

## PRESS RELEASE

### **STAR7 - Board of Directors approves Consolidated Half-yearly Report as at 30 June 2023**

#### **STRONG GROWTH IN REVENUES AND FALLING DEBT**

**Lease of CAAR Group business division drives revenues while optimisation of operating costs has yet to be expressed**

**Revenues: €50.9 million** (+28.3% compared to €39.6 million in the first half of 2022)

**EBITDA: €6.9 million** (-4.3% compared to €7.2 million in the first half of 2022)

**EBITDA Margin: 13.6%** (compared to 18.2% in the first half of 2022)

**Profit for the period: €1.0 million** (-33.8% compared to €1.5 million in the first half of 2022)

**Adjusted EBITDA\*: €7.5 million**

**Adjusted EBITDA Margin\*: 14.7%**

**NET FINANCIAL POSITION: debt of €33.6 million as at 30 June 2023** (-€1.5 million compared to debt of €35.1 million as at 31 December 2022)

*\* Adjustments mainly relate to integration costs of the CAAR Group business division*

Valle San Bartolomeo (Alessandria, Italy), 26 September 2023 – The Board of Directors of **STAR7** (EGM ticker: STAR7) met today under the chairmanship of Lorenzo Mondo to examine and approve the Consolidated Half-yearly Report as at 30 June 2023. STAR7 is a company that provides an integrated range of product-information services, from product and process engineering support to the creation and management of technical and marketing content, translation, printing and virtual experience. The financial statements were prepared in accordance with the Euronext Growth Milan Issuers Regulation and in compliance with Italian accounting standards.

Lorenzo Mondo, Chairman and Chief Executive Officer of STAR7, commented: *"These half-year results demonstrate that STAR7 has been able to significantly expand its presence in engineering services and continue its internationalisation process, thanks to the contribution from the lease of the CAAR Group business division, effective 1 January 2023. With an ever more robust business model and increasingly balanced ratio between the different service lines, we have improved visibility on future growth, which we will be able to capture through up-selling and cross-selling within a rapidly expanding customer portfolio. Despite the difficult economic environment, STAR7 has proven its ability to deliver strong revenue growth, including organically. In this first half of the year, we completed an important cycle of multi-year contract renewals with*

our main customers, as well as winning global contracts with leading international groups."

Lorenzo Mondo continued: "While the first half of 2023 saw a strong boost in revenues driven by improved strategic positioning, from the second half we also expect to be able to reap the expected benefits in terms of margins. Meanwhile, the continued expansion of our offshore operational base, albeit with some delays, is enabling us to cope with the negative impact of macroeconomic factors such as the extraordinary level of inflation. Given the results achieved in the first half of 2023 and the expected payback from the structural optimisation measures initiated, we are therefore confident of a continuation of the revenue growth trend and a rapid recovery in margins," the CEO concluded.

\* \* \*

## PERFORMANCE AND FINANCIAL POSITION

### Revenues

STAR7 Group **revenues** amounted to **€50.9 million** in the first half of 2023, an increase of 28.3% compared to €39.6 million in the first half of 2022. This change was driven by the incremental contribution of the lease of the CAAR group's business division and organic growth, which continued in line with the trend of the past few years, thanks to the development of contractual relationships with new customers and an expansion in the activities carried out for existing customers.

The geographical breakdown of revenue for the first half of 2023 confirms STAR7's increasing internationalisation.

Geographical breakdown of Group revenues	H1 2022	H1 2023
ITALY	58.8%	57.2%
USA	27.0%	21.6%
BRAZIL	8.0%	14.1%
OTHER	6.2%	7.1%

The increase in the weight of the Engineering service line on total Group revenues reflects the contribution deriving from the lease of the CAAR Group business division.

Printing, Experience and Product Knowledge services retain strong potential for development through cross-selling initiatives, which will be aimed at customers that currently use STAR7 exclusively for language or engineering services.

