Milan, 01 October 2025

Italian Equity Research – 1H25 Results

STAR7

BUY

Sector: Industrials

Price: Eu6.15 - **Target: Eu11.20**

M&A and AI to Shape the Future of Product Information Services

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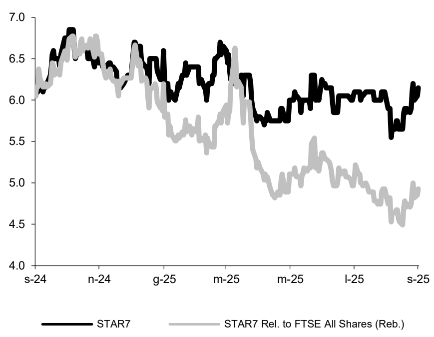
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 11.00 to 11.20
	2025E	**2026E**	**2027E**
Chg in Adj EPS	4.9%	3.0%	1.9%

STAR7 - 12M Performance



Stock Data			
Reuters code:			STAR7.MI
Bloomberg code:			STAR7 IM
Performance	**1M**	**3M**	**12M**
Absolute	0.8%	-1.6%	1.7%
Relative	-0.3%	-8.8%	-23.2%
12M (H/L)			6.85/5.55
3M Average Volume (th):			2.67

Shareholder Data	
No. of Ord shares (mn):	9
Total no. of shares (mn):	9
Mkt Cap Ord (Eu mn):	55
Total Mkt Cap (Eu mn):	55
Mkt Float - Ord (Eu mn):	14
Mkt Float (in %):	24.9%
Main Shareholder:	
Dante Srl	41.7%

Balance Sheet Data	
Book Value (Eu mn):	36
BVPS (Eu):	4.05
P/BV:	1.5
Net Financial Position (Eu mn):	-26
Enterprise Value (Eu mn):	81

1H25 results confirmed the resilience of STAR7's revenues despite exposure to sectors currently operating in challenging environments, with the company managing to expand margins significantly while reducing net debt. With the assets of the company formerly known as CAAR now fully integrated, contributing ~20% of total revenues, and the added boost of a new Tier-1 client in Brazil, the Group is structurally stronger, leaving it well placed for its next phase of profitable growth. We appreciate STAR7's cost discipline and margin expansion, as well as its clear roadmap: targeted bolt-on acquisitions are currently being assessed, with a view to a transformational deal by 2027 to lay the foundations for reaching €200mn in revenues in 2028. Meanwhile, the roll-out of STAR7AI solutions (Smart7 & Global7) should turn AI into a tangible competitive advantage, reinforcing another structural growth driver.

- **Resilient top line, international growth.** STAR7 confirmed the resilience of its business model, delivering broadly flat revenues at €59mn (-2.3% YoY, slightly up at constant scope/ForEx) despite the discontinuation of low-margin ex-CAAR contracts and the challenging backdrop in the auto industry, which accounts for ~40% of group turnover. The geographical and business mix continues to improve: Engineering rose to 21% of revenues, partly thanks to a new Tier-1 automotive client in Brazil, while Experience & Product Knowledge remained the largest contributor at 33.4%. The weight of Italy fell below 50%, with Brazil up to 20.5% and the US stable at 24.7%, confirming the success of an internationalisation strategy that is reducing dependence on the domestic market.
- **Margin expansion underpinned by mix and efficiency.** Profitability improved significantly, with adj. EBITDA at €9.6mn (+5% YoY) and the margin up 110bp to 16.3%, supported by portfolio optimisation, discontinuation of non-strategic projects, efficiency gains, and the full ramp-up of offshoring to Albania. Adj. net profit grew +17% YoY to €4.5mn, confirming the translation of operational improvements into earnings. Strong cash generation led to a further reduction in net debt to €29.5mn (from €32.7mn adj. at YE24), with the NFP/EBITDA ratio improving to 1.6x (vs. 1.8x at YE24 and 2.6x at YE23). The stronger financial profile, supported by a balanced debt structure and no short-term refinancing needs, enhances STAR7's flexibility for both organic and external growth.
- **Change in estimates.** We are trimming our revenue forecasts by ~3% to €120mn/€127mn/€136mn for FY25/26/27. Nevertheless, we are improving the expected margin trajectory, with the FY25 adj. EBITDA margin now seen at 16.2% from 15.7% in the previous report, rising to 16.6%/16.9% in FY26/27, supported by cost rationalisation, offshoring and the scaling up of high-tech business lines. On the bottom line, we are raising our net profit forecasts to €9.0mn for FY25 (+4.9% vs. prev.), and €10.6/11.9mn for FY26/FY27. We are also further lowering our CapEx assumptions, keeping them below 2.5% of annual revenues, net of M&A, which supports continued deleveraging (NFP expected at €14.4mn by YE27, NFP/EBITDA 0.6x).
- **BUY confirmed; target revised from €11.0 to €11.2.** Our updated DCF/peer comparison yields a fair value of €11.2ps, implying ~85% upside. At our new TP, STAR7 would trade at 6.6x/5.7x 2025/26 EV/EBITDA. We confirm our positive view on the stock, with the ongoing buyback expected to provide further short-term support.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	106	121	121	128	136
EBITDA Adj (Eu mn)	16	19	19	21	23
Net Profit Adj (Eu mn)	7	8	9	11	12
EPS New Adj (Eu)	0.644	0.907	1.001	1.175	1.319
EPS Old Adj (Eu)	0.644	0.907	0.954	1.141	1.294
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	6.8	4.8	4.2	3.6	3.0
EV/EBIT Adj	9.5	6.5	5.5	4.5	3.7
P/E Adj	9.5	6.8	6.1	5.2	4.7
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	2.4	1.5	1.3	0.9	0.6

