



FY 2023 FINANCIAL RESULTS

CONFERENCE CALL | 28 MARCH 2024



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AGENDA

STAR7 FY 2023



- At a glance
- ⌒ Financial results
- People&Innovation
- ✓ Final remarks
- ⌒ Appendix

Today's presenting team



Lorenzo Mondo

Founder & Group CEO



Barbara Donadio

Chief Financial Officer



Matteo Gera

General Manager

STAR7 FY 2023

AT A GLANCE



FY 2023 highlights

REVENUES

€104.4m

+25.4%
vs FY 2022

EBITDA / EBITDA ADJ*

€14.6m
/ €16.0m

+3.3%*
vs FY 2022

EBITDA MARGIN/ EBITDA MARGIN ADJ* %

14.0%
/ 15.3%

-327 bps*
vs FY 2022

PROFIT FOR THE YEAR

€2.3m

-34.8%
vs FY 2022

€5.8m

By amortizing goodwill from acquisitions according to IFRS.

NET DEBT

€37.8m

+7.6%
vs YE 2022

€31.5m

Source: management information as at 29/02/2024.

*Adjusted EBITDA excludes the integration costs of the business division of CAAR Group

FY 2023 Highlights

Continued topline growth

— Key-contract renewal and M&A driving revenues

- Effective execution of the **Integrale⁷ model** behind the organic growth achieved.
- **Improved visibility of future revenues.** In FY23, strengthened relations with major clients following the **multi-year renewal of key contracts.**
- **Successful effort** to maintain, expand and strengthen the **customer portfolio of CAAR Group** (SL Engineering).
- Value creation in the **integration of CAAR Group** through up-selling and cross-selling of Engineering and Product Knowledge services across STAR7 customer portfolio.

⤿ 80% of CAAR integration executed in 2023

- Strong actions related to margin recovery and structure optimisation already implemented and effective.
- Integration process completed in Q1 2024.

○ Adj. EBITDA margin recovering from H2 2023

Improved adj. EBITDA margin in H2 2023 (15.3% FY23 vs 14.7% H1 2023) providing the first evidence of the **effectiveness of the integration process**, which has involved **heavy cost rationalisation.** Recovery of operating margins even more evident in **Q1 2024.**

Work done in 2023 has laid the foundations for future growth

- Seamless execution of the contract with **Stellantis**, smoothly on stream since the beginning of 2024, proving STAR7's operational skills and the effectiveness of the preparation and set-up work done in H2 2023 (estimated additional revenues in 2024: **+€6m**).
- Strong increase in **Global Content services** to be provided to the **leading client** of **LocalEyes**, the company acquired in 2020 and quickly integrated into the STAR7 Group. A significant opportunity, leading STAR7 to open up a promising new market in **India** (estimated additional revenues in 2024: **+€3m**).
- Building on the excellent results of 2023 in terms of **cross-selling and up-selling** of **Engineering** services, new opportunities can be seized to increase market share in **Aerospace & Defence**, to continue the expansion in **Brazil and Argentina** and start offering the service on **the North American market**.

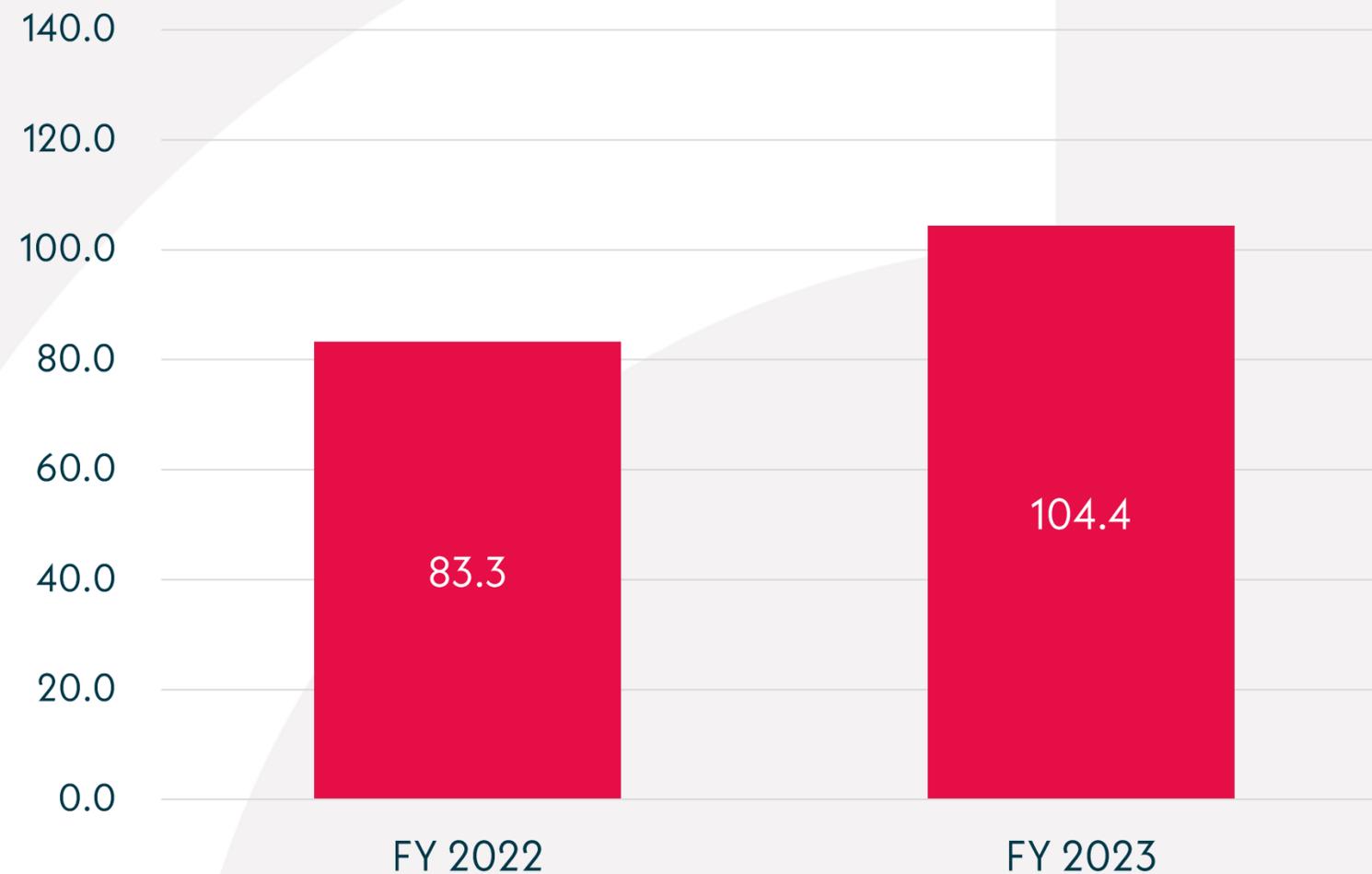
STAR7 FY 2023

FINANCIAL RESULTS



FY 2023 revenues

REVENUES (data in €m)



+25.4%

Change %
FY 2023 vs FY 2022

All sectors have positively contributed to the growth, with major impacts driven by customers in Transportation, Aerospace and Defence, and Machinery enhanced by Engineering, Product Knowledge, and Global Content Service Lines.

