



# 2022 FINANCIAL RESULTS

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SHAREHOLDERS' MEETING

02 MAY 2023

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# Agenda

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**STAR7 2022**

**At a glance**

**Achievements**

**Financial results**

**Final remarks**

**Appendix**

# Today's presenting team

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**Lorenzo Mondo**

Founder & Group CEO



**Barbara Donadio**

Chief Financial Officer



**Matteo Gera**

General Manager



STAR7 FY 2022

# AT A GLANCE

# Highlights 2022

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## REVENUES

**€ 83.3 m**

GROWTH

**+14.3%**  
vs 2021 PF

## EBITDA

**€ 15.5 m**

GROWTH

**+20,8%**  
vs 2021 PF

## EBITDA %

**18.6 %**

GROWTH

**+1%**  
vs 2021 PF

## NET DEBT

**€ 35.1 m**

**D/E**

**2.3**

# Company overview



## Unique, in a global network

Presence in **3 continents**  
with **18 offices (21\*)**  
and more than **870 people (more than 1100 \*)**

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

**STAR7**

*(\*) After lease of CAAR/STI branch*

# 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

**>1000\*** CLIENTS

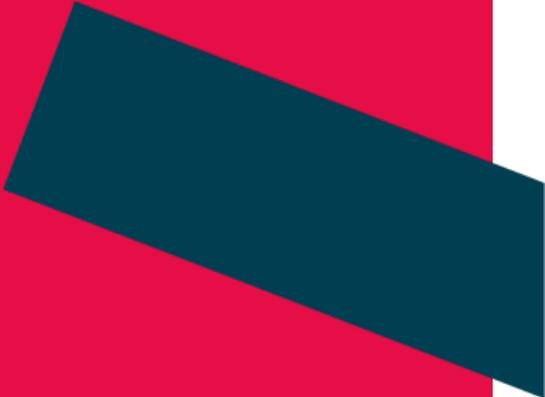
Globally in more than

**20 DIFFERENT INDUSTRIES**



## NEW BUSINESS





STAR7 2022

# ACHIEVEMENTS



# M&A: Acquisition of 100% of Vertere

Strengthening the performance of the **STAR7 Global Content Service Line**

## VERTERE

A **language service provider** renowned as the Italian pioneer in the use of **Computer Assisted Translation (CAT) systems** for workflow management, primarily serving SME customers.

### Clear value-creation rationale and benefits

Another step to **fuel STAR7's growth in the Global Content business** with a **limited execution risk**.

**Acquisition drives up STAR7's productivity** through translation workflow optimisation, with pervasive implementation of Machine Translation (MT) and content localisation processes, expected to generate improved 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**

# M&A: Lease of CAAR Group branch 1/3

Strengthening the performance of the **STAR7 Engineering Service Line**

## CAAR GROUP

CAAR Group offers **engineering solutions** – mainly process engineering – to the **automotive, aerospace and defence, rail, agriculture, energy, logistics, infrastructure, and electronics** sectors.

Operating in **Italy, Brazil** and **Serbia**, the CAAR Group provides **industry-leading services** in sectors **also covered by STAR7**.

## SIGNING DATE

**31 December 2022**

## MAXIMUM ACQUISITION COST

**€ 2.8 m**

## MAXIMUM TAKEOVER BANK DEBT

**€ 3.2 m**

## 2022 ESTIMATED REVENUES

**€ 15.0 m**

## LEASE CONDITIONS

DURATION **6+6 months**

RENT **120,000 €/y**

**Irrevocable purchase offer**

# M&A: Lease of CAAR Group branch 2/3

Strengthening the performance of the **STAR7 Engineering Service Line**

## Major services offered

- Product Development
- Electric & Electronic engineering
- Circular economy and Battery management
- Manufacturing engineering
- Workshop and Special Tools

## Workforce

More than **300 FTE** (mainly engineers)

## International footprint

### ITALY

Bari  
Bolzano  
Turin

### BRAZIL

Belo Horizonte

### SERBIA

Kragujevac

# M&A: Lease of CAAR Group branch 3/3

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## Strengthening the performance of the **STAR7 Engineering Service Line**

### Clear value-creation rationale

The CAAR Group's operating margins will improve through efficiencies and synergies, which we will implement straight away.