Intermonte

STAR7 – Key Figures						
Profit & Loss (Eu mn)	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales	85	106	121	121	128	136
EBITDA	15	15	18	19	21	23
EBIT	8	6	9	10	12	14
Financial Income (charges)	-2	-3	-3	-3	-3	-3
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	5	3	6	6	10	12
Taxes	-2	-1	-2	-2	-4	-4
Tax rate	-36.2%	-34.6%	-38.2%	-37.0%	-36.5%	-36.5%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	3	2	4	4	6	7
EBITDA Adj	15	16	19	19	21	23
EBIT Adj	12	11	14	15	17	19
Net Profit Adj	7	7	8	9	11	12
Per Share Data (Eu)	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Total Shares Outstanding (mn) - Average	9	9	9	9	9	9
Total Shares Outstanding (mn) - Year End	9	9	9	9	9	9
EPS f.d	0.381	0.248	0.414	0.449	0.686	0.830
EPS Adj f.d	0.699	0.644	0.907	1.001	1.175	1.319
BVPS f.d	3.277	3.542	3.656	4.050	4.680	5.510
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Gross Cash Flow	11	10	12	13	15	16
Change in NWC	-9	-6	4	-3	-6	-8
Capital Expenditure	-4	-9	-6	-3	-3	-3
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	-2	-5	11	7	7	6
Acquisitions, Divestments & Other Items	-1	2	-1	-5	0	0
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	0	0	0	-1	-1	0
Change in Net Financial Position	-3	-3	10	2	6	6
Balance Sheet (Eu mn)	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Total Fixed Assets	47	48	45	49	50	50
Net Working Capital	24	29	23	26	32	39
Long term Liabilities	-6	-7	-7	-12	-19	-25
Net Capital Employed	65	70	61	63	62	64
Net Cash (Debt)	-35	-38	-28	-26	-20	-14
Group Equity	29	32	33	36	42	50
Minorities	0	0	0	0	0	0
Net Equity	29	32	33	36	42	50
Enterprise Value (Eu mn)	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Average Mkt Cap	80	71	58	55	55	55
Adjustments (Associate & Minorities)	0	0	-5	0	0	0
Net Cash (Debt)	-35	-38	-28	-26	-20	-14
Enterprise Value	115	109	91	81	75	70
Ratios (%)	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
EBITDA Adj Margin	18.2%	15.2%	15.5%	16.0%	16.5%	16.8%
EBIT Adj Margin	13.7%	10.8%	11.6%	12.3%	13.1%	13.7%
Gearing - Debt/Equity	119.0%	118.5%	84.5%	71.6%	47.7%	29.0%
Interest Cover on EBIT	3.3	2.2	2.8	3.0	4.6	5.6
Net Debt/EBITDA Adj	2.3	2.4	1.5	1.3	0.9	0.6
ROACE*	12.6%	9.5%	14.3%	15.6%	19.9%	22.7%
ROE*	26.9%	22.2%	25.2%	26.0%	26.9%	25.9%
EV/CE	1.9	1.6	1.4	1.3	1.2	1.1
EV/Sales	1.3	1.0	0.7	0.7	0.6	0.5
EV/EBITDA Adj	7.4	6.8	4.8	4.2	3.6	3.0
EV/EBIT Adj	9.8	9.5	6.5	5.5	4.5	3.7
Free Cash Flow Yield	-3.6%	-8.2%	17.7%	12.8%	11.8%	10.3%
Growth Rates (%)	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales	14.5%	24.3%	14.7%	0.0%	5.9%	6.4%
EBITDA Adj	20.8%	3.6%	17.3%	3.4%	9.0%	8.6%
EBIT Adj	75.6%	-1.7%	22.6%	6.2%	12.9%	11.3%
Net Profit Adj	91.4%	-7.8%	19.5%	10.4%	17.5%	12.2%
EPS Adj	62.7%	-7.9%	40.8%	10.4%	17.5%	12.2%
DPS						