Revenues breakdown by region

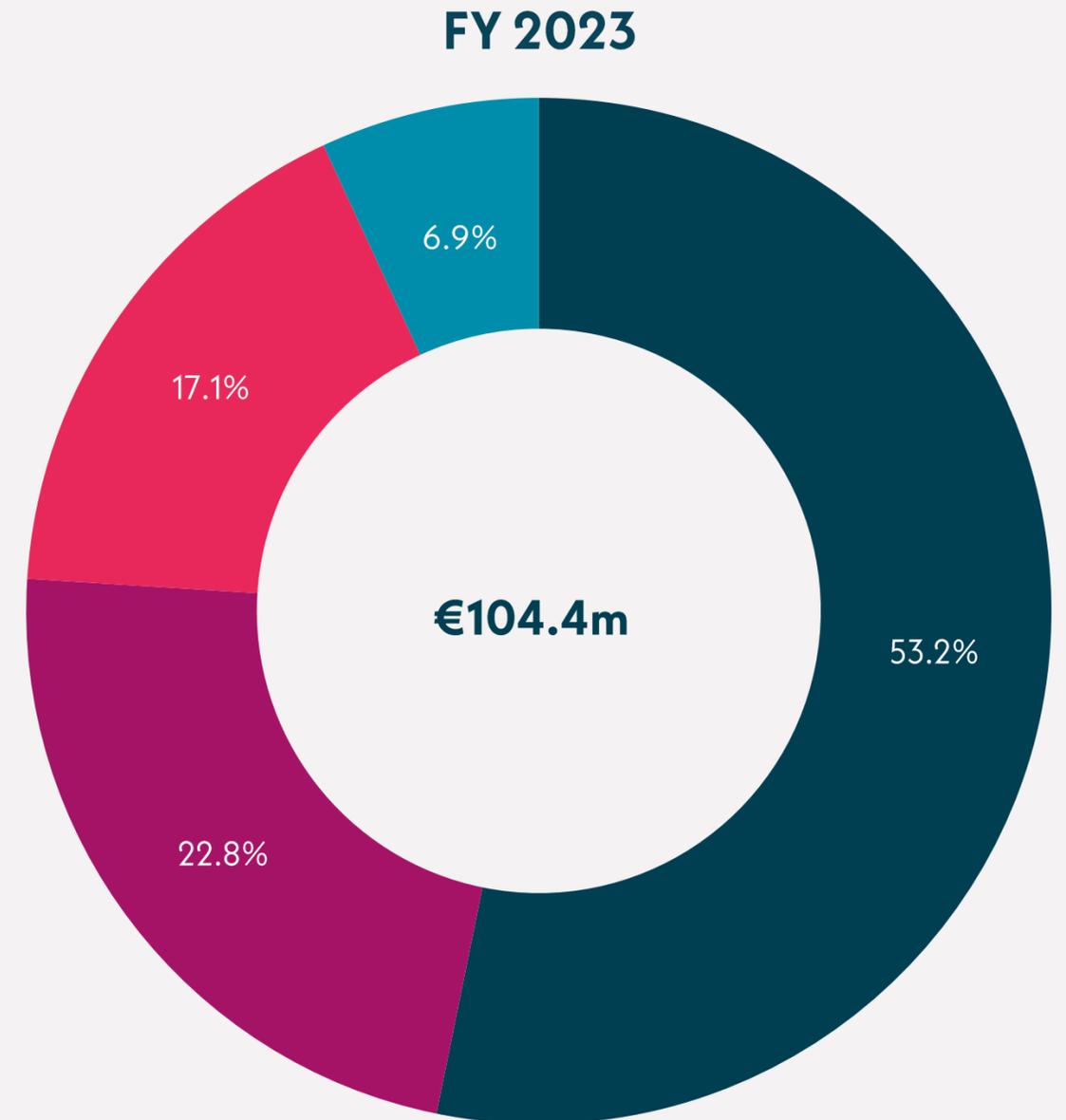
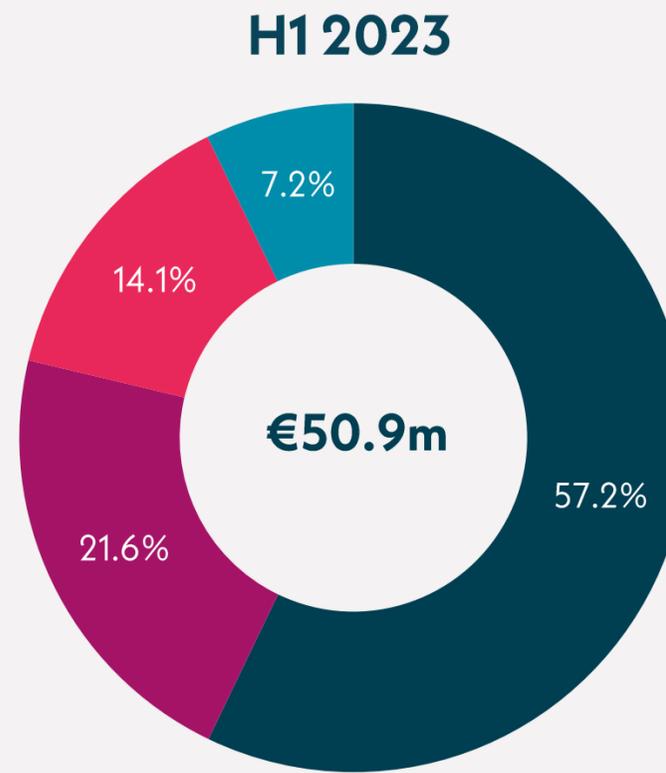
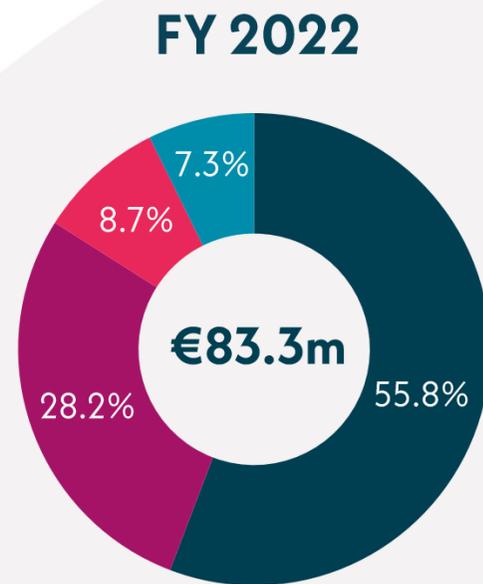
STAR7 – an increasingly global company