CAAR Group operating margins will improve through immediate efficiencies and synergies.

By moving higher up the product information value chain and **fully embracing strategic engineering activities**, STAR7 will **be able to draw further value from our Integrale<sup>7</sup>** approach, consolidating customer **partnerships** by acting as a **sole provider** of multiple linked services.

### Integration pillars

Already **achieved**:

- Stabilisation of client portfolio and order transfers
- ERP System integration
- Integration of staff functions
- Workload management
- New RFQ and opportunities generation

# New business fostering cross selling

## EUROPE



## BRAZIL



## NORTH AMERICA

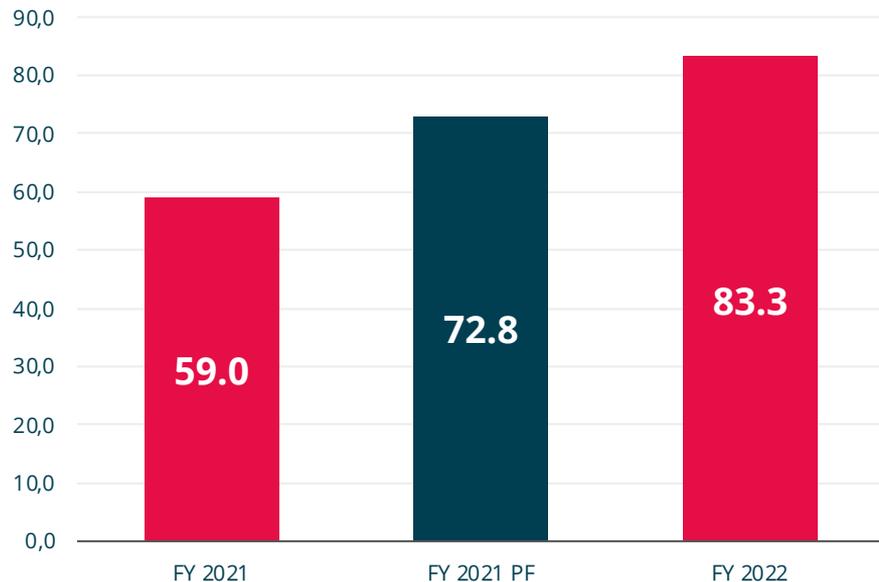


STAR7 2022

# FINANCIAL RESULTS

# 2022 key highlights

## REVENUES (data in €m)



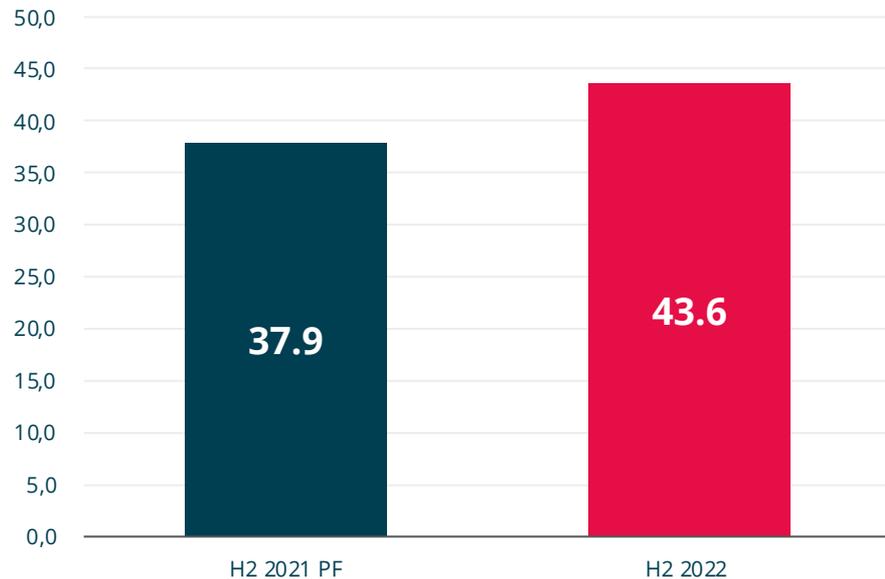
**+14.3%**  
**Change %**  
FY 2022 – PF 2021