*Excluding extraordinary items   Source: Intermonte SIM estimates

Intermonte

1H25 Results: resilient top line, margin expansion and further deleveraging

STAR7's 1H25 results confirm the resilience of the business model, with revenues broadly stable despite exposure to the automotive sector and the disposal of low-margin ex-CAAR contracts. Profitability improved significantly, with EBITDA margins expanding thanks to efficiency gains and portfolio optimisation, while net profit grew double-digit. Strong cash generation led to a further reduction in net financial debt, reinforcing the Group's financial profile.

Revenues

STAR7's definitive 1H25 results confirmed the preliminary indications announced on 30 July, both for total revenues (at constant ForEx) and the divisional breakdown.

Group revenues were **€59.0mn** (-2.3% YoY vs. 1H24), broadly flat like-for-like and on a constant ForEx basis. The resilience of revenues is particularly notable given that around **40% of turnover is linked to clients in the automotive sector**, currently facing a difficult market phase, and despite the **disposal of low-margin contracts inherited from EX CAAR/STI** (~€0.5mn contribution in 1H24).

STAR7 – 1H25 Revenues Breakdown

(Eu mn)	1H24A	1H25A	YoY	1H25E	1H25 A/E
by service line					
Engineering	**12.3**	**12.4**	**1%**	**12.6**	**(2%)**
% on total revenues	*20%*	*21%*		*21%*	
Experience + Product Knowledge	**20.1**	**19.7**	**(2%)**	**20.0**	**(2%)**
% on total revenues	*33%*	*33%*		*33%*	
Global Content	**20.0**	**19.2**	**(4%)**	**19.6**	**(2%)**
% on total revenues	*33%*	*33%*		*33%*	
Printing	**7.9**	**7.7**	**(3%)**	**7.8**	**(2%)**
% on total revenues	*13%*	*13%*		*13%*	
by region					
Italy	**30.9**	**28.2**	**(9%)**	**27.4**	**3%**
% on total revenues	*51%*	*48%*		*46%*	
US	**14.8**	**14.6**	**(1%)**	**16.1**	**(10%)**
% on total revenues	*25%*	*25%*		*27%*	
Brazil	**10.9**	**12.1**	**11%**	**12.4**	**(3%)**
% on total revenues	*18%*	*21%*		*21%*	
RoW	**3.7**	**4.1**	**10%**	**4.1**	**1%**
% on total revenues	*6.2%*	*7.0%*		*6.8%*	
Net Revenues	**60.4**	**59.0**	**(2%)**	**60.0**	**(2%)**

Source: Intermonte SIM; Company Data

By service line, **Experience & Product Knowledge** remained the largest contributor with **33.4%** of revenues (vs. 31.7% in FY24), confirming sustained demand for highly specialised technical services and training. **Engineering** accounted for **21.0%** of revenues (up from 20.4% in both 1H24 and FY24), supported by strong international performance in Brazil, where STAR7 signed a **new contract with a leading Tier-1 automotive client**. **Global Content** stood at **32.6%** of revenues (vs. 34.9% in FY24), reflecting a deliberate repositioning towards more strategic customers, while **Printing** remained stable at 13%. The combined weight of Engineering and Experience & Product Knowledge rose to **54.4% of revenues**, strengthening STAR7's positioning as a technology-driven service integrator.

From a geographical standpoint, **Italy** represented **47.8%** of revenues (vs. 51.2% in 1H24), confirming the progressive diversification away from the domestic market. **Brazil** grew to **20.5%** of revenues (vs. 18.1% in 1H24), thanks to upselling initiatives and the ex-CAAR acquisition, while the **US** was broadly stable at 24.7%. Revenues from **RoW** increased to 7% of the total (vs. 6.2% in 1H24). Overall, foreign markets now account for over half of group turnover, reflecting the success of STAR7's internationalisation strategy.

