

Franchetti S.p.A. approves Consolidated Half-Year Financial Report as of 30 June 2023

Sustained growth in all economic and financial indicators. Value of production at Euro 2.8 million, +65.7%, EBITDA arrives at Euro 475 thousand.

Main consolidated results as of 30 June 2023:

- **Sales revenues:** Euro 2,282,242, +55.2% (1H 2022: Euro 1,470,534)
- **Value of production:** Euro, 2,884,524, +65.7% (1H 2022: Euro 1,741,279)
- **EBITDA:** Euro 475,043, +156.3% (1H22: Euro 185.368)
- **Net results:** income of Euro 171.268, +15.2% (1H 2022: Euro 148,690)
- **Net financial debt:** Euro 315,492 (Euro -155,690 at 31 December 2022)
- **Order backlog** Euro 24.2 million with visibility until 2025¹

Arzignano (VI), September 13, 2023 – The Board of Directors of Franchetti S.p.A. (**Ticker BIT: FCH**) (“Franchetti” or the “Company” or the “Group”), parent company of the Group leader in software development and engineering design listed on Euronext Growth Milan, pioneer in the planning, diagnosis and therapy of interventions aimed at safety and predictive scheduling of maintenance activities on infrastructural network structures, in particular bridges and viaducts, approved today the interim consolidated financial statements as of 30 June 2023, subject to limited audit.

Paolo Franchetti, CEO and Chairman of the Board of Directors of Franchetti S.p.A.: *“Almost a year after the listing on the Italian Stock Exchange, we are pleased to communicate results that keep improving thus strengthening the foundations of Group in order to generate further future value. The markets linked to the maintenance of large road infrastructures, both Italian and international, in the first six months of 2023 registered increasingly higher business levels compared to previous years, thanks also to the resources allocated by the PNRR in Italy and*

¹ Consolidated data communicated by the Company on July 10, 2023.

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by the PAC ("Programa de Aceleração do Crescimento", Growth Acceleration Program) in Brazil which generated significant leverage in the maintenance of large infrastructures; a lever whose effects will continue for a long time to come. This scenario has highlighted the specific know-how that our Group possesses, guaranteeing our counterparts a key service providing predictive analysis and maintenance.

At a commercial level, **the Group mainly works in 3 markets: Italian, Brazilian and North American**. Although Italy is the country of reference for the Group's business, also in light of the recent acquisition made in March of the newly established GALLO TECHNICS, we also have ambitious plans for the Brazilian and American subsidiaries. These countries have in fact announced huge public and private investments aimed at the infrastructure sector, an area in which Franchetti S.p.A. can play a leading role. In particular, in Brazil, where we already boast a consolidated network with public and private managers of roads, motorways and railways, we also aim to grow in railway concessions.

We continue to tenaciously pursue our goals, ready to put our know-how at the service of governments and public and private institutions. Our Group's mission is to make global infrastructure assets more sustainable and efficient, while at the same time helping institutions to better direct financial resources for the future."

Main Consolidated Results as of June 30, 2023

Income statement

Revenues from sales and services amounted to Euro 2,282,242, up by 55.2% compared to Euro 1,470,534 in the first half of 2022. The growth recorded in the period is mainly attributable to the constant and progressive increase in the demand for engineering performance, especially concerning predictive maintenance of large infrastructures in Italy and abroad, and the growing penetration into the Brazilian market.

The **value of production** is equal to Euro 2,884,524, with an increase of 65.7% compared to Euro 1,741,279 in the first half of 2022. After having expensed

production costs of Euro 2,409,481, EBITDA is equal to Euro 475,043, recording an increase of 156.3% compared to Euro 183,368 in the first half of 2022.

Below the production value breakdown:

•the production value of the Italy perimeter is equal to Euro 2,410,244 (82% of the total) towards 1,060,877 in the same period of 2022, while that of the Brazil perimeter is equal to Euro 465,980 (18% of the total) towards 1,060,877 in the same period of 2022.