Italy's weight decreasing, even though revenues increased in absolute value.

In Brazil, ten years of continued double-digit growth.

Focus on nurturing organic growth in the US market.

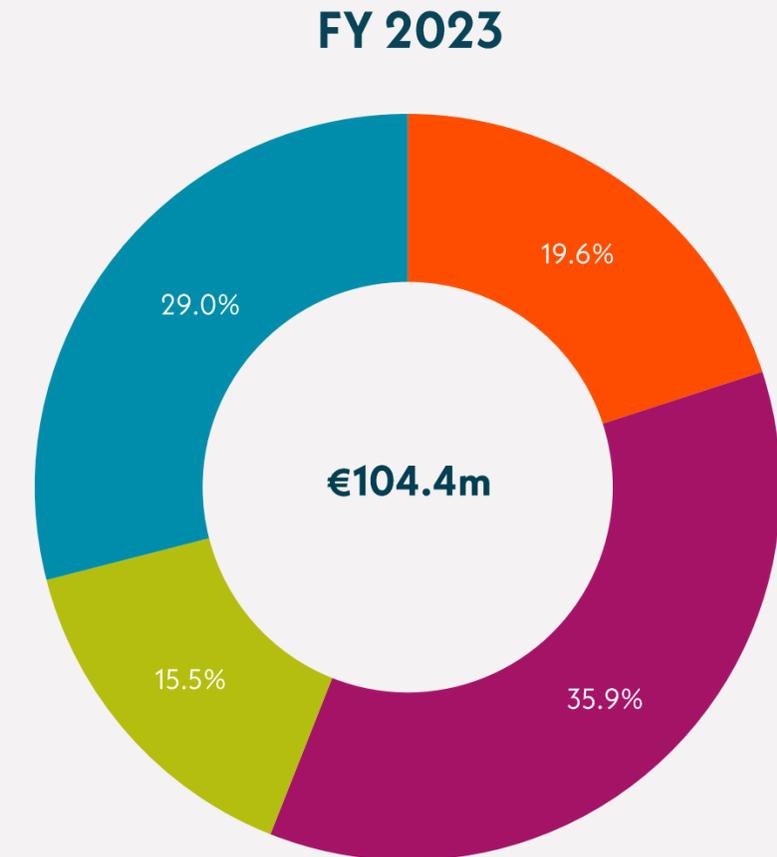
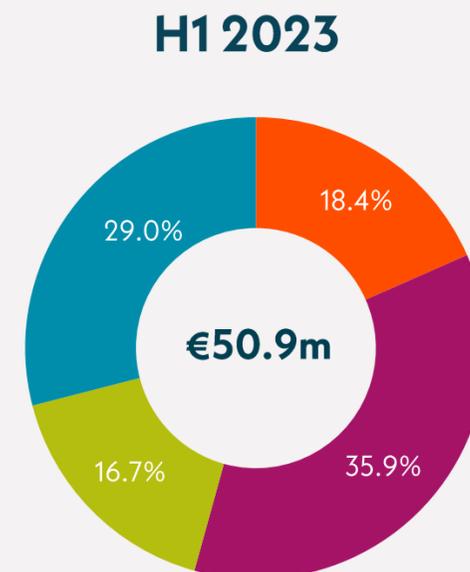
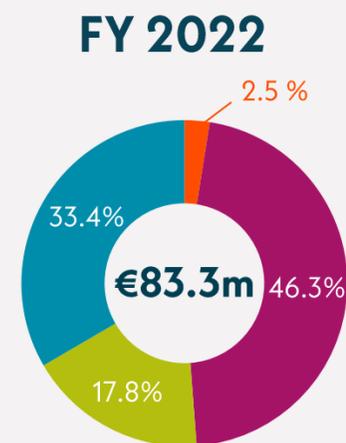
Ready to open up new markets: India and Argentina in the crosshairs.