We consider the top line resilience in 1H25 to be particularly positive: despite headwinds in the automotive business and portfolio rationalisation, revenues remained stable while margins expanded. The contribution of **ex-CAAR**, which accounted for ~20% of group revenues and is expected to grow further in South America, coupled with the increasing role of international markets, underpins STAR7's ability to deliver sustainable growth and confirms the soundness of its integrated business model.

Intermonte

Income Statement

In 1H25, reported EBITDA stood at **€9.0mn** (**+4.9% YoY vs €8.6mn in 1H24**), with the margin improving by **110bp YoY to 15.3%**. On an adjusted basis, excluding ~€0.6mn of one-off reorganisation and integration costs, EBITDA came in at **€9.6mn** (**+4.8% YoY vs €9.2mn in 1H24**), corresponding to a margin of **16.3%** (+110bp YoY).

This improvement reflects a combination of factors: (i) **enhanced operational efficiency** and cost control, (ii) the **discontinuation of low-margin CAAR-related projects** while refocusing the portfolio on higher value-added and technologically-advanced initiatives, and (iii) the full ramp-up of **offshoring in Albania**, which now provides a structural source of operating leverage. In addition, the increased weight of **Engineering** and **Experience & Product Knowledge** (together 54% of Group revenues in 1H25) and the strong contribution from **Brazil**, supported by a new contract with a leading automotive client, also had a positive influence on profitability.

We believe margins can continue to expand over the coming periods, supported by management's ongoing efforts to optimise the business mix, capture efficiencies through process automation, and scale up higher-margin service lines in international markets.

Group reported EBIT amounted to €4.6mn in 1H25 (+3% YoY vs. €4.5mn in 1H24). The M&A transactions carried out in recent years generated net goodwill of €31mn as at 30 June 2025, resulting in €2.4mn of amortisation in 1H25. Excluding this effect, adjusted EBIT was €7.6mn (+7% YoY).

At bottom line, STAR7 reported net profit of €1.7mn in 1H25 (+12% YoY), while excluding goodwill amortisation and extraordinary one-off rationalisation costs, adjusted net profit was €4.5mn (+17% YoY).

STAR7 – 1H25 Results - Income Statement

(Eu mn)	1H24A	1H25A	*YoY*	1H25E	*1H25 A/E*
Net Revenues	60.4	59.0	*(2%)*	60.0	*(2%)*
Other Revenues	0.4	0.5	*13%*	0.5	*(0%)*
Total Revenues	**60.8**	**59.5**	***(2%)***	**60.5**	***(2%)***
Operating Costs	(25.9)	(25.8)	*(0%)*	(26.7)	*(3%)*
Personnel Costs	(26.4)	(24.7)	*(6%)*	(26.6)	*(7%)*
Total Costs	**(52.2)**	**(50.5)**	***(3%)***	**(53.3)**	***(5%)***
EBITDA Reported	**8.6**	**9.0**	***5%***	**7.2**	***25%***
EBITDA margin reported	*14.2%*	*15.3%*		*12.0%*	
Adjustments	0.6	0.6	*0%*	0.0	
EBITDA Adjusted	**9.2**	**9.6**	*5%*	**7.2**	*34%*
EBITDA margin adj.	*15.2%*	*16.3%*		*12.0%*	
D&A	(4.1)	(4.4)	*7%*	(3.2)	*38%*
EBIT Reported	**4.5**	**4.6**	***3%***	**4.0**	*16%*
Goodwill Amortisation	2.0	2.4	*20%*	2.0	*20%*
EBIT Adjusted	**7.1**	**7.6**	***7%***	**6.0**	*27%*
Net Financial Income	(1.6)	(1.8)	*9%*	(1.6)	*15%*
Pre-tax Profit	**2.9**	**2.8**	***(1%)***	**2.4**	*16%*
Income taxes	(1.4)	(1.2)	*(15%)*	(0.9)	*33%*
Net Profit	**1.5**	**1.7**	***12%***	**1.6**	***7%***
Total Adjustments (net of taxes)	**2.3**	**2.8**	***21%***	**2.0**	
CAAR Integration costs	*0.3*	*0.4*	*29%*	*0.0*	
Goodwill Amortisation	*2.0*	*2.4*	*20%*	*2.0*	
Adjusted Net Profit	**3.8**	**4.5**	***17%***	**3.6**	***26%***