As represented in the following summary table of the main consolidated economic data, there is a seasonal dynamic in sales revenues, production value and EBITDA. In particular, the Group, for many public customers, already begins to provide services in the first half of the year in the context of the orders obtained, receiving from the customers the authorization decrees for the delivery of the progress status of the works and the consequent authorizations for the issuing of sales invoices, with a positive effect on revenues, production value and EBITDA.

Consolidated data € '000	30.06.2023	31.12.2022	30.06.2022
Sales revenues	2,282	4,743	1,471
Value of production	2,885	4,873	1,741
EBITDA	475	1,839	185

After having expensed depreciation of Euro 141.684, **EBIT** is equal to Euro 333,359 (positive by Euro 168,761 in the first half of 2022), up by 97.5%. The **net result** is equal to Euro 171,268 compared to Euro 148,690 in the first half of 2022 (+15.2%).

Balance sheet

Net working capital is equal to Euro 3,562,117 compared to Euro 2,821,943 at 31 December 2022.

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Net financial debt is equal to 315,492 (debt) compared to Euro 155.690 (cash) at 31 December 2022. In particular, financial debts are equal to 2,683,119 compared to 2,078,639 at 31 December 2022.

Net equity is equal to Euro 4,834,896 improving from Euro 4,042,977 at 31 December 2022 after the payment of dividends in May 2023 amounting to Euro 68,330.

For further details on the dynamics of the period, please refer to the Management Report of the consolidated financial statements as of 30.06.2023 of Franchetti Group S.p.A.

Significant events that occurred during the first half of 2023

Acquisition of GALLO TECHNICS S.r.l.

In March 2023, the Issuer purchased 67% of the shares of the newly established GALLO TECHNICS S.r.l., based in Padua, therefore holding control. The acquired company is composed by a group of civil structural engineers with proven experience who will contribute to providing a valid contribution to the Parent Company. The location of the Company is also strategic for the connection with the Civil Engineering faculty of the local University. It is premature to measure the economic and financial data at the current date, for which please refer to the next yearly report.

Franchetti Warrants 2022-2025

In May 2023, the process of assigning the second tranche of the "Franchetti Warrants 2022-2025" was completed, the detachment date of which was 22 May 2023 with free assignment to all shareholders, based on no. 1 warrant for every 4 ordinary shares owned, of no. 958,250 Warrants.

Significant events that occurred after the end of the first half of 2023

Appointment of General Manager of Gruppo Franchetti S.p.A.

On September 6, 2023, Franchetti S.p.A. announced the appointment of Mr. Gianluca Del Fabbro as General Director of the Group. Del Fabbro will assume the

role starting from September 18, 2023, and will report directly to the President and CEO, Mr. Paolo Franchetti.

Group backlog and outlook

Today the Board of Directors verified and updated the value of the order backlog with visibility to 2025 equal to Euro 24.2 million, elaborated on the basis of the Group's management data.

As regards the performance of the Group, following the period under review ending on 30 June 2023, the positive trend of acquiring new contracts is confirmed, always in the field of inspections and maintenance planning of road and railway bridges. The evolution of the Group's turnover is not constant and linear; therefore, it does not follow an ordinary monthly payment, but is instead susceptible to and strictly dependent on the invoicing authorization devices issued by the bodies themselves. The concentration and realization of turnover generally occurs in the last quarter of the calendar year.

Filing of documentation

The documentation relating to the Financial Statements as at 30 June 2023 required by current legislation will be made available to the public at the registered office of the Issuer as well as by publication on the Company's website www.franchetti.tech, "Investor Relations/Financial Statements and Reports" section. periodicals" within the terms of the law, as well as on the website www.borsaitaliana.it, Actions/Documents section

Franchetti S.p.A.