**Strong growth** driven by :

- Organic growth** from new business and cross selling, driven by developing **new customers**, increasing **cross selling** and upgrading services offered to historic customers
- Acquisition** of Vertere (+€ 0.4 m since the acquisition date 27/07/2022)
- Positive exchange rate effect** (+€ 1.8 m) with both USD and BRL appreciating against EUR.

# H2 2022 key highlights

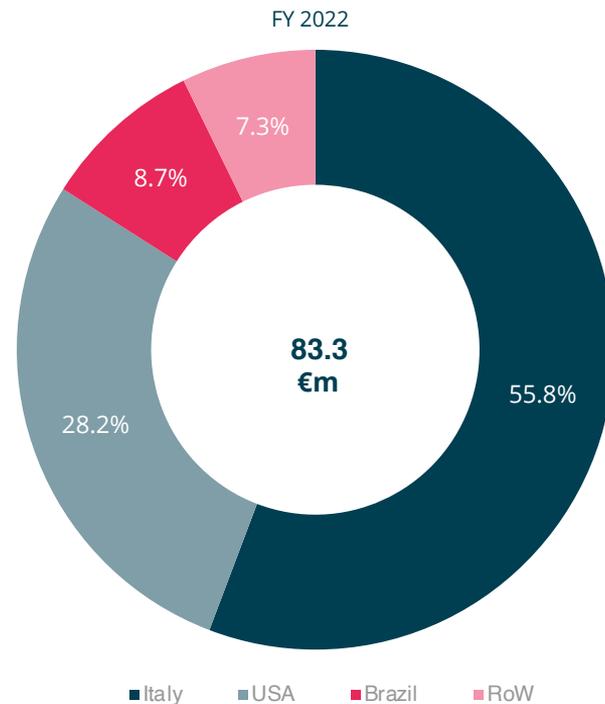
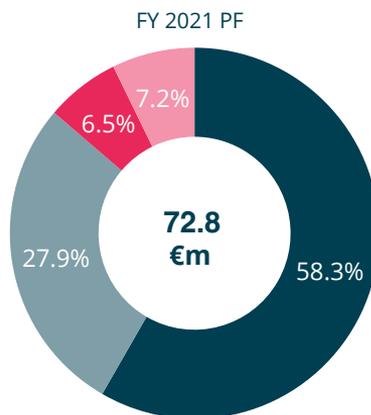
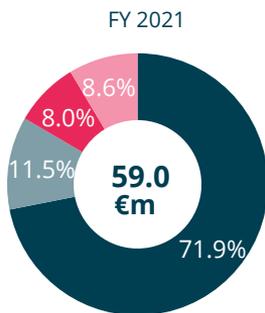
## REVENUES *(data in €m)*



