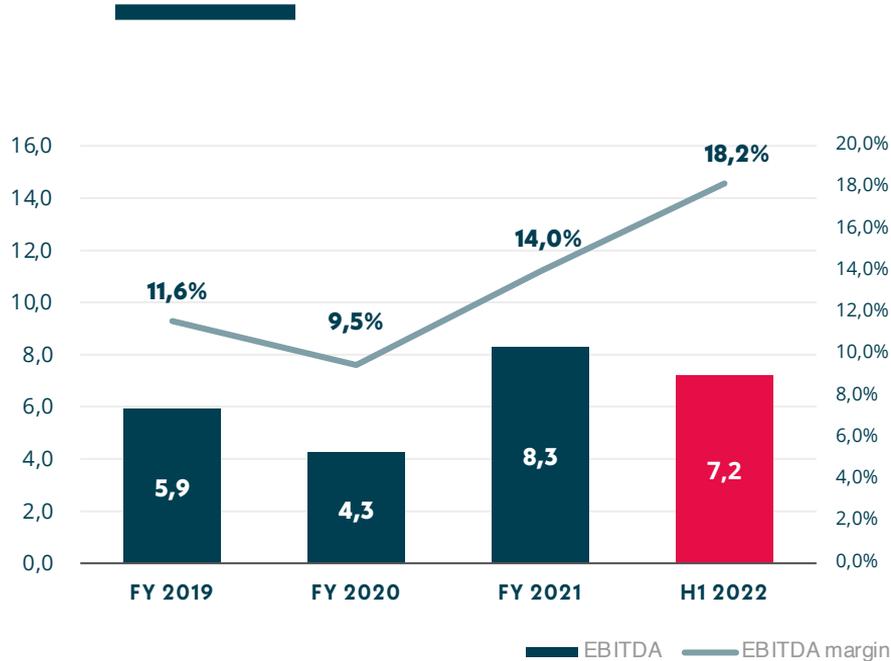
The increase of pro-forma EBITDA indicates that **all Group companies achieved two-digits growth**, as at revenues level.

The successful integration process is unlocking the expected synergies.

Confident to achieve a €15m EBITDA in FY 2022



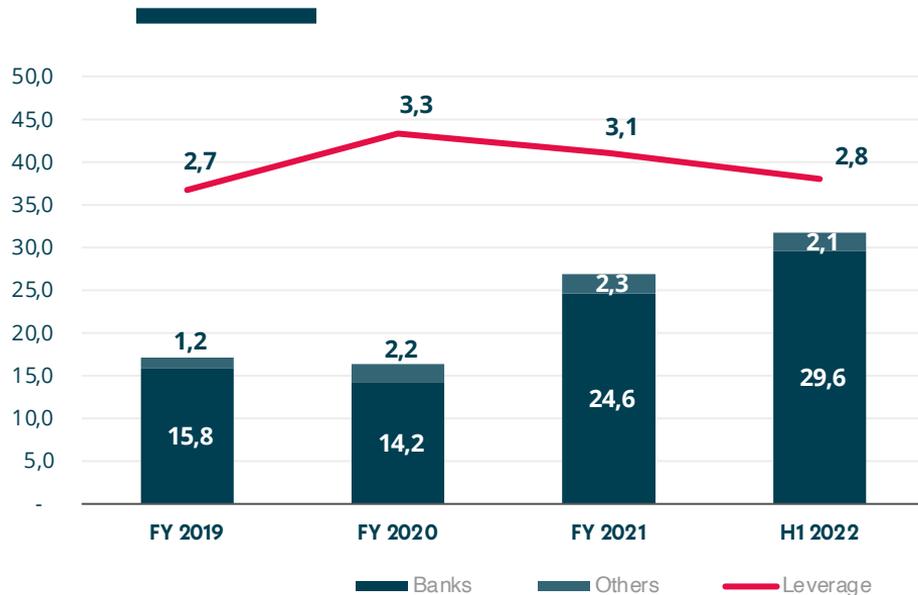
EBITDA margin



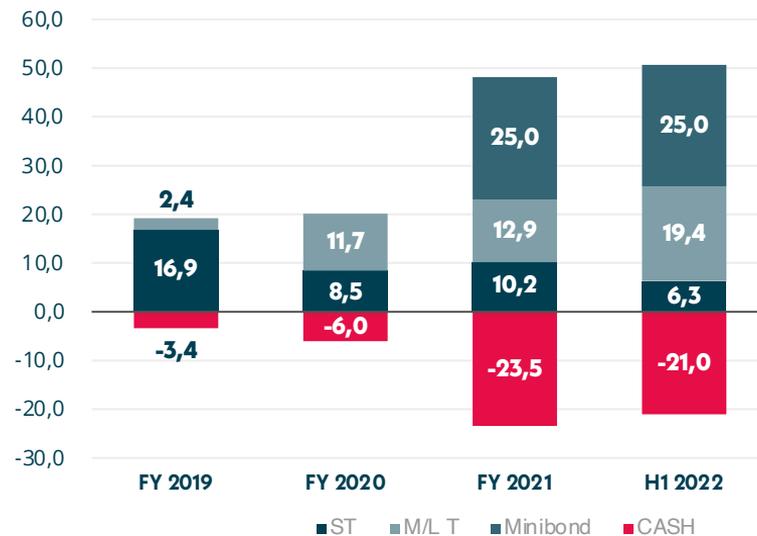
In H1 2021, EBITDA was €4.3m, with a **15.3%** margin.
In H1 2022, EBITDA margin reached **18.2%**.