Franchetti S.p.A. Franchetti S.p.A. heads the Franchetti Group, a pioneer in the field of management, diagnostics and predictive maintenance of infrastructures, bridges and viaducts in particular. Founded in 2013 in Arzignano (VI) with subsidiaries in Brazil and Canada, operations in the USA and in India, Franchetti is an innovative SME that has operated on over 40,000 equivalent motorway and railway bridges worldwide. The Group boasts a technical and scientific curriculum that places it among the leading international experts in the sector. The activity is divided into two main business lines: diagnosis and therapy services for infrastructure maintenance with inspections and assessments, intervention planning and construction management and ICT services for predictive programming of infrastructure maintenance. Franchetti has in fact developed two proprietary software that exploit the potential of artificial intelligence and predictive data analysis: Argan® which allows you to estimate the life cycle of the infrastructure and therefore automatically obtains the trend of the level of security over time in different scenarios and maintenance contexts and Pathwork©

which allows for optimized management of road and motorway infrastructure construction sites and

for sustainable mobility. With a workforce of 70 professionals, over 90% of whom have engineering degrees, the Group achieved consolidated revenues of 4.7 million euros in 2022, of which 60.7% generated in Italy and 39.3% in Brazil.

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Attachments

Attachments Consolidated Income Statement

Balance Sheet	30/06/2023	31/12/2022
+ Inventory	699.608	154.488
+ Trade receivables	3.885.515	3.673.083
- Trade payables	-906.171	-846.272
Trade net working capital	3.678.952	2.981.299
+ Other assets	1.289.356	1.240.557
- Other Liabilities	-1.407.191	-1.399.913
Net Working Capital	3.561.117	2.821.943
+ Intangible fixed assets	1.563.465	1.580.631
+ Tangible fixed assets	81.094	89.486
Gross Invested Capital	5.205.676	4.492.060
- Severance pay	-55.288	-41.218
Net invested capital	5.150.388	4.450.842
+ Short-term payables to banks	2.486.117	1.675.020
+ Medium- to long-term payables to banks	179.896	403.619
+ Payables to other lenders	17.106	293.564
Total financial debts	2.683.119	2.078.639
- Cash and Cash equivalents	-2.367.627	-2.234.329
Net Financial Position	315.492	-155.690
+ Share capital	350.634	347.039
+ Reserves	4.312.994	3.059.156
+ Net result	171.268	1.200.337
Shareholders' equity	4.834.896	4.606.532
Total funds and Shareholders' equity	5.150.388	4.450.842

Consolidated Balance Sheet

Profit & Loss	30/06/2023	30/06/2022
Revenues from sales and services	2.282.242	1.470.534
+ Change in inventories of work in progress, semi-finished and finished goods	539.543	266.992
+ Other revenues and income	62.738	3.753
Value of Production	2.884.523	1.741.279
- Raw materials and Changes in Inventories costs	-44.484	-238.401
- Services costs	-1.622.809	-938.838
- Costs for use of third party assets	-128.741	-91.875
- Personnel costs	-548.191	-260.972
- Other operating costs	-65.256	-25.825
Total production costs	-2.409.481	-1.555.911
EBITDA	475.043	185.368
EBITDA Margin	16%	11%
- Intangibles D&A	-89.263	-4.135
- Tangibles D&A	-52.421	-12.472
EBIT	333.358	168.761
- Financial charges	-51.457	-32.576
+ Forex gains and losses	-56.387	31.941
Earnings before taxes	225.515	168.126
- Income taxes	-54.247	-19.436
Net Income	171.268	148.690

Net Financial Debt

Net financial debt	31/12/2022	Change	30/06/2023
A) Cash	2.367.627	133.298	2.234.329
B) Cash equivalents	-	-	-
C) Other current financial assets	-	-	-
D) Cash and cash equivalents (A+B+C)	2.367.627	133.298	2.234.329
E) Current financial debt	2.486.117		1.675.020
F) Current part of non-current financial debt	-	-	-
Other current liabilities	-	-	-
G) Current financial debt (E+F)	2.486.117	811.097	1.675.020
H) Net current financial debt (G-D)	118.490	677.799	-559.309
I) Net current financial debt (G-D)	197.002	-206.617	403.619
J) Debt instruments	-	-	-
K) Trade and other non-current payables	-	-	-
L) Non-current financial debt (I+J+K)	197.002	-206.617	403.619
(M) TOTAL FINANCIAL DEBT (H+L)	315.492	471.182	-155.690
OVERDUE TAX ADJUSTED	634.289	427.471	206.818
TOTAL ADJUSTED NET FINANCIAL DEBT	949.781	898.653	51.128