Service Lines as a % of Group Revenues	H1 2022	H1 2023
Global Content	46.0%	35.9%
Experience and Product Knowledge	34.7%	29.0%
Printing	16.5%	16.7%
Engineering	2.8%	18.4%

## EBITDA

Despite inflation, integration costs generated by the absorption of the CAAR Group business division and efficiencies yet to be realised, the STAR7 Group's **EBITDA** in the first half of 2023 amounted to **€6.9 million**. Meanwhile, **Adjusted EBITDA** (adjusted for the integration costs of the CAAR Group business division) reached **€7.5 million**. The **EBITDA Margin** therefore stood at 13.6% while **the Adjusted EBITDA Margin** was 14.7%.

## EBIT

In the first half of 2023, the **EBIT** of the STAR7 Group amounted to **€3.1 million**, a decrease of 12.5% compared to €3.5 million in the first half of 2022. The €0.4 million reduction in EBIT mainly reflects the €0.3 million decrease in EBITDA compared to the same period of 2022.

## Profit for the period

In the first half of 2023, the STAR7 Group reported a **net profit** of **€1.0 million**, down 33.8% compared to €1.5 million in the first half of 2022.

The decrease of €0.5 million in net profit reflects the 4.3% decrease in EBITDA as well as the 3.7% increase in depreciation and amortisation, and the 17.2% increase in net financial expense in the first half of 2023.

The M&A transactions carried out to date have generated goodwill in the amount of €31.7 million, resulting in amortisation of €2 million, as better detailed in the Notes to the Financial Statements (section B). Excluding this amortisation, in line with the presentation adopted by other European companies, net profit for the first half of 2023 would be €2.9 million.

## Net working capital

As at 30 June 2023, **net working capital** was down by **€1.4 million**. Trade receivables increased at a lower rate than revenues, thanks to continuous monitoring and efforts to ensure more efficient collections.

## Net financial position

As at 30 June 2023, the STAR7 Group's **net financial position** showed debt of **€33.6 million**, a decrease of €1.5 million compared to the end of 2022 (debt of €35.1 million). The change in the net financial position reflects the effective management of net working capital.

STAR7 has maintained a good level of available liquidity (€16.5 million as at 30 June 2023), so as to be able to promptly seize any acquisition opportunities.

STAR7 also continues to meet the covenants of the bonds issued to finance the acquisition of LocalEyes by an ample margin.

\* \* \*

## SIGNIFICANT EVENTS IN THE FIRST HALF OF 2023

On **1 January 2023**, STAR7 signed the agreement for the lease of the CAAR group business division.

Contracts of significant size were renewed in the first half of 2023, confirming customers' trust in STAR7 and providing revenue visibility for the coming years.

In line with the strategy of optimising costs through offshoring, a new office in Tirana was opened in the first half of 2023 to accommodate the increased number of staff needed to manage projects arising from the award of new international contracts.

\* \* \*

## SUBSEQUENT EVENTS

In **July 2023**, STAR7 began the merger process of Vertere S.r.l., an Italian company that was wholly acquired in July 2022.

\* \* \*

## OUTLOOK

Performance in the first few months since 30 June 2023 has continued to be good despite the complex scenario caused by inflation and the ongoing increase in the cost of capital. STAR7 expects to achieve a profit for the full-year 2023.

\* \* \*

## FILING OF DOCUMENTATION



A copy of the Consolidated Half-yearly Report as at 30 June 2023, including the Independent Auditors' Report, will be made available to the public within the terms set out by law at the company's registered office in Valle San Bartolomeo (Alessandria, Italy), as well as by publication on the company's website [www.star-7.com](http://www.star-7.com) in the section "Investor Relations/Reports and financial statements", and on the authorised storage mechanism [www.1info.it](http://www.1info.it).

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## CONFERENCE CALL TO PRESENT H1 2023 RESULTS

The results for the first half of 2023 will be presented in a conference call by STAR7 management today, **Tuesday 26 September 2023, at 3:00 PM (CET)**.

The conference call can be joined by registering at the following URL:

<https://events.teams.microsoft.com/event/4583453c-48f6-4ab1-ba57-a64a93dbb561@1d88a220-5f5c-42a8-8081-4a67baa01fc4>

The presentation will be available from the start of the conference call on the company website at: <https://www.star-7.com/en/investor-relations/presentations>.