**+15.1%**  
**Change %**  
H2 2022 – H2 2021 PF

# Continuous internationalisation process

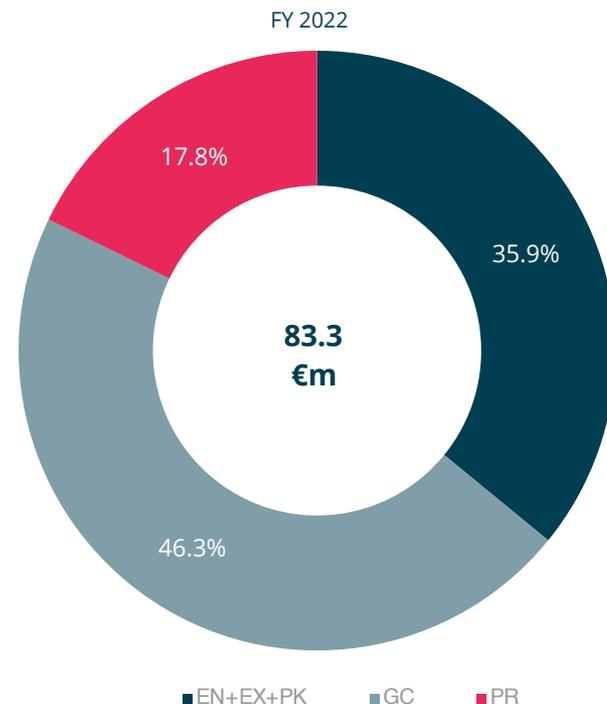
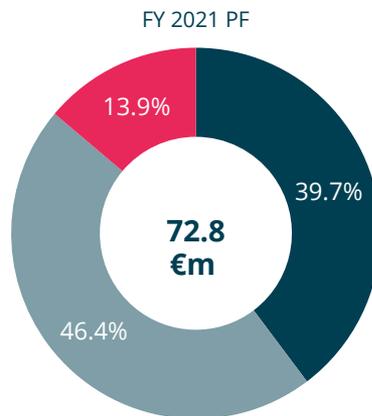
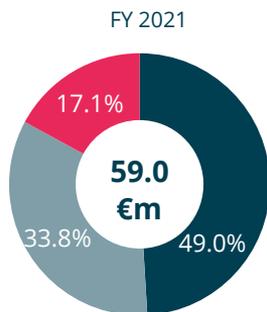
€m	IT	US	BR	RoW
<b>FY 2021</b>	42.5	6.8	4.7	5.1
<b>FY 2021 PF</b>	42.5	20.4	4.7	5.3
<b>FY 2022</b>	46.4	23.5	7.3	6.1



# Revenues breakdown by service

Global Content's growth was lifted by the development of the US sales team and an increase in the group-wide customer portfolio.

Capex on new printing machines in Brazil had a major payoff, acquiring a significant market share in the education publishing market.



# 2022 key highlights

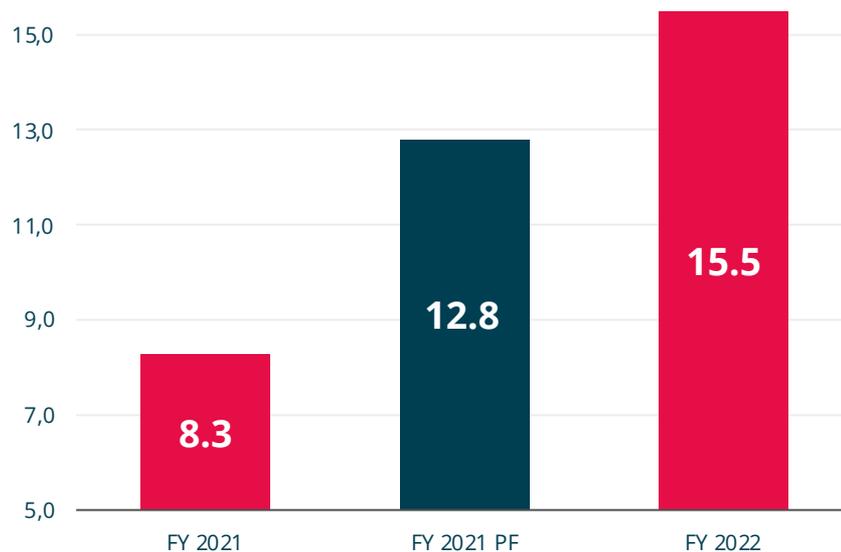
**EBITDA** (data in €m)

