

PRESS RELEASE

Franchetti S.p.A. approves Consolidated Half-Year Report at June 30, 2024

**Group growth continues. All indicators improve in the period.
Operating and profit margins rise sharply:
EBITDA +122%, Net Profit +164%.**

H1 2024 Consolidated Highlights:

- **Value of Production:** Euro 3,519,696, +22.0% (H1 2023: Euro 2,884,524)
- **EBITDA:** Euro 1,054,822, +122.0% (H1 2023: Euro 475,043)
- **EBIT:** Euro 784,834, + 135.4% (H1 2023: Euro 333,358)
- **Net Result:** Profit of Euro 451,613, +163.7% (H1 2023: Euro 171,268)
- **Net Financial Debt:** Euro 1,890,248 (Euro 418,776 at December 31, 2023)
- **Order Book (backlog₁)** at 30.06.2024 of Euro 30.1 million with visibility to 2027.

Arzignano (VI), September 26, 2024 - The Board of Directors of **Franchetti S.p.A.** ("Franchetti" or the "Company" or the "Group," Ticker BIT: FCH), listed on the Euronext Growth Milan segment of the Italian Stock Exchange and parent of the multinational software development and engineering design Group of the same name, a pioneer in planning, diagnosis and treatment for the safety and predictive planning of maintenance for network infrastructure, particularly bridges and viaducts, met today. The meeting, chaired by Paolo Franchetti, approved the consolidated interim financial statements at June 30, 2024, subject to limited audit.

Paolo Franchetti, CEO and Chairperson of the Board of Directors of Franchetti S.p.A.: *"We approved a period which has delivered growth and where our organization grew stronger without affecting marginality."*

Included in the backlog with underlying signed contract.

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The infrastructure maintenance services market is constantly growing, driven by digitalization.

Globally, the need to modernize infrastructures is evident, and effective large-scale planning is only possible with access to a vast database, which in Franchetti we have and that we constantly develop thanks to strategic investments. We are working on new software releases in line with the highest cybersecurity standards,

with the aim of preventing risks related to infrastructure obsolescence.

In addition to enhancing our softwares, which we tailor to market demands, customer needs, and vertical integration, during the period we continued to strengthen our team. The ability to combine highly advanced expertise in mechanical and civil engineering with IT skills allows us to create cutting-edge solutions, perfectly calibrated to meet the technical and operational requirements of modern infrastructure.

In terms of M&A plans, we are in an advanced stage for finalizing targeted acquisitions that will add further value to Franchetti, not only in Italy but also in key markets with strong perspectives for our business. that in Europe, Brazil and the United States. These markets present strong fundamentals for our business.

Thanks to a backlog that reflects the constant expansion of our sector and the technology and commercial synergies between our Group's companies, for 2024 we forecast results in line with the expectations of organic growth projected by the financial analysts.

The recent subscription to our share capital increase and the constructive relationships with our Shareholders, provide us with even more solidity, allowing us to look to the future with steadfastness and determination”.

H1 2024 Consolidated Financial Highlights

Income Statement

The **value of production** totaled **Euro 3,519,696, up 22.0%** on Euro 2,884,524 in H1 2023. The continued growth derives mainly from the business model adopted, which combines technological know-how with engineering expertise, upon which the Group has developed and expanded in-house products to support the predictive analysis of infrastructure maintenance. The Group's customers are

both public and private entities, domestic and international, within the road and highway and rail sectors. The Group has always demonstrated a capacity to create cutting-edge and highly-reliable solutions revolving around technology and specializing in software and “mission critical” systems which monitor the obsolescence of infrastructure. In particular, during the period under review, the strong performance owed to the consistent growth in engineering service demand which is specific and unique to the target segment. Again in the first half of 2024, the Italian, European, and global markets for the maintenance of major road infrastructure worked on increasing the levels of business on previous years, and the Group's specific expertise allowed it to benefit from the positive effects of this situation. The domestic market in particular generated considerable leverage in the area of large infrastructure maintenance. As this effect is a result of aging infrastructure, and largely independent of National Recovery and Resilience Plan funding, it is likely to continue for an extended period.

Breaking down the aggregate value of production:

- the aggregate value of production of the Italian scope was Euro 2,797,113 (79% of the total), compared to Euro 2,410,244 in the same period of 2023 (82% of the total), while the Brazilian scope totaled Euro 726,068 (21% of the total), compared to Euro 465,980 (16.2% of the total) in the same period of 2023.