## STAR7

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

STAR7's hallmark has always been an approach combining specific know-how, technology and vision to offer the best possible solutions to the needs of customers and the global market. This approach has seen STAR7 strike major partnerships with leading international companies, establishing it as a reliable and credible global partner.

STAR7 is part of the STAR Group network.

[www.star-7.com](http://www.star-7.com).

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## ANNEXES

### INCOME STATEMENT

	30/06/2023	30/06/2022	Change	Change %
Net Revenues	50,860,071	39,649,244	11,210,827	28.3%
Other revenues	713,669	701,342	12,327	1.8%
Change in inventories and increases in fixed assets	51,929	109,883	-57,954	-52.7%
External costs	-23,172,895	-18,928,207	-4,244,688	22.4%
<b>Added Value</b>	<b>28,452,774</b>	<b>21,532,263</b>	<b>6,920,512</b>	<b>32.1%</b>
Personnel costs	-21,520,769	-14,292,558	-7,228,211	50.6%
<b>EBITDA</b>	<b>6,932,005</b>	<b>7,239,704</b>	<b>-307,699</b>	<b>-4.3%</b>
Depreciation, writedowns and other provisions	-3,825,040	-3,690,190	-134,851	3.7%
<b>EBIT</b>	<b>3,106,956</b>	<b>3,549,515</b>	<b>-442,550</b>	<b>-12.5%</b>
Net financial income	-1,193,797	-1,018,585	-175,212	17.2%
<b>Ordinary income</b>	<b>1,913,167</b>	<b>2,530,930</b>	<b>-617,762</b>	<b>-24.4%</b>
Gain (losses) on investments	-	0	0	0.0%
<b>Profit before taxes</b>	<b>1,913,167</b>	<b>2,530,930</b>	<b>-617,762</b>	<b>-24.4%</b>
Income taxes	-923,891	-1,037,528	113,637	-11.0%
<b>Net profit</b>	<b>989,276</b>	<b>1,493,401</b>	<b>-504,125</b>	<b>-33.8%</b>

### BALANCE SHEET

	30/06/2023	31/12/2022	Change	Change %
Net intangible assets	37,824,787	39,248,910	-1,424,122	-3.6%
Net tangible assets	8,990,985	6,906,497	2,084,488	30.2%
Equity holdings and other financial investments	799,083	751,110	47,973	6.4%
<b>Fixed assets</b>	<b>47,614,855</b>	<b>46,906,516</b>	<b>708,339</b>	<b>1.5%</b>
Inventories	2,664,499	2,468,151	196,348	8.0%
Trade receivables	30,026,379	29,485,759	540,621	1.8%
Receivables from associates	671,801	683,938	-12,137	-1.8%
Other receivables	5,608,206	5,845,649	-237,443	-4.1%
Accruals and prepaid expenses	2,485,705	2,003,291	482,414	24.1%
<b>Current assets</b>	<b>41,456,590</b>	<b>40,486,787</b>	<b>969,802</b>	<b>2.4%</b>
Trade payables	-9,767,208	-8,574,855	-1,192,353	13.9%
Other payables to associates	-315,948	-669,672	353,724	-52.8%
Advance payments	-	-	0	0.0%
Outstanding tax and social security debts	- 3,650,532	- 2,278,916	-1,371,616	60.2%
Other payables	- 3,957,464	- 2,995,946	-961,518	32.1%
Accruals and deferred income	- 1,647,735	- 2,437,357	789,622	-32.4%
<b>Current liabilities</b>	<b>-19,338,888</b>	<b>-16,956,747</b>	<b>-2,382,140</b>	<b>14.0%</b>
<b>Net working capital</b>	<b>22,117,702</b>	<b>23,530,040</b>	<b>-1,412,338</b>	<b>-6.0%</b>
Severance pay	-4,965,526	-4,716,159	-249,367	5.3%
Tax and social security debts (beyond the following fiscal year)	-	-	0	0.0%
Other non-current liabilities	-1,140,018	-1,132,021	-7,997	0.7%
<b>Non-current liabilities</b>	<b>-6,105,544</b>	<b>-5,848,180</b>	<b>-257,364</b>	<b>4.4%</b>
<b>Invested Capital</b>	<b>63,627,013</b>	<b>64,588,377</b>	<b>-961,363</b>	<b>-1.5%</b>
Shareholders' Equity	-30,046,146	-29,493,367	-552,779	1.9%
Short-term Net Financial Position	-795,206	-366,809	-428,397	116.8%
MLT Net Financial Position	-32,785,6621	-34,728,201	1,942,539	-5.6%
<b>Net equity and Net financial debt</b>	<b>-63,627,013</b>	<b>-64,588,377</b>	<b>961,363</b>	<b>-1.5%</b>