**+20.8%**

**Change %**

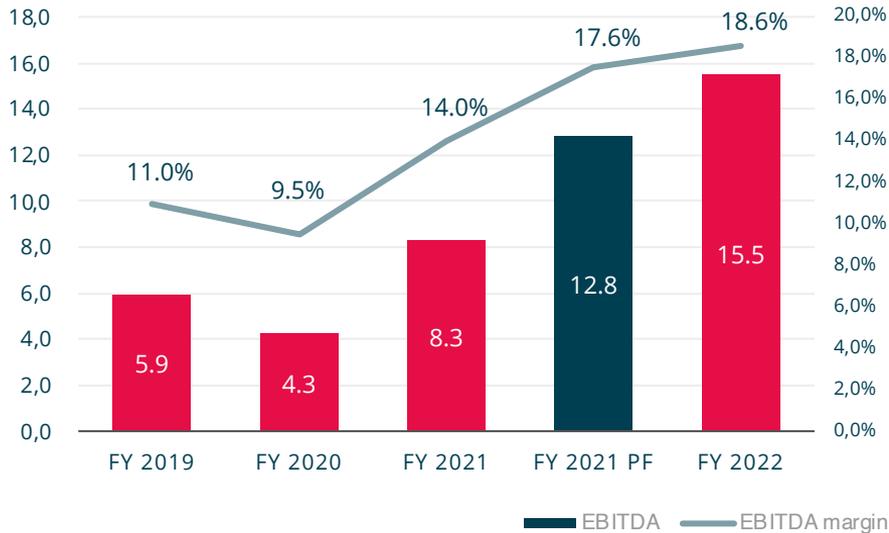
FY 2022 – FY 2021 PF

EBITDA exceeded target of **15 million** and reached the PAS guidance



# EBITDA margin

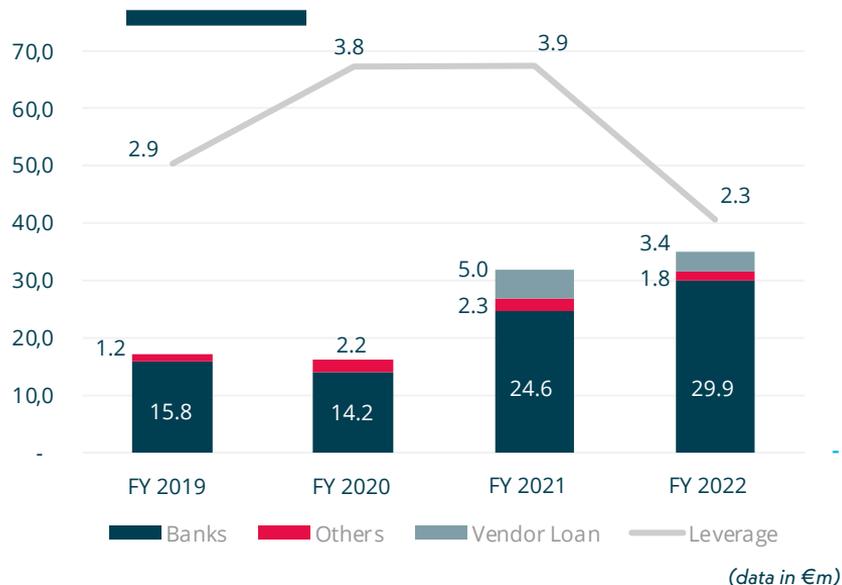
(data in €m)



STAR7 achieved high operating margins in 2022 despite unexpected challenges in the macro scenario (inflation, energy costs, shortage of supply chain components, raw materials, etc). This was driven by **relentless focus** on:

- cost efficiency
- offshoring
- integration strategies
- process automation and service-line globalisation
- widespread AI introduction