Despite increased personnel and higher energy prices compared to FY21, STAR7 succeeded in achieving high operating margins, through **continuous focus on cost efficiency**.

Net financial position



Net Financial Debt reached €31.7m excluding the Vendor Loan of €5.7m for the LE deal. The increase is due to the payment of IPO costs (non recurring) and to higher Working Capital related to the turnover increase. The **Debt-to-EBITDA ratio fell to 2.8x** considering the **Last Twelve Months EBITDA**.



Increase in long-term bank debt to reduce short-term exposure. Repayment plans equally spread over the next 6 years. STAR7 has **€21.0m cash available** to fund future **M&A deals**.

STAR7 H1 2022

FINAL REMARKS

STAR7's commitment

H1 2022 results on the rise

Despite the challenging scenario, in H1 2022 STAR7 posted healthy results.

We continue to grow while maintaining sound margins, effectively delivering on strategy.

A well-focused effort in US operations

In the US market, rebranding of recent acquisitions under the STAR7 name provides the advantages of a more streamlined organisation and of a clearer customer perception.

We are investing heavily in this area through a substantial strengthening of our sales force.

New M&A opportunities emerging

The tough operating environment has increased the number of companies for sale, thus enhancing our pipeline of M&A candidates.

A broader range of opportunities will help us deliver further value through selective deals.

Both H1 2022 results and initiatives underway provide **higher visibility to the commitment made at the time of the IPO:**

Achieve FY22 EBITDA of €15 million

STAR7 H1 2022

APPENDIX

Income statement

	30/06/2022	30/06/2021	Change	Change %	30/06/2021 PF	Change	Change %
Net Revenues	39.649.244	28.078.559	11.570.685	41,2%	34.956.267	4.692.977	13,4%
Other revenues	701.342	533.036	168.306	31,6%	738.234	- 36.892	-5,0%
Change in inventories and increase in fixed assets	109.883	18.339	91.544	499,2%	104.686	5.197	5,0%
External costs	- 18.928.206	- 13.586.836	- 5.341.370	39,3%	- 16.630.470	- 2.297.736	13,8%
Added Value	21.532.263	15.043.098	6.489.165	43,1%	19.168.717	2.363.546	12,3%
Personnel costs	- 14.292.558	- 10.685.718	- 3.606.840	33,8%	- 12.514.281	- 1.778.277	14,2%
Gross Operating Profit	7.239.705	4.357.380	2.882.325	66,1%	6.654.436	585.269	8,8%
Write-down of trade receivables	- 9.190	- 66.329	57.139	- 86,1%	- 68.496	59.306	-86,6%
EBITDA	7.230.515	4.291.051	2.939.464	68,5%	6.585.940	644.575	9,8%
Depreciation, writedowns and other provisions	- 3.681.000	1.432.445	- 2.248.555	157,0%	- 3.115.167	- 565.833	18,2%
EBIT	3.549.515	2.858.606	690.909	24,2%	3.470.773	78.742	2,3%
Net financial income	- 1.018.585	- 209.911	- 808.674	385,2%	- 807.577	- 211.008	26,1%
Ordinary income	2.530.930	2.648.695	-117.765	- 4,4%	2.663.196	-132.266	-5,0%
Gain (losses) on investments	-	- 15.176	15.176	- 100,0%	-	0	-
Profit before taxes	2.530.930	2.633.519	- 102.589	- 3,9%	2.663.196	-132.266	-5,0%
Income taxes	- 1.037.529	- 676.620	- 360.909	53,3%	- 538.366	- 499.163	92,7%
Net Profit	1.493.401	1.956.899	- 463.498	- 23,7%	2.124.830	- 631.429	-29,7%