## CASH FLOW STATEMENT

30/06/2023 30/06/2022

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

<b>Profit (loss) for the year</b>	<b>989,276</b>	<b>1,493,401</b>
Income taxes	923,891	1,037,529
Financial charges/(income)	1,239,705	1,029,642
(Capital gains)/losses from assets disposal		
<b>1. Profit (loss) for the year before taxes, financial charges, dividends and capital gains/losses from disposals</b>	<b>3,152,872</b>	<b>3,560,572</b>
<b>Adjustments for non-cash items that had no impact on net working capital</b>		
Provisions	40,843	32,000
Depreciation/amortisation of fixed assets	3,788,978	3,649,000
Severance provisions	660,525	614,458
Others upward/(downward) adjustments for non-cash items	-25,391	281,800
Financial instruments	47,201	-295,846
	4,512,157	4,281,412
<b>2. Cash flow before changes in net working capital</b>	<b>7,665,029</b>	<b>7,841,984</b>
<b>Changes in net working capital</b>		
Decrease/(increase) in inventories	-196,348	-754,088
Decrease/(increase) of trade receivables	-540,620	-3,063,878
Increase/(decrease) in trade payables	1,192,353	-939,393
Decrease/(increase) in accruals and prepaid expenses	-482,415	-724,476
Increase/(decrease) in accrued charges and deferred income	-789,622	-753,882
Other variations of net working capital (receivables)	249,581	-528,393
Other variations of net working capital (payables)	1,559,453	-2,242,119
	992,382	-9,006,229
<b>3. Cash flow after changes in net working capital</b>	<b>8,657,410</b>	<b>-1,164,245</b>
Other adjustments		
Interest received/(paid)	-1,239,705	-1,029,642
(Income taxes paid)	-923,891	-1,064,219
(Use of severance provisions)	-432,675	-318,736
<b>4. Cash flow after other adjustments</b>	<b>-2,596,271</b>	<b>-2,412,597</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>6,061,139</b>	<b>-3,576,842</b>

### B. CASH FLOW FROM INVESTING ACTIVITIES

<b>Tangible assets</b>		
(Investments)	-2,686,664	-330,869
Disposals	0	0
<b>Intangible Assets</b>		
(Investments)	-1,674,274	-776,792
Disposals	0	0
<b>Financial assets</b>		
(Investments)	-135,612	-1,957
Disposals	0	0
Acquisitions	-79,836	-968,465
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-4,576,386</b>	<b>-2,078,083</b>

### C. CASH FLOW FROM FINANCING ACTIVITIES

<b>Third parties</b>		
Increase/(decrease) in long term bank loans	3,267,995	1,226,428
Loans repayment	-5,346,454	3,646,000
Increase/(decrease) in short term bank loans	-1,435,362	-1,879,839
<b>Operation on Shareholders' Equity</b>		
Dividends	0	0
Subscription of capital		
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-3,513,821</b>	<b>2,992,589</b>
Exchange rate effect on cash and cash equivalents	29,389	176,916

<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-1,999,678</b>	<b>-2,485,420</b>
<b>Cash and cash equivalents at 1 January 2023</b>	<b>18,486,312</b>	<b>23,485,538</b>
<b>Cash and cash equivalents at 30 June 2023</b>	<b>16,486,634</b>	<b>21,000,118</b>