Revenues breakdown by services

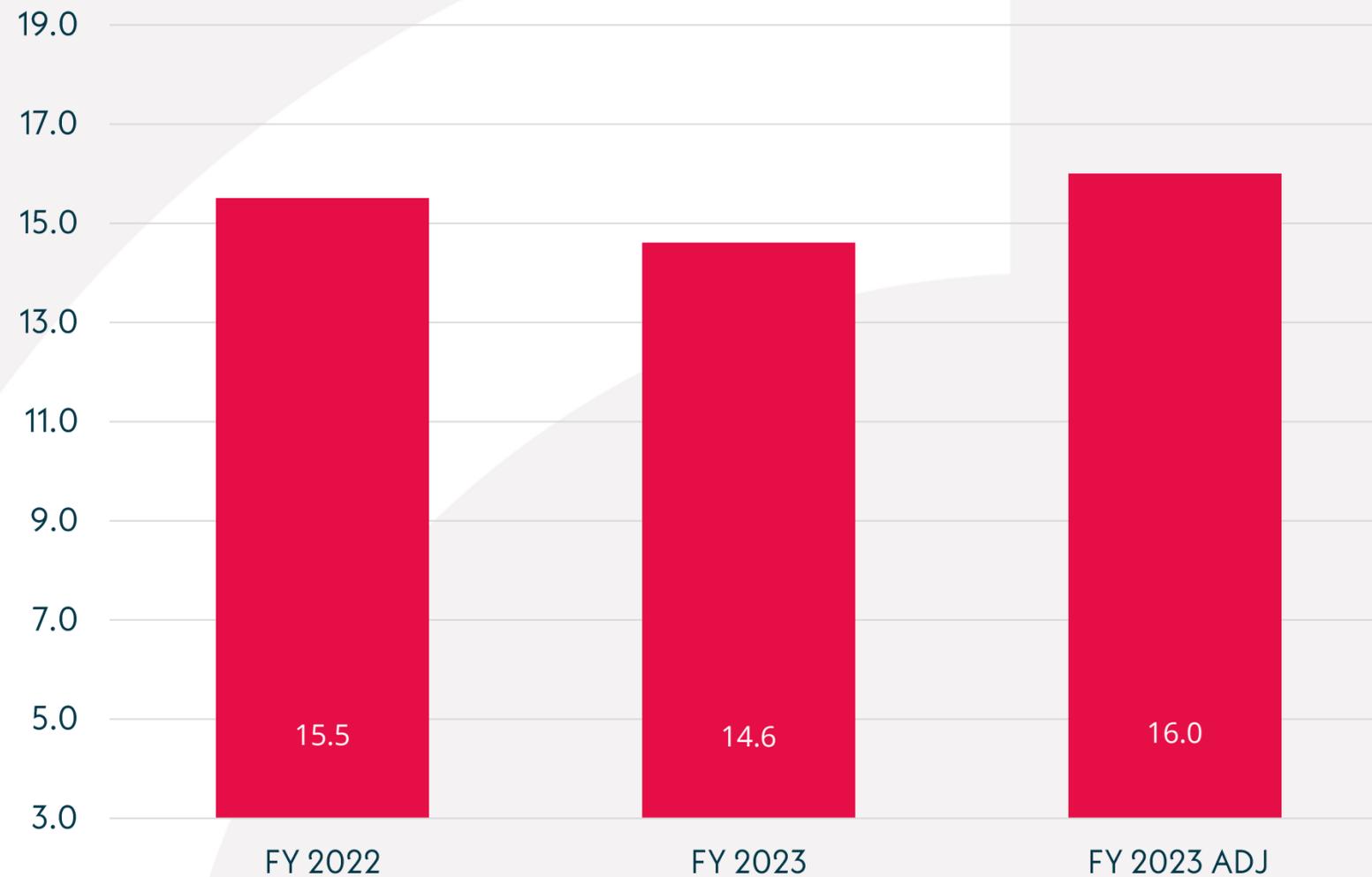
Better balance achieved between service lines – a key element in activating the Integrale⁷ formula.

- **Global Content (GC)** with lower weight than in FY 2022, but **with higher revenues** in absolute value.
- ⤿ **Engineering (EN)** confirmed the **strong growth** achieved in H1 2023. **Synergies** between **Engineering and Product Knowledge (PK)** making the STAR⁷ **value proposition** even more **unique** – thus fueling further business development.
- The **broad diversification of products and industries served in Printing (PR)** at the core of **the continued increase in revenues**, both in Italy and Brazil.



FY 2023 EBITDA

EBITDA adjusted (data in €m)



+3.3%

Change %
FY 2023 ADJ VS. FY 2022

The **organic business perimeter** maintained the previous level of margins, notwithstanding the **organisational changes** needed to make the structure ready for an **optimal execution of major new contracts**.

In addition to the impact of CAAR integration shown in adjustments, FY23 margins paid the price of some **temporary inefficiency in operations**.

STAR7 Albania

A firm commitment to cost rationalisation

Two operational offices, a team of **183 engineers, linguists and 3D artists** working in a fully integrated way with our core customer teams.

2 OFFICES

183 PEOPLE

SERVICES

STAR7 PRODUCT KNOWLEDGE
STAR7 GLOBAL CONTENT
STAR7 EXPERIENCE

Through off-shoring, we have a solution to rationalise costs and increase competitiveness for more than **70% of our current business.**

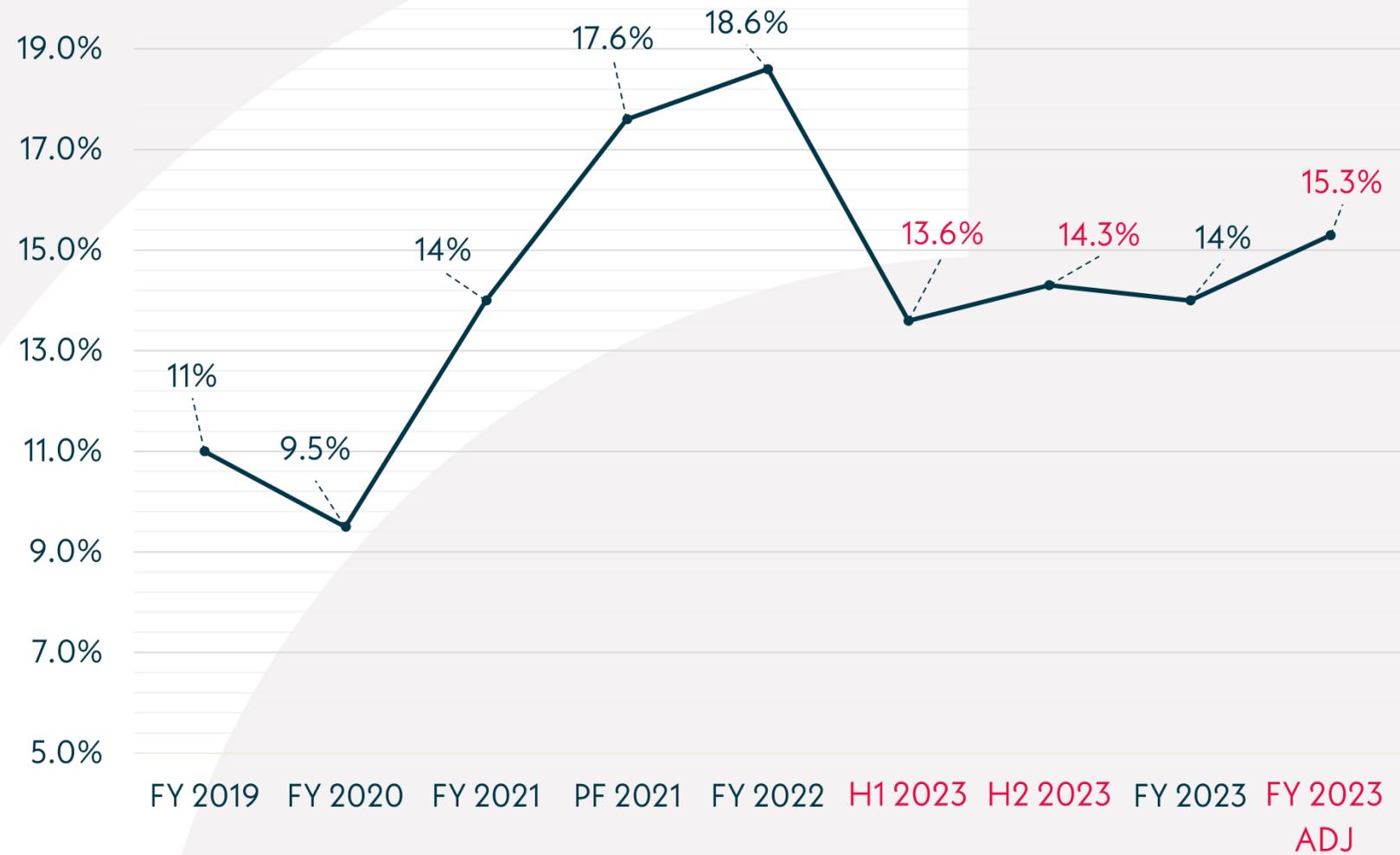
In FY23, we have achieved a **complete scalability** of the structure, which is now ready to support future growth.