Balance sheet

	30/06/2022	31/12/2021	Change	Change %
Net intangible assets	40.223.262	41.085.421	- 862.159	-2,1%
Net tangible assets	6.324.093	6.468.228	- 144.135	-2,2%
Equity holdings and other financial investments	566.687	261.329	305.358	116,8%
Fixed assets	47.114.042	47.814.978	- 700.936	-1,5%
Inventories	2.168.409	1.414.322	754.087	53,3%
Trade receivables	26.663.225	23.599.347	3.063.878	13,0%
Receivables from associates	696.972	1.564.768	- 867.796	-55,5%
Other receivables	6.057.872	4.661.683	1.396.189	30,0%
Accruals and prepaid expenses	2.356.690	1.632.214	724.476	44,4%
Current assets	37.943.168	32.872.334	5.070.834	15,4%
Trade payables	- 6.277.256	- 7.216.649	939.393	-13,0%
Other payables to associates	- 700.430	- 548.416	- 152.014	27,7%
Advance payments	-	-	-	0,0%
Outstanding tax and social security debts	- 2.566.681	- 2.481.535	- 85.146	3,4%
Other payables	- 2.883.134	- 5.503.029	2.619.895	-47,6%
Accruals and deferred income	- 2.370.420	- 3.124.301	753.881	-24,1%
Current liabilities	- 14.797.921	- 18.873.930	4.076.009	-21,6%
Net working capital	23.145.247	13.998.404	9.146.843	65,3%
Severance pay	- 4.195.900	- 3.900.178	- 295.722	7,6%
Tax and social security debts (beyond the following year)	-	-	-	0,0%
Other non-current liabilities	- 536.946	- 499.892	- 37.054	7,4%
Non-current liabilities	- 4.732.846	- 4.400.070	- 332.776	7,6%
Invested Capital	65.526.443	57.413.312	8.113.131	14,1%
Shareholders' Equity	- 28.119.893	- 25.505.057	- 2.614.836	10,3%
Short-term Net Financial Position	3.266.209	10.813.184	- 7.546.975	-69,8%
MLT Net Financial Position	- 40.672.759	- 42.721.439	2.048.680	-4,8%
Net equity and Net financial debt	- 65.526.443	- 57.413.312	- 8.113.131	14,1%

Cash Flow Statement

30/06/2022 30/06/2021

A. CASH FLOW FROM OPERATIONS (INDIRECT METHOD)

Profit (loss) for the year	1,493,401	1,956,899
Income taxes	1,037,528	676,620
Financial charges/(income)	1,029,642	209,271
(Capital gains)/losses from assets disposal		-2,000
1. Profit (loss) for the year before taxes, financial charges, dividends and capital gains/losses from disposals	3,560,572	2,840,790
Adjustments for non-cash items that had no impact on net working capital		
Provisions	32,000	33,136
Depreciation/amortisation of fixed assets	3,649,000	1,399,310
Severance provisions	614,458	483,637
Others	0	
Financial instruments	-295,846	15,176
Other upward/(downward) adjustments for non-cash items	281,800	-224,199
2. Cash flow before changes in net working capital	7,841,983	4,547,850
Changes in net working capital		
Decrease/(increase) in inventories	-754,088	-506,399
Decrease/(increase) of trade receivables	-3,063,878	244,986
Increase/(decrease) in trade payables	-939,393	84,161
Decrease/(increase) in accruals and prepaid expenses	-724,476	-616,383
Increase/(decrease) in accrued charges and deferred income	-753,882	-365,276
Other variations of net working capital (receivables)	-528,393	-139,280
Other variations of net working capital (payables)	-2,242,119	
3. Cash flow after changes in net working capital	-1,164,246	3,249,659
Other adjustments		
Interest received/(paid)	-1,029,642	-209,271
(Income taxes paid)	-1,064,219	-256,620
(Use of severance provisions)	-318,736	-92,661
4. Cash flow after other adjustments	-2,412,597	-558,552
CASH FLOW FROM OPERATING ACTIVITIES (A)	-3,576,843	2,691,107

30/06/2022 30/06/2021

B. CASH FLOW FROM INVESTING ACTIVITIES

Tangible assets	-330,869	-603,466
(Investments)	-330,869	-647,444
Disposals	0	43,978
Intangible Assets	-776,792	-771,626
(Investments)	-776,792	-771,626
Disposals	0	
Financial assets	-1,957	-27,317
(Investments)	-1,957	-27,317
Disposals	0	0
Geo Group acquisition	-178,062	-1,350,655
LocalEyes acquisition	-790,403	
CASH FLOW FROM INVESTING ACTIVITIES (B)	-2,078,083	-2,753,064

C. CASH FLOW FROM FINANCING ACTIVITIES

Third parties			
Increase/(decrease) in long term bank loans	3,646,000	4,600,000	
Loan repayments	-1,879,839	-1,043,296	
Increase/(decrease) in short term bank loans	1,226,428	2,152,658	
Own funds			
Sales/(purchase) own shares	0	-3,000,000	
CASH FLOW FROM FINANCING ACTIVITIES (C)	2,992,589	2,709,362	
Exchange rate effect on cash and cash equivalents	176,916	56,333	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	-2,662,337	2,647,405	
Cash and cash equivalents at 1 January 2022	23,485,538	5,996,519	
Cash and cash equivalents at 30 June 2022	21,000,117	8,700,257	

THANK YOU

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