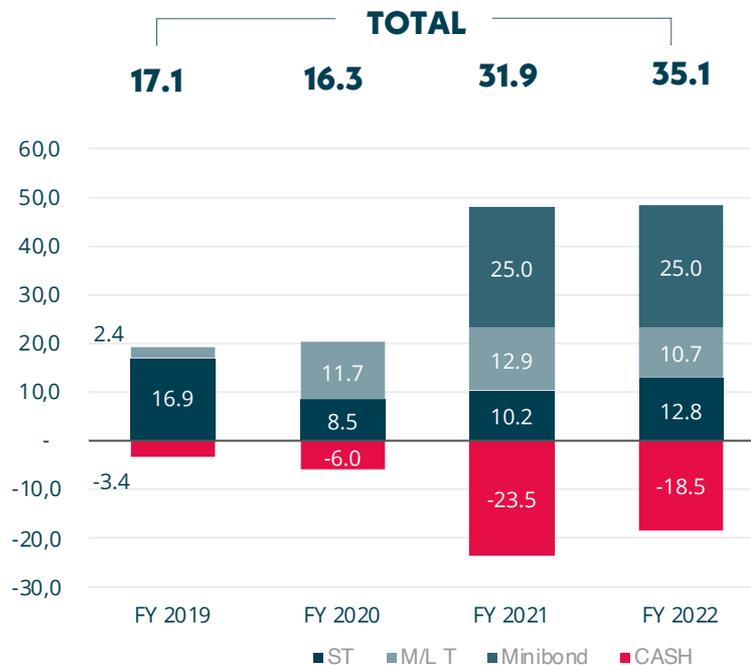
# Net financial position



Net financial debt was €35.1m including the vendor loan of €3.4m for the LocalEyes and Vertere deal.

The increase of NFP is mainly due to non-recurring expenses including IPO costs, the first instalment of the LocalEyes vendor loan, acquisition of Vertere and the purchasing of its own shares from STAR AG.

The **Debt-to-EBITDA ratio fell to 2.3x** in line with consensus estimates.



The **debt structure** remains **well balanced between short and long term**. The increase in short-term debt is linked to instalments of medium/long-term loans falling due. Mini-bond repayment plans are spread equally over the next six years. STAR7 has **€18.5m cash available** to fund future **M&A deals**, with the **reduced leverage** leaving **financial firepower**.



STAR7 FY 2022

# FINAL REMARKS

# STAR7's next steps

Early 2023 signs show a continuation of 2022 performance drivers

## Sticking to our strategies

We continue to pursue our growth drivers:

- Internationalisation
- Diversification
- Integrale<sup>7</sup> approach

## New M&A opportunities

Significant and well-structured portfolio of opportunities.

### Product Knowledge target:

- Packaging sector (Italy)
- Agricultural sector (U.S.A.)

### Global Content target:

- Fashion and Pharma (Italy)

## Embracing disruptive technologies

- Entering generative AI (e.g. Chat GPT) with a service development roadmap
- New generation of services
- New market opportunities