Source: Intermonte SIM; Company Data

Balance Sheet / Net Financial Position

As at 30 June 2025, net debt stood at **€29.5mn**, improving from the adjusted **€32.7mn** at YE24 (which included the €4.9mn cash-out related to the CAAR/STI acquisition completed in January 2025). Gross debt declined to **€45.5mn** (vs. €53.3mn at YE24), reflecting solid cash generation and prudent financial management. As a result, the **net debt/adj. EBITDA ratio** fell further to **1.6x** (from 1.8x at YE24 and 2.6x at YE23), confirming the deleveraging trajectory of the past 18 months.

The stronger financial profile is underpinned by a balanced debt structure, with ~45% at fixed rates and ~55% floating, and no major refinancing needs in the short term, as repayment plans on outstanding bonds and loans are spread over the next six years. STAR7 also continues to comply with covenants on existing bonds and loans. Overall, the reduction in net debt highlights management's consistent focus on cash generation and financial discipline, reinforcing the Group's capital strength and providing additional flexibility to support future growth initiatives.

STAR7 – 1H25 Results - Balance Sheet

(Eu mn)	1H23A	FY23A	1H24A	FY24A	1H25A	1H25E	1H25 A/E
Non-current assets	47.6	47.7	45.4	45.1	48.4	45.4	*7%*
Net Working Capital	22.1	29.3	23.5	22.8	21.1	24.8	*(15%)*
Non-current liabilities	(6.1)	(7.4)	(7.7)	(7.2)	(7.4)	(7.2)	*3%*
Net Capital Employed	**63.6**	**69.6**	**61.2**	**60.7**	**62.1**	**63.0**	***(1%)***
Shareholders' Equity	30.0	31.9	31.4	32.9	32.7	34.5	*(5%)*
Net Financial Position	**(33.6)**	**(37.8)**	**(29.8)**	**(27.8)**	**(29.5)**	**(28.5)**	***3%***
Net Equity & NFP	**63.6**	**69.6**	**61.2**	**60.7**	**62.1**	**63.0**	***(1%)***
NFP / EBITDA	*2.2x*	*2.6x*	*1.8x*	*1.5x*	*1.6x*	*1.7x*	
Adj. Net Financial Position*				**(32.7)**			
Adj. NFP / EBITDA adj.	*2.1x*	*2.4x*	*1.7x*	*1.8x*	*1.5x*	*1.7x*	

** Including the cash-out related to the acquisition of EX-CAAR that was finalised in Jan.2025*

Source: Intermonte SIM; Company Data

Change in Estimates

Overall, 1H25 results confirmed our expectations for a resilient business model and a successful margin expansion path. The positive developments in high value-added business lines, the strong contribution from Brazil (thanks in part to a new automotive contract), along with the growing weight of ex-CAAR (~20% of group revenues) and the ongoing cost rationalisation, lead us to **revise our adjusted EPS estimates upwards for 2025/2026/2027**.

In more detail, we are trimming our FY25/FY26/FY27 revenue forecasts by ~3% to €120.1mn/ €127.3mn/€135.7mn, reflecting a more cautious view on top line trends, especially in Italy and in project-based activities, while maintaining solid growth expectations in international markets and higher-margin service lines. At EBITDA, we confirm our expansionary margin trajectory, now estimating an adjusted EBITDA margin of **16.2% in FY25** and **16.6%/16.9% in FY26/27** (vs. 15.3%/16.0%/16.3% previously), supported by efficiency measures, portfolio optimisation and the increased weight of international high-tech activities.

At bottom line, FY25 adjusted net profit is now estimated at **€9.0mn (+4.9% vs. previous estimates)**, while we are raising our FY26/FY27 adjusted net profit forecasts to €10.6mn (+3.0%) and €11.9mn (+1.9%) respectively.

As for CapEx, we are lowering our estimates further, keeping them below **2.5% of annual revenues** (at €2.7–2.9mn per year), net of any potential new M&A deals. On the balance sheet, we now expect the net financial position to show **debt of €26.1mn at YE25** (vs. €26.3mn previously), falling further to **€20.1mn in FY26** and **€14.4mn in FY27**, corresponding to a deleveraging path with NFP/adj. EBITDA down to **0.6x by FY27**.