STAR7



FY 2023 EBITDA margin

(data in €m)



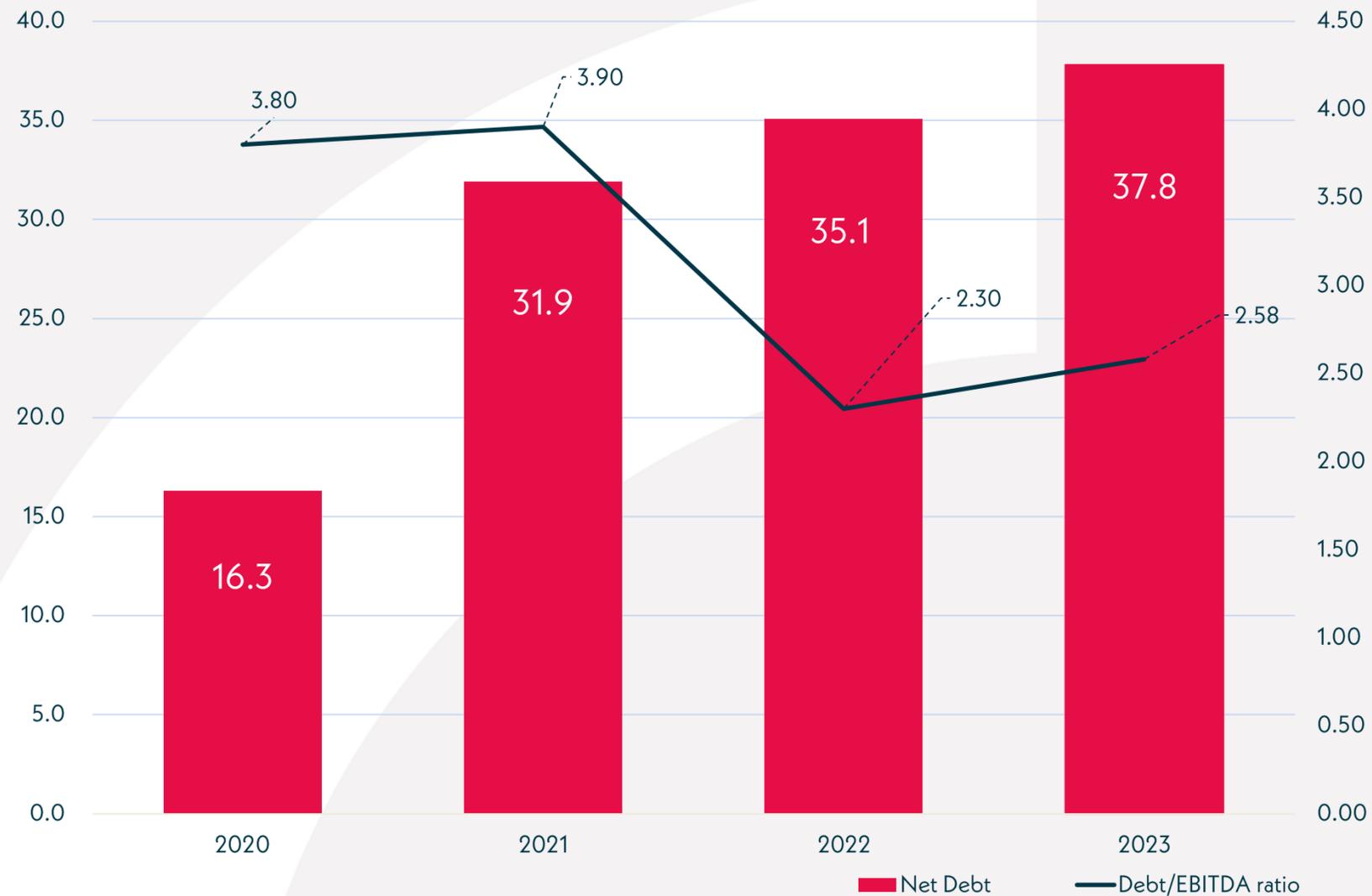
EBITDA margin started to recover in H2 2023

The recent trend reversal in the dynamics of the EBITDA margin confirms the effectiveness of:

- the CAAR integration strategy executed
- ◡ the cost rationalisation process undertaken, leveraging a growing presence in Albania.

Net Debt–Debt–to–EBITDA ratio

(data in €m)