Consolidated Financial Statement

Cash flow statement, indirect method	30/06/2023	31/12/2022
A) Financial flows deriving from operating activities (indirect method)		
Profit (loss) for the year	171.268	1.200.337
Income taxes	54.247	341.415
Interest expense/(income)	51.455	87.675
(Dividends)	0	0
(Gains)/Losses deriving from the sale of assets	0	0
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	276.970	1.629.427
Adjustments for non-monetary elements that did not have a counterpart in net working capital		
Provisions to funds	0	0
Depreciation of fixed assets	141.685	214.071
Devaluations for lasting losses in value	0	0
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements	0	0
Other upward/(decreasing) adjustments for non-monetary items	21.738	26.788
Total adjustments for non-monetary elements that did not have a counterpart in net working capital	163.423	240.859
2) Financial flow before changes in net working capital	440.393	1.870.286
Changes in net working capital		
Decrease/(Increase) in inventories	(545.120)	24.914
Decrease/(Increase) in receivables from customers	(212.432)	(1.876.824)
Increase/(Decrease) in payables to suppliers	59.899	219.165
Decrease/(Increase) in accrued income and prepaid expenses	25.892	8.343

Increase/(Decrease) in accrued and deferred income	40.820	187.404
Other decreases/(Other Increases) in net working capital	342.768	(374.845)
Total changes in net working capital	(288.173)	(1.811.843)
3) Financial flow after changes in net working capital	152.220	58.443
Other corrections		
Interest received/(paid)	(51.455)	(87.675)
(Income taxes paid)	(479.172)	(207.530)
Dividends collected	0	0
(Use of funds)	0	0
Other collections/(payments)	(7.668)	(16.740)
Total other adjustments	(538.295)	(311.945)
Cash flow from operating activities (A)	(386.075)	(253.502)
B) Financial flows deriving from investment activities		
Tangible fixed assets		
(Investments)	(44.029)	(36.308)
Divestments	0	0
Intangible assets		
(Investments)	(72.098)	(1.267.011)
Divestments	0	0
Financial fixed assets		
(Investments)	(26.076)	(124.741)
Divestments	0	0
Non-fixed financial assets		
(Investments)	0	0
Divestments	0	0
(Acquisition of company branches net of cash and cash	0	0

equivalents)		
Transfer of company branches net of cash and cash equivalents	0	0
Cash flow from investing activity (B)	(142.203)	(1.428.060)
C) Financial flows deriving from financing activities		
Third party funds		
Increase/(Decrease) in short-term debts to banks	811.097	955.744
Financing	(206.617)	(436.040)
(Repayment of loans)	0	0
Own funds		
Paid capital increase	3.595	121.498
(Capital reimbursement)	0	0
Transfer/(Purchase) of treasury shares	0	0
(Dividends and interim dividends paid)	53.501	2.388.417
Cash flow from financing activity (C)	661.576	3.029.619
Increase (decrease) in cash and cash equivalents (A ± B ± C)	133.298	1.348.057
Effect of exchange rates on cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the financial year		
Bank and postal deposits	2.234.263	885.561
Checks	0	0
Cash and cash equivalents	66	711
Total cash and cash equivalents at the beginning of the financial year	2.234.329	886.272
Of which not freely usable	0	0
Cash and cash equivalents at the end of the financial year		
Bank and postal deposits	2.367.459	2.234.263

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Checks	0	0
Cash and cash equivalents	168	66
Total cash and cash equivalents at the end of the financial year	2.367.627	2.234.329
Of which not freely usable	0	0