STAR7 FY 2022

# APPENDIX

# Income statement

	31/12/2022	31/12/2021	Change	Change %	31/12/2021 PF	Change	Change %
Net Revenues	83,251,178	58,992,426	24,258,752	41.1%	72,837,095	10,414,083	14.3%
Other revenues	1,588,134	1,003,507	584,627	58.3%	1,341,415	246,719	18.4%
Change in inventories and increases in fixed assets	145,499	28,824	116,675	404.8%	28,824	116,675	404.8%
External costs	-40,371,550	-28,767,306	-11,604,244	40.3%	-35,366,984	-5,004,566	14.2%
<b>Added Value</b>	<b>44,613,261</b>	<b>31,257,451</b>	<b>13,355,810</b>	<b>42.7%</b>	<b>38,840,350</b>	<b>5,772,911</b>	<b>14.9%</b>
Personnel costs	-29,156,658	-22,977,581	-6,179,077	26.9%	-26,044,990	-3,111,668	11.9%
<b>EBITDA</b>	<b>15,456,602</b>	<b>8,264,052</b>	<b>7,192,550</b>	<b>87.0%</b>	<b>12,795,360</b>	<b>2,661,243</b>	<b>20.8%</b>
Depreciation, writedowns and other provisions	-7,785,636	-4,273,269	-3,512,367	82.2%	-7,282,226	-503,409	6.9%
<b>EBIT</b>	<b>7,670,967</b>	<b>3,990,783</b>	<b>3,680,184</b>	<b>92.2%</b>	<b>5,513,133</b>	<b>2,157,833</b>	<b>39.1%</b>
Net financial income	-2,298,841	-632,967	-1,665,874	263.2%	-1,599,318	-699,523	43.7%
<b>Ordinary income</b>	<b>5,372,126</b>	<b>3,357,816</b>	<b>2,014,310</b>	<b>60.0%</b>	<b>3,913,815</b>	<b>1,458,311</b>	<b>37.3%</b>
Gain (losses) on investments	-	751	-751	-100.0%	751	-751	-100.0%
<b>Profit before taxes</b>	<b>5,372,126</b>	<b>3,358,567</b>	<b>2,013,559</b>	<b>60.0%</b>	<b>3,914,566</b>	<b>1,457,560</b>	<b>37.2%</b>
Income taxes	-1,946,632	-887,647	-1,058,985	119.3%	-1,163,635	-782,998	67.3%
<b>Net profit</b>	<b>3,425,494</b>	<b>2,470,920</b>	<b>954,574</b>	<b>38.6%</b>	<b>2,750,931</b>	<b>674,562</b>	<b>24.5%</b>

# Balance sheet

	31/12/2022	31/12/2021	Change	Change %
Net intangible assets	39,248,910	41,085,421	-1,836,512	-4.5%
Net tangible assets	6,906,497	6,468,229	438,268	6.8%
Equity holdings and other financial investments	751,110	229,283	521,827	227.6%
<b>Fixed assets</b>	<b>46,906,516</b>	<b>47,782,933</b>	<b>-876,417</b>	<b>-1.8%</b>
Inventories	2,468,151	1,414,322	1,053,829	74.5%
Trade receivables	29,485,759	23,990,540	5,495,218	22.9%
Receivables from associates	683,938	1,569,324	-885,386	-56.4%
Other receivables	5,845,649	4,705,448	1,140,201	24.2%
Accruals and prepaid expenses	2,003,291	1,632,214	371,077	22.7%
<b>Current assets</b>	<b>40,486,787</b>	<b>33,311,848</b>	<b>7,174,939</b>	<b>21.5%</b>
Trade payables	-8,574,855	-7,388,534	-1,186,321	16.1%
Other payables to associates	-669,672	-564,804	-104,868	18.6%
Advance payments	-	-	0	0.0%
Outstanding tax and social security debts	-2,278,916	-2,481,535	202,619	-8.2%
Other payables	-2,995,946	-5,503,030	2,507,084	-45.6%
Accruals and deferred income	-2,437,357	-3,343,496	906,139	-27.1%
<b>Current liabilities</b>	<b>-16,956,746</b>	<b>-19,281,398</b>	<b>2,324,652</b>	<b>-12.1%</b>
<b>Net working capital</b>	<b>23,530,041</b>	<b>14,030,450</b>	<b>9,499,591</b>	<b>67.7%</b>
Severance pay	-4,716,159	-3,900,178	-815,981	20.9%
Tax and social security debts (beyond the following fiscal year)	-	-	0	0.0%
Other non-current liabilities	-1,132,021	-499,892	-632,129	126.5%
<b>Non-current liabilities</b>	<b>-5,848,180</b>	<b>-4,400,070</b>	<b>-1,448,110</b>	<b>32.9%</b>
<b>Invested Capital</b>	<b>64,588,378</b>	<b>57,413,313</b>	<b>7,175,065</b>	<b>12.5%</b>
Shareholders' Equity	-29,493,367	-25,505,057	-3,988,310	15.6%
Short-term Net Financial Position	-366,809	10,813,184	-11,179,993	-103.4%
MLT Net Financial Position	-34,728,201	-42,721,439	7,993,238	-18.7%
<b>Net equity and Net financial debt</b>	<b>-64,588,377</b>	<b>-57,413,313</b>	<b>-7,175,064</b>	<b>12.5%</b>