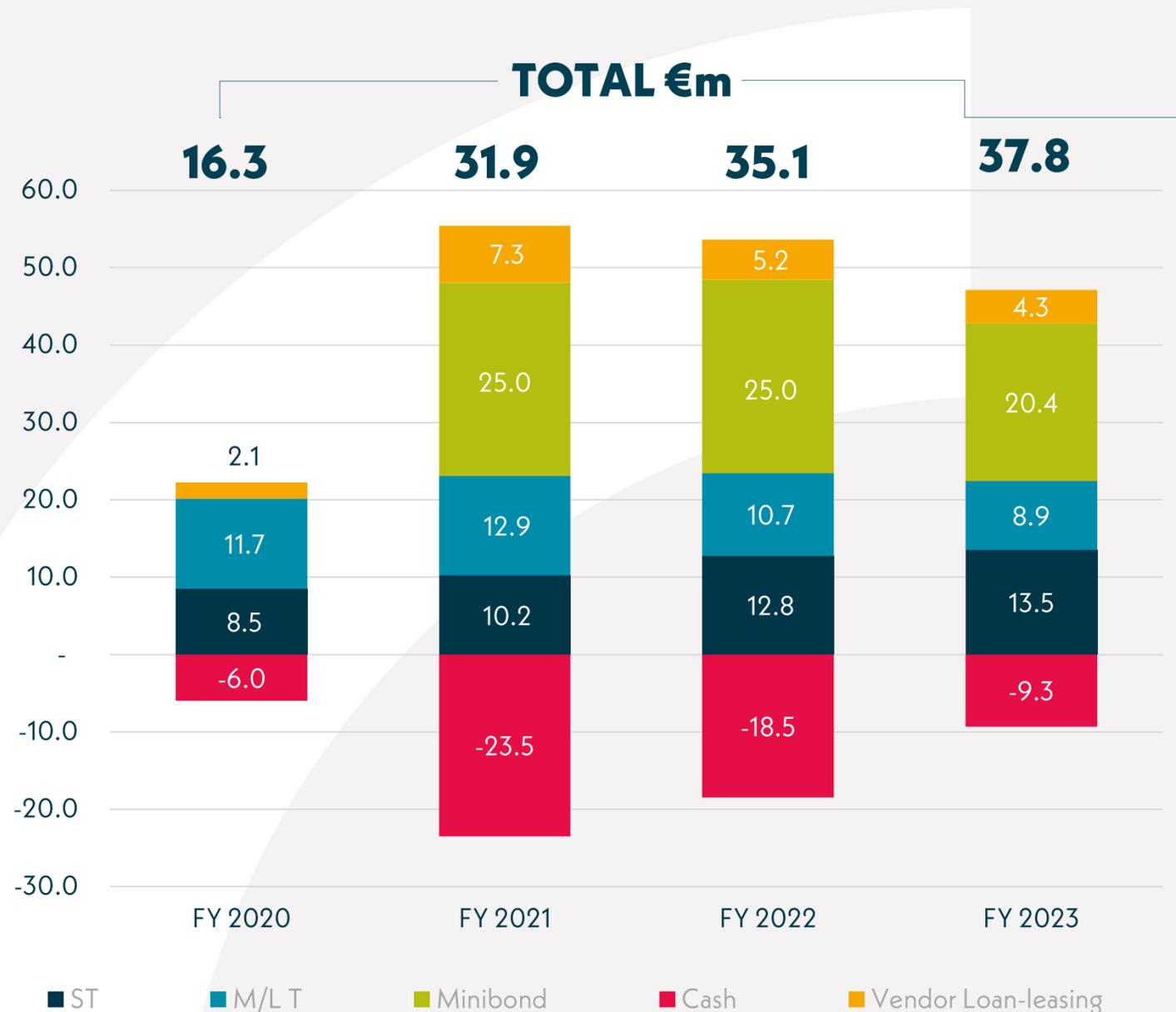


Net Debt increase reflecting strong business expansion

- **Working Capital** increase (+19.8% vs FY22, +€8m) supporting the strong Revenues growth (+25.4%).
- ◌ **Higher-than-usual concentration of invoiced revenues for major clients in Q4**, with some 30% of STAR7 SpA revenues invoiced in the last few months of 2023.
- Despite the temporary debt increase, we have continued to **invest in line with our capex plan**, to support the Group's technological transformation underway.

Following the payment of Q4 2023 invoices, Group **Net Debt as at 29 February 2024 decreased to €31.5m.** (Source: management information)

Financial sustainability



More focused than ever on financing needs

- Cash flow generation covers organic growth funding needs. After the payment of Q4 invoices, **Net Cash** is back to **€16m** as at 29 February 2024. (Source: management information)
- ◡ Considering the debt maturity profile, STAR7 has **no major refinancing need in the short-term**. Mini-bond repayment plans are spread equally over the next five years. Nevertheless, **loan re-negotiation is currently underway**, to extend the average duration of debt.
- Since c. 50% of STAR7's debt is hedged, **STAR7's exposure to interest rate volatility is limited**. **Average cost of LT debt without Minibond (4.75%) in FY 2023 was 4.12%**.

Already in talks with banks to fund 2024 M&A transactions (CAAR acquisition + one new deal targeted for H2 2024).

STAR7 FY 2023

PEOPLE&INNOVATION



STAR7 People of Content: Skills Map

SOCIAL PERFORMANCE

A company of young people, open to change and able to combine a high skills profile with the needs of its customers and new technologies and innovation.

OF EMPLOYEES

1,326

in 2023

vs **859** in 2022

FEMALE EMPLOYEES

39%

(31% in managerial position)