STAR7 - Income Statement Change in estimates

(Eu mn)	FY25E New	FY26E New	FY27E New	FY25E Old	FY26E Old	FY27E Old	FY25E % chg	FY26E % chg	FY27E % chg
Net Revenues	120.1	127.3	135.7	123.8	131.3	140.1	(3.0%)	(3.1%)	(3.1%)
Other Revenues	1.0	1.0	0.8	1.0	1.0	0.8	0.0%	0.0%	0.0%
Total Revenues	**121.1**	**128.3**	**136.5**	**124.8**	**132.3**	**140.9**	**(3.0%)**	**(3.1%)**	**(3.1%)**
Operating Costs	(53.5)	(56.6)	(60.5)	(53.9)	(57.0)	(60.9)	(0.7%)	(0.7%)	(0.7%)
Personnel Costs	(49.1)	(50.5)	(53.0)	(52.0)	(54.3)	(57.1)	(5.6%)	(6.9%)	(7.2%)
Total Costs	**(102.6)**	**(107.1)**	**(113.5)**	**(105.9)**	**(111.3)**	**(118.0)**	**(3.1%)**	**(3.7%)**	**(3.8%)**
EBITDA Reported	**18.5**	**21.2**	**23.0**	**19.0**	**21.1**	**22.9**	**(2.4%)**	**0.5%**	**0.5%**
EBITDA margin	*15.4%*	*16.6%*	*16.9%*	*15.3%*	*16.0%*	*16.3%*			
EBITDA Adjusted	**19.4**	**21.2**	**23.0**	**19.4**	**21.1**	**22.9**	**0.2%**	**0.5%**	**0.5%**
EBITDA margin adj.	*16.2%*	*16.6%*	*16.9%*	*15.7%*	*16.0%*	*16.3%*			
D&A	(8.9)	(8.7)	(8.7)	(9.0)	(8.7)	(8.7)	(1.1%)	(0.0%)	(0.0%)
EBIT Reported	**9.6**	**12.4**	**14.3**	**10.0**	**12.3**	**14.2**	**(3.6%)**	**0.9%**	**0.9%**
Ebit margin reported	*8.0%*	*9.8%*	*10.6%*	*8.1%*	*9.4%*	*10.1%*			
EBIT Adjusted	**14.9**	**16.8**	**18.7**	**14.4**	**16.3**	**18.2**	**3.7%**	**3.1%**	**2.9%**
Ebit margin adj.	*12.4%*	*13.2%*	*13.8%*	*11.6%*	*12.4%*	*13.0%*			
Net Financial Income	(3.2)	(2.7)	(2.6)	(3.1)	(2.5)	(2.2)	3.2%	10.2%	18.4%
Pre-tax profit	**6.4**	**9.7**	**11.8**	**6.9**	**9.9**	**12.0**	**(6.7%)**	**(1.4%)**	**(2.3%)**
Income taxes	(2.4)	(3.6)	(4.3)	(2.5)	(3.6)	(4.4)	(6.7%)	(1.4%)	(2.3%)
Net Profit	**4.0**	**6.2**	**7.5**	**4.3**	**6.3**	**7.6**			
Adjusted Net Profit	**9.0**	**10.6**	**11.9**	**8.6**	**10.3**	**11.6**	**4.9%**	**3.0%**	**1.9%**

Source: Intermonte SIM

STAR7 - Other Key Metric Change in estimates

(Eu mn)	FY24A	FY25E New	FY26E New	FY27E New	FY25E Old	FY26E Old	FY27E Old
CapEx	(5.9)	(2.7)	(2.8)	(2.9)	(3.9)	(4.1)	(4.4)
Net Financial Position	**(27.8)**	**(26.1)**	**(20.1)**	**(14.4)**	**(26.3)**	**(20.2)**	**(14.2)**
NFP / EBITDA	*1.5x*	*1.3x*	*0.9x*	*0.6x*	*1.4x*	*1.0x*	*0.6x*
Adjusted NFP*	**(32.7)**						
Adj. NFP / EBITDA	*1.8x*						

** Including the cash-out related to the acquisition of ex-CAAR finalised in Jan.2025*

Source: Intermonte SIM

Updated Valuation and Investment Conclusion

We are updating our valuation, based on a DCF and peer comparison, mainly to take into account the changes to our estimates for 2025 and subsequent years outlined above, especially the expected margin expansion and deleveraging trajectory.

The updated valuation yields a fair value of €11.2ps, enabling an upward revision of our TP from €11.0 to €11.2. At our new TP, STAR7 would be trading at 6.6x/5.7x 2025/26 EV/EBITDA, offering upside of ~85% vs. the current stock price.

