

PRESS RELEASE

STAR7 TAKES DECISIVE STEP TOWARDS ACQUISITION OF CAAR: LEASE CONTRACT SIGNED FOR BUSINESS DIVISION

STAR7 is focused on boosting its Engineering service line, making the Integrale⁷ approach which underpins its multi-service business model, even more effective. Supporting this is the lease of the business division of CAAR Group, the first stage of a deal aimed at acquiring the Group's process engineering activities.

The lease provides continuity to ongoing projects and means skilled personnel can be retained while the CAAR Group begins its debt restructuring process. STAR7 has also submitted a binding purchase offer which is conditional, among other things, on the approval of the competent court.

Valle San Bartolomeo (Alessandria, Italy), 31 December 2022 – **STAR7** (EGM: ticker STAR7) – a company providing an integrated range of product information services, from product and process engineering support, to technical and marketing content creation and management, translation, printing and virtual experience – after signing a term sheet with the **Consulting Automotive Aerospace Railway** (CAAR) group on 29 November last, today signed a **lease agreement for the Business division** comprising CAAR S.p.A., based in Turin, rights similar to rights in rem of enjoyment over the Foreign Subsidiaries in Brazil and Serbia, and another lease agreement for the Business division of the subsidiary STI s.r.l., based in Bolzano, controlled by CAAR S.p.A. The lease agreements, which will take effect on 1 January 2023, also include agreements for projects for Customers (of recognised standing, in the automotive, defence and agriculture sectors) and the employment contracts of some 320 employees, the vast majority of whom are engineers.

The CAAR Group is controlled by Francesco Ellena, who founded it in 2009 after extensive management experience. Leveraging its substantial automotive expertise, the Group has expanded over time to offer engineering solutions, mainly process engineering, to the aerospace and defence, rail, agriculture, energy, logistics, infrastructure, and electronics sectors. Over the years, the engineering services offered have grown not only in Italy but also in the rest of Europe and especially in Brazil, becoming an important reference point in the segments in which the Group operates.

In recent months, the CAAR Group has had to confront a crisis that threatens the normal running of the business. As a result, it will begin a debt **restructuring process** under the new Italian Corporate Crisis and Insolvency Code, or C.C.I. (articles 57 and 63 of Legislative Decree 14 of 12 January 2019, and subsequent amendments). The contract signed with STAR7 for the lease of the business division should therefore be viewed within the context of taking immediate and appropriate action to ensure the division can continue on an ongoing basis, in line with the overall goal of protecting the Group's creditors and Customers. All banking institutions which had provided funding to CAAR have been informed of the deal.

"When the CAAR Group, whose turnover for 2022 is forecast to be around €15 million, becomes part of the STAR7 Group, it will turn our Engineering activities into a flagship business unit in our portfolio, creating the preconditions to develop a business with a share of revenues in line with our Global Content division," commented Lorenzo Mondo, CEO of STAR7. "The CAAR Group's operating margins will improve through efficiencies and synergies, which we will implement straight away. This is an opportunity that really took shape

after working with several of CAAR's customers. By placing ourselves higher up the product information value chain and embracing strategic engineering activities more decisively, we will draw even greater value from our Integrale⁷ approach, strengthening partnerships with our customers as the sole provider of multiple closely linked services."

The lease contracts signed for the CAAR and STI. business divisions, respectively, aim to facilitate the sale of the divisions to STAR7 as part of the CAAR Group's restructuring or, if the process should fail, to facilitate the submission of **a binding purchase offer** by STAR7 as part of a compulsory liquidation process.

The lease will **last six months** from its effective date. The contract will then automatically renew for a **further six months if the sale of the business division to STAR7 has not occurred**. Following the first extension period of six months, the contract will be automatically terminated unless otherwise agreed by the parties. The contract will also be terminated whenever STAR7 purchases the business division.

The **annual rent** amounts to **€120,000** plus VAT.

As part of the restructuring process, **STAR7 undertakes to purchase the CAAR business division** within 30 working days of the approval which is final and not subject to appeal of the debt restructuring agreement by the competent court, provided that, at such date, certain predetermined conditions precedent have been met.

The purchase price for both business divisions, including the Brazilian and Serbian operations, was set at a maximum amount of €2.8 million. In addition, following approval by the court, STAR7 will take on **up to a maximum of €3.2 million in debts to banks**, due at the end of 2027 with approximately €500,000 in annual repayments, plus **€1.3 million in TFR** (severance pay) liabilities.

Thus, at the time of the Purchase, STAR7's **cash outflow** will be a maximum of €2.8 million and it will be able to draw on **available liquidity**.

If the restructuring process is unsuccessful and compulsory liquidation proceedings against CAAR are opened, and if the receiver chooses to take over the contract (articles 172 and 184 of the C.C.I.), **STAR7 undertakes to submit to the insolvency proceedings a binding purchase offer for the business division** and to take part in the competitive bidding process.

STAR7 was assisted in the Transaction by EMINTAD ITALY as Financial Advisor, for legal and administrative due diligence by the law firm Gianni & Origoni and for tax, accounting and financial due diligence by the audit and business consulting network BDO.

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.

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