# Cash Flow Statement

31/12/2022 31/12/2021

## A. CASH FLOW FROM OPERATIONS (INDIRECT METHOD)

<b>Profit (loss) for the year</b>	3,425,494	2,470,920
Income taxes	1,946,632	887,647
Financial charges/(income)	2,300,042	632,581
(Capital gains)/losses from assets disposal	-77,121	-2,167
<b>1. Profit (loss) for the year before taxes, financial charges, dividends and capital gains/losses from disposals</b>	<b>7,595,047</b>	<b>3,988,981</b>

### Adjustments for non-cash items that had no impact on net working capital

Provisions	592,582	64,000
Depreciation/amortisation of fixed assets	7,721,636	4,209,269
Severance provisions	1,369,942	947,769
Others	207,121	
Financial instruments	-473,499	4,085
Others upward/(downward) adjustments for non-cash items	446,849	-201,221
<b>2. Cash flow before changes in net working capital</b>	<b>17,459,677</b>	<b>9,012,883</b>

### Changes in net working capital

Decrease/(increase) in inventories	-1,053,830	-679,471
Decrease/(increase) of trade receivables	-5,886,412	-22,032
Increase/(decrease) in trade payables	1,358,206	1,634,614
Decrease/(increase) in accruals and prepaid expenses	-371,077	-758,815
Increase/(decrease) in accrued charges and deferred income	-686,944	1,931,668
Other variations of net working capital (receivables)	-303,136	112,173
Other variations of net working capital (payables)	-2,641,710	
<b>3. Cash flow after changes in net working capital</b>	<b>7,874,774</b>	<b>11,231,020</b>

### Other adjustments

Interest received/(paid)	-2,300,042	-473,164
(Income taxes paid)	-1,966,851	-486,293
(Use of severance provisions)	-788,578	-401,158
<b>4. Cash flow after other adjustments</b>	<b>2,819,303</b>	<b>9,870,405</b>

## CASH FLOW FROM OPERATING ACTIVITIES (A)

2,819,303 9,870,405

31/12/2022 31/12/2021

## B. CASH FLOW FROM INVESTING ACTIVITIES

<b>Tangible assets</b>	<b>-1,775,832</b>	<b>-2,105,553</b>
(Investments)	-2,019,334	-2,195,715
Disposals	243,502	90,162
<b>Intangible Assets</b>	<b>-2,202,465</b>	<b>-3,857,573</b>
(Investments)	-2,202,465	-3,857,573
Disposals	0	
<b>Financial assets</b>	<b>-4,195</b>	<b>276,053</b>
(Investments)	-4,195	-3,178
Disposals	0	279,231
Acquisitions	-2,156,077	-31,630,496

## CASH FLOW FROM INVESTING ACTIVITIES (B)

-6,138,569 -37,317,569

## C. CASH FLOW FROM FINANCING ACTIVITIES

### Third parties

Increase/(decrease) in long term bank loans	3,911,856	35,127,990
Loans repayment	-8,284,741	-2,010,873
Increase/(decrease) in short term bank loans	2,560,415	-42,275

### Proper financing

Sales/(purchase) own shares	0	11,827,500
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## CASH FLOW FROM FINANCING ACTIVITIES (C)

-1,812,470 44,902,342

### Exchange rate effect on cash and cash equivalents

132,510 33,841

## INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)

-5,131,735 17,455,178

### Cash and cash equivalents at 1 January 2022

23,485,538 5,996,519

### Cash and cash equivalents at 31 December 2022

18,486,312 23,485,538

**THANK YOU**

The image features a solid red background. In the top right corner, there is a white rectangular area. A large white curved shape, resembling a thick arc or a partial circle, starts from the right edge and curves downwards and to the left. The text "THANK YOU" is written in a bold, white, sans-serif font, positioned in the middle-left area of the red background.