Star7 - Valuation Recap

(Eu per share)	
DCF	11.8
Multiples	10.7
Fair Value ps	**11.2**
Premium / discount (%)	*0%*
Target price	**11.2**

Source: Intermonte SIM

After the temporary slowdown in 2023 linked to the ex-CAAR integration, STAR7 has now entered a new phase of profitable growth, as confirmed by 1H25 results. Company revenues have proved resilient despite its exposure to the automotive sector, and it has significantly expanded margins through efficiency gains, portfolio optimisation and the increasing weight of higher value-added service lines. With ex-CAAR now fully integrated and contributing ~20% of group revenues, with the potential for further growth, especially in Brazil, STAR7 is structurally stronger and better placed for the next stage of its expansion.

From a financial perspective, STAR7 combines **predictable revenues** (thanks to the *Integrale7* business model and the high share of multi-year contracts) with a visible **margin expansion path** and disciplined deleveraging. We expect further profitability improvements supported by automation, offshoring and the scaling up of high-tech service lines, while CapEx discipline (kept below 2.5% of annual revenues net of M&A) supports robust cash generation.

On M&A, management has indicated that it is considering **targeted small-scale acquisitions (<€10mn)**, with potential deals expected between **2H25 and 1H26**, aimed at accelerating the transformation into a high-tech **system integrator**. At the same time, the roll-out of **STAR7AI solutions** (Smart7 and Global7) is expected to generate tangible benefits by embedding AI into core processes, turning it into a real competitive advantage in efficiency and value creation for clients.

In terms of its long-term vision, STAR7 is pursuing an ambitious growth path: tactical M&A in 2026, a transformational deal in 2027, the €200mn revenue milestone in 2028 and the ambition to position itself as an **international player by 2030**. This roadmap, combined with strong execution capacity already proven in recent years, strengthens our confidence in STAR7's equity story.

All in all, we confirm our **positive view on the stock**, considering the current valuation particularly attractive given the improved fundamentals and medium-term growth opportunities. Furthermore, the ongoing buyback programme is expected to provide additional support to the share price in the coming months.

STAR7 at a glance

Company description

STAR7 operates in the fields of translation and interpreting, automation of translation processes and language technologies, technical editing and content engineering, dedicated IT development, and print on demand. The success of these activities is linked to the Integrale[7] model, which enables integrated process management, starting with the product design phase, extending to the related drafting of technical and commercial information, translation, print services, digital and virtual product experience, and ending with after-sales support.

Management

Chairman & CEO: Lorenzo Mondo
GM: Matteo Gera
CFO: Pierluigi Valletta

Shareholding Structure

Dante Srl	41.7%
STAR AG	33.4%
Free float	25%

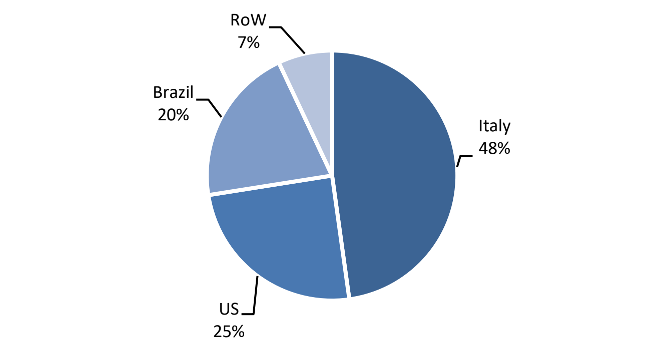
Strengths/Opportunities

- Full-range service provider
- Cross-selling opportunities due to a global view of the information development process
- Large, diversified and well-established international customer base providing visibility on revenues
- Growth opportunities through use of innovative digital technologies
- Diversified exposure to a variety of sectors
- Scalable business model through customer portfolio expansion

Weaknesses/Threats

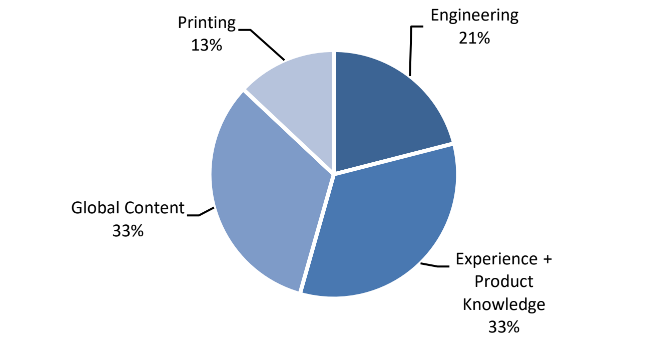
- Customer concentration, with the top three clients accounting for almost 40% of recurring total revenues
- Contract renewal risks with key customers
- Risk of inefficient integration of CAAR
- Risk of disruption of professional relationships with senior & specialised figures
- Risks associated with defending intellectual property rights
- Risks associated with contracting procedures