EMPLOYEES UNDER 30

32%

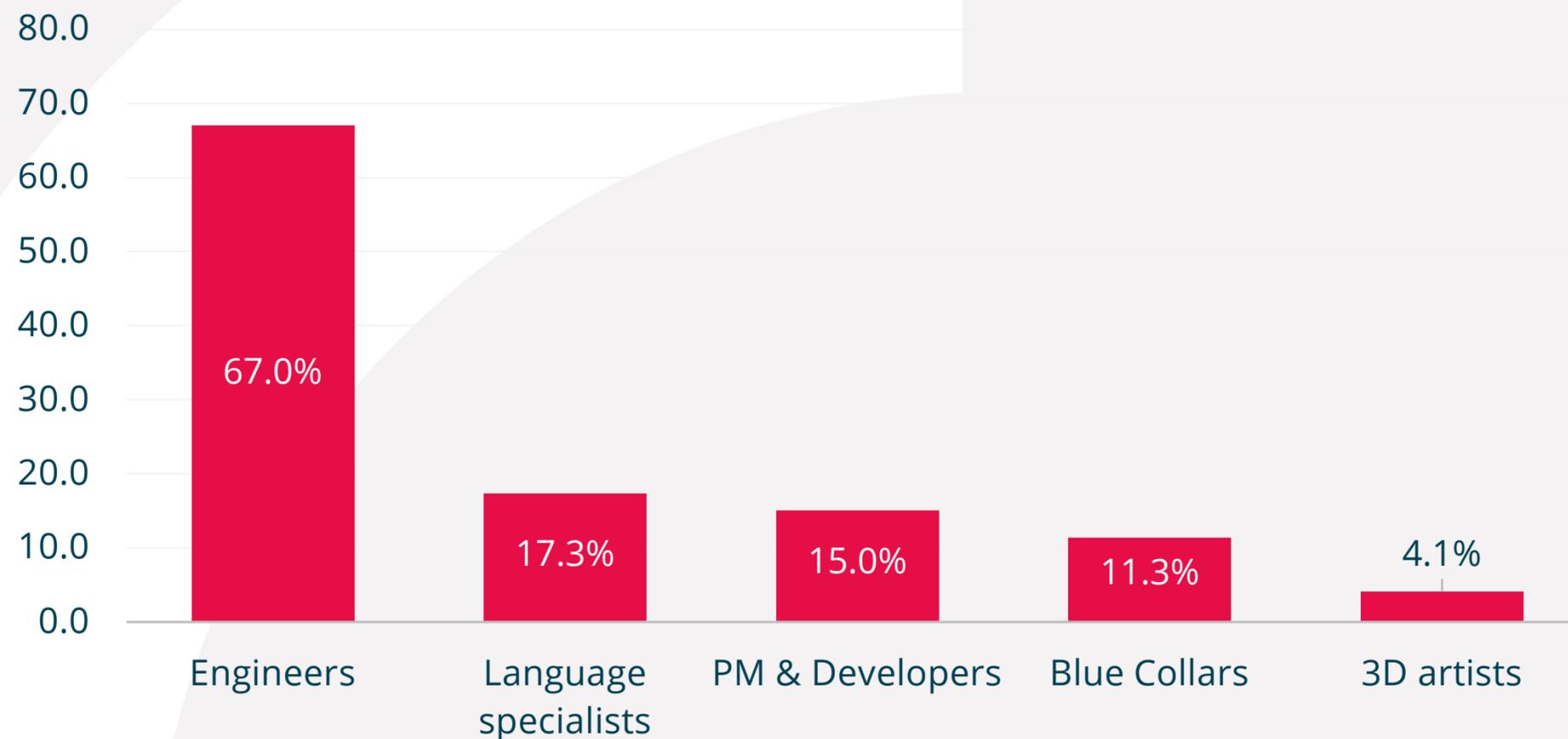
TRAINING

18h

per employee

STAR7 People of Content: Skills Map

1,300+ EMPLOYEES



EMPLOYEES BY SERVICE LINE

- 470 STAR7 ENGINEERING
- 420 STAR7 PRODUCT KNOWLEDGE
- 230 STAR7 GLOBAL CONTENT
- 150 STAR7 PRINTING
- 55 STAR7 EXPERIENCE

STAR7 Sustainability

STAR7 second sustainability report will be published in May 2024.



PEOPLE

Striving to establish a **gender-balanced workforce**, especially concerning women in managerial positions.

Continuous Training and Mentorship offered to all employees.

GOVERNANCE

Establishment of an **Internal Risk and Sustainability Control Committee** to manage both positive and negative impacts.

Adopting a **Group-wide Diversity, Equity and Inclusion Policy**.

Ensuring environmental, social, and governance factors are **considered in business decisions**.

ENVIRONMENT

Circular Economy: enhancing material use and waste management.

Paper Waste Reduction: identifying and implementing paper waste reduction measures.

GHG Emissions Mapping: mapping Scope 3 emissions in the value chain.

Innovation Roadmap



STAR7's Innovation Roadmap focuses on two drivers: **Generative Artificial Intelligence and VR/AR solutions.**

AI

By leveraging our **knowledge of our clients' products**, combined with the significant **potential of GEN-AI**, we will be empowered to **enhance our clients' offerings.**

Metaverse (VR/AR)

The expertise of our engineers, coupled with our deep understanding of our clients' processes, enables us to accompany them on their journey of digital transformation with tailored solutions and services.



DEDICATED TEAM OF **10 PEOPLE** AT FY 2023



~€14m INVESTED OVER THE PAST 5Y



We believe that **AI and VR/AR solutions will enable the evolution of new services and bring more value to STAR7's current service portfolio.**

Creating additional value: focus on GEN-AI

At the beginning of Q3, STAR7 will launch two innovative products that will revolutionize corporate knowledge management with no more language barriers.

Why STAR7 is in a privileged position to gain a lasting competitive advantage from GEN-AI:

- ◆ We have full access to exclusive customers' data – a value that public LLMs cannot replicate
- ◡ We collect large volumes of information
- We boast a longstanding track record in Global Content services
- ◆ We have a multiskilled team of experts to do customised 'training' of our customers' GEN-AI engines (Expert in the Loop)

STAR7 FY 2023

FINAL REMARKS



STAR7's next steps

Leveraging a proven business model and embracing AI innovation to continue to grow

Long-term strategy confirmed and updated

- Internationalisation: now ready to open up new markets (India, Argentina and Saudi Arabia)
- ▒ Integrale⁷: the Engineering service enhances the strength and uniqueness of our business model
- ▒ GEN-AI: a new catalyst adding value to present services, by broadening and enriching our value proposition

M&A: ready to take the field again in H2 2024

- The CAAR integration process required us to wait for its completion
- ▒ We retain a consistent pipeline of target companies, in line with our strategic plan
- ▒ We expect to be ready to start a new execution phase in the second half of the year

GEN-AI integration: STAR7 in a privileged position

- A clear evolution roadmap, with significant milestones already in 2024
- ▒ The copilot phase launched with major clients is providing encouraging feedback
- ▒ Currently shaping pricing policy and business model: close to delivery

STAR7 FY 2023

APPENDIX



Income statement

| | 31/12/2023 | 31/12/2022 | Change | Change % |
|-----------------------------------------------------|-------------------|-------------------|-------------------|---------------|
| Net Revenues | 104,405,634 | 83,251,178 | 21,154,456 | 25.4% |
| Other revenues | 941,653 | 1,588,134 | -646,481 | -40.7% |
| Change in inventories and increases in fixed assets | 275,543 | 145,499 | 130,044 | 89.4% |
| External costs | -47,771,247 | -40,371,550 | -7,399,697 | 18.3% |
| Added Value | 57,851,583 | 44,613,261 | 13,238,322 | 29.7% |
| Personnel costs | -43,236,653 | -29,156,658 | -14,079,995 | 48.3% |
| EBITDA | 14,614,930 | 15,456,603 | -841,673 | -5.4% |
| Depreciation, writedowns and other provisions | -8,247,136 | -7,785,636 | -461,500 | 5.9% |
| EBIT | 6,367,794 | 7,670,967 | -1,303,173 | -17.0% |
| Net financial income | -2,957,298 | -2,298,841 | -658,457 | 28.6% |
| Ordinary income | 3,410,496 | 5,372,126 | -1,961,630 | -36.5% |
| Gain (losses) on investments | 0 | 0 | 0 | 0.0% |
| Profit before taxes | 3,410,496 | 5,372,126 | -1,961,630 | -36.5% |
| Income taxes | -1,178,782 | -1,946,632 | 767,850 | -39.4% |
| Net profit | 2,231,713 | 3,425,494 | -1,193,781 | -34.8% |

Balance sheet

| | 31/12/2023 | 31/12/2022 | Change | Change % |
|------------------------------------------------------------------|--------------------|--------------------|-------------------|--------------|
| Net intangible assets | 38,215,878 | 39,248,910 | -1,033,032 | -2.6% |
| Net tangible assets | 9,194,650 | 6,906,497 | 2,288,153 | 33.1% |
| Equity holdings and other financial investments | 277,808 | 751,110 | -473,302 | -63.0% |
| Fixed assets | 47,688,336 | 46,906,517 | 781,819 | 1.7% |
| Inventories | 2,541,276 | 2,468,151 | 73,125 | 3.0% |
| Trade receivables | 37,172,859 | 29,485,759 | 7,687,100 | 26.1% |
| Receivables from associates and related parties | 855,010 | 683,938 | 171,072 | 25.0% |
| Other receivables | 6,149,817 | 5,845,649 | 304,168 | 5.2% |
| Accruals and prepaid expenses | 1,714,080 | 2,003,290 | -289,210 | -14.4% |
| Current assets | 48,433,042 | 40,486,787 | 7,946,255 | 19.6% |
| Trade payables | -8,678,976 | -8,574,855 | -104,121 | 1.2% |
| Other payables to associates and related parties | -442,162 | -669,672 | 227,510 | -34.0% |
| Advance payments | -39,885 | - | -39,885 | 0.0% |
| Outstanding tax and social security debts | -3,907,864 | -2,278,916 | -1,628,948 | 71.5% |
| Other payables | -3,824,696 | -2,995,946 | -828,750 | 27.7% |
| Accruals and deferred income | -2,189,703 | -2,437,357 | 247,654 | -10.2% |
| Current liabilities | -19,083,286 | -16,956,746 | -2,126,540 | 12.5% |
| Net working capital | 29,349,756 | 23,530,041 | 5,819,715 | 24.7% |
| Severance pay indemnity | -6,368,713 | -4,716,159 | -1,652,554 | 35.0% |
| Tax and social security debts (beyond the following fiscal year) | - | - | 0 | 0.0% |
| Other non-current liabilities | -1,040,397 | -1,132,021 | 91,624 | -8.1% |
| Non-current liabilities | -7,409,110 | -5,848,180 | -1,560,930 | 26.7% |
| Invested Capital | 69,628,982 | 64,588,378 | 5,040,604 | 7.8% |
| Shareholders' Equity | -31,873,400 | -29,493,367 | -2,380,033 | 8.1% |
| Short-term Net Financial Position | -10,693,185 | -366,809 | -10,326,376 | 2,815.2% |
| MLT Net Financial Position | -27,062,397 | -34,728,202 | 7,665,805 | -22.1% |
| Net equity and Net financial debt | -69,628,982 | -64,588,378 | -5,040,604 | 7.8% |

Cash flow statement net financial position

| | 31/12/2023 | 31/12/2022 | | 31/12/2023 | 31/12/2022 |
|-------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|------------------------------------------------------------|----------------------|----------------------|
| A. CASH FLOW FROM OPERATIONS (INDIRECT METHOD) | | | | | |
| Net profit (loss) | 2,231,713.45 | 3,425,494.00 | 3. Cash flow after changes in net working capital | 11,439,597.17 | 7,874,775.00 |
| Income taxes | 1,178,782.06 | 1,946,632.00 | Other adjustments | -2,877,237.35 | -2,300,042.00 |
| Financial charges/(income) | 3,027,096.35 | 2,300,042.00 | Interest received/(paid) | -1,042,422.32 | -1,966,851.00 |
| Losses (gains) from assets disposal | - | -77,121.00 | (Income taxes paid) | -887,135.00 | -788,578.00 |
| | | | (Decrease of severance provisions) | -4,806,794.67 | -5,055,471.00 |
| 1. Profit (loss) for the year before taxes, financial charges, dividends and losses (gains) from asset disposals | 6,437,591.86 | 7,595,047.00 | CASH FLOW FROM OPERATING ACTIVITIES (A) | 6,632,802.50 | 2,819,304.00 |
| Adjustments for non-cash items that had no impact on net working capital | | | B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Provisions | 64,000.00 | 592,582.00 | Tangible assets | | |
| Depreciation/amortisation of fixed assets | 8,172,910.13 | 7,721,636.00 | (Additions) | -3,769,422.31 | -2,019,334.00 |
| Severance indemnity provisions | 1,266,571.00 | 1,369,942.00 | Disposals | - | 243,502.00 |
| Others | 964,576.73 | 180,471.00 | Intangible assets | | |
| Financial instruments | 191,985.73 | - | (Additions) | -5,519,908.00 | -2,202,465.00 |
| | 10,660,043.59 | 9,864,631.00 | Disposals | - | - |
| 2. Cash flow before changes in net working capital | 17,097,635.45 | 17,459,678.00 | Financial assets | | |
| Changes in net working capital | | | (Investments) | -43,503.28 | 4,195.00 |
| Decrease/(increase) in inventories | -73,125.02 | -1,053,830.00 | Disposals | - | - |
| Decrease/(increase) of trade receivables | -7,687,099.74 | -5,886,412.00 | Acquisitions | - | -2,156,077.00 |
| Increase/(decrease) in trade payables | 104,120.72 | 1,358,206.00 | CASH FLOW FROM INVESTING ACTIVITIES (B) | -9,332,833.59 | -6,138,569.00 |
| Decrease/(increase) in accrued income and prepaid expenses | 289,209.60 | -371,077.00 | Exchange rate variation of cash and cash equivalents | 39,460.75 | 132,509.00 |
| Increase/(decrease) in accrued charges and deferred income | -247,653.81 | -686,944.00 | INCREASE/(DECREASE OF NET FINANCIAL POSITION (A+B)) | -2,660,570.34 | -3,186,756.00 |
| Other variations of net working capital | 1,956,509.98 | -2,944,846.00 | Net Financial Position as of January 1st | -35,095,011.00 | -31,908,255.00 |
| | -5,658,038.28 | -9,584,903.00 | Net Financial Position as of December 31 | -37,755,581.84 | -35,095,011.00 |

THANK YOU

STAR7