The **costs of production** in the period saw a contained increase (2.3%) to Euro 2,464,874 in H1 2024 (Euro 2,409,481 in H1 2023).

EBITDA totaled Euro 1,054,822, with an EBITDA Margin of 30% of the value of production, compared to Euro 475,043 (EBITDA Margin of 16.5%) in the first half of 2023, **up 122.0%**.

The following consolidated highlights reflect the seasonality of sales revenues, the value of production and of EBITDA. In particular, the Group, for many public customers, has already begun to provide in the first half of the year the services for the orders obtained, receiving in the second half of the year the authorizations from customers for the delivery of the status of works and the subsequent authorizations for the issuance of sales invoices, benefiting revenues, the value of production and EBITDA.

Consolidated figures in € '000	H1 2024	H1 2023	H1 2022
Value of production	3,520	2,884	1,741
EBITDA	1,055	475	185

After expensing amortization and depreciation of Euro 269,988, **EBIT** totaled Euro 784,834 (Euro 333,359 in H1 2023), up 135.4%. The net profit was Euro 451,613, compared to Euro 171,268 in H1 2023 (+163.7%).

Balance Sheet

Net Working Capital amounted to **Euro 5,819,569**, compared to Euro 4,671,003 at December 31, 2023. This is viewed in light of the increase in “inventories” from Euro 923,540 at December 31, 2023 to Euro 2,547,790 at June 30, 2024, and relates to the orders whose works have been allocated and are in progress.

The **Net Financial Debt** was **Euro 1,890,248 (debt)**, compared to Euro 418,776 (debt) at December 31, 2023. Specifically, financial payables totaled Euro 4,040,052 (Euro 3,021,054 at December 31, 2023).

Investments in the first half of 2024 totaled **Euro 820,565** and mainly regarded expenses for the “modernization” of Franchetti S.p.A.’s software, adapting it to the new cloud-ready architecture, and the ongoing start-up of new activities to develop the innovative software demanded by the evolving marketplace. Research and Development, which is based on a precise, concrete and scheduled plan of investments, is fundamental to the Group and therefore involved a significant portion of the in-house engineering workforce, outsourcing, and a significant number of key management personnel, in addition to the utilization of other synergies. This is behind the increase in the value of intangible assets. The company in 2024 also launched the research and scheduling of the installation of the new ERP system for the overall centralized management of the parent company and of the associates, with a plan to incorporate also the target companies currently being acquired.

Shareholders' Equity amounted to **Euro 6,795,224**, increasing on Euro 6,552,325 at December 31, 2023. The increase mainly reflects the payment of dividends in May 2024 of Euro 349,512 thousand and the net profit of Euro 451,613.

For further details on the changes in the period, see the Directors' Report to the Franchetti S.p.A. Group consolidated financial statements at June 30, 2024.

Subsequent events

June 11, 2024 - The Board of Directors of Franchetti SpA approved the submission for the approval of the Extraordinary Shareholders' Meeting of the proposal to increase the number of votes allocated to the multi-vote shares, all held by the Shareholder Franchetti Holding S.r.l., from three to ten for each share and to consequently amend Article 5 of the By-Laws. On July 19, 2024, the deadline for the communication of the exercise of withdrawal by Franchetti S.p.A. Shareholders, the condition precedent upon which the effectiveness of this amendment to the By-Laws is based, was fulfilled. From that date therefore, the number of votes allocated to multi-vote shares issued by the Company increased from 3 to 10 votes each.

July 1, 2024 – The Extraordinary and Special Shareholders' Meetings resolve to increase the votes allocated to multi-vote shares from 3 to 10. The Extraordinary Shareholders' Meeting resolves to grant the Board of Directors the authority to increase the share capital by a maximum of €10 million.

July 17, 2024 - Accelerated Bookbuilding (“ABB”) procedure launched for qualified and institutional investors, which concluded successfully, through the stated ABB, with the subscription on the same date to the share capital increase, with the exclusion of pre-emptive rights as resolved by the Board of Directors on the same date. The process is for a maximum amount of Euro 6,000,300, including share premium, and is concluded through the issue of a maximum of 1,017,000 new ordinary Franchetti S.p.A. shares. Specifically, the capital increase with exclusion of pre-emptive rights carried out by means of Accelerated Bookbuilding (“ABB”) relates to a total of 1,017,000 New Ordinary Shares, representing 12.70