STAR7: FY24 Revenue Breakdown by Geography



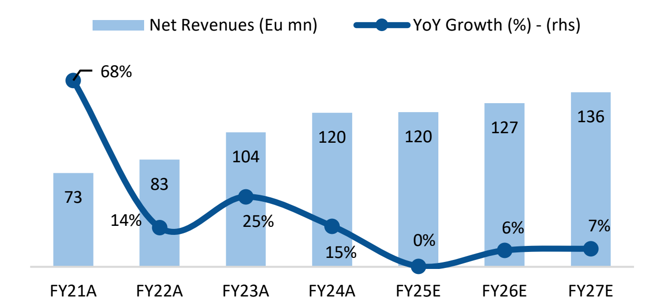
Source: Intermonte SIM

STAR7: FY24 Revenue Breakdown by Service



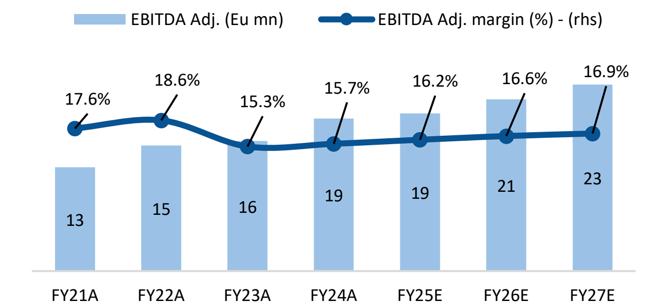
Source: Intermonte SIM

STAR7: Revenues (Eu mn) and YoY growth (%)



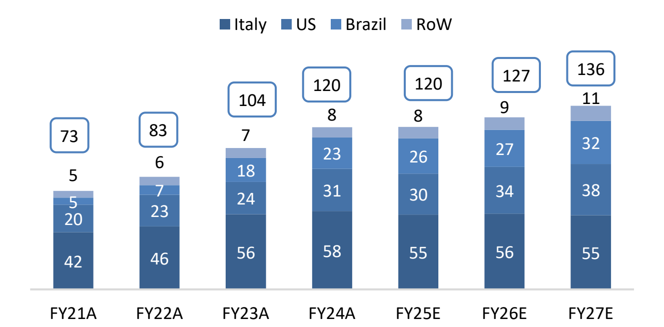
Source: Intermonte SIM

STAR7: EBITDA (Eu mn) and Margin (%)



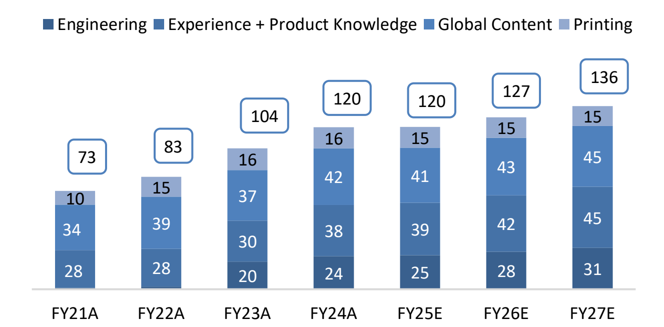
Source: Intermonte SIM

STAR7: Evolution of Revenue Breakdown by Geography



Source: Intermonte SIM

STAR7: Evolution of Revenue Breakdown by Service



Source: Intermonte SIM

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	**STAR7**		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	11.20	Previous Target (Eu):	11.00
Current Price (Eu):	6.15	Previous Price (Eu):	6.55
Date of report:	01/10/2025	Date of last report:	27/03/2025

Intermonte

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (**DCF**) model or similar methods such as a dividend discount model (**DDM**)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 1 October 2025 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	30.30%
OUTPERFORM:	38.64%
NEUTRAL:	31.06%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

BUY:	49.35%
OUTPERFORM:	32.47%
NEUTRAL:	18.18%
UNDERPERFORM:	00.00%
SELL:	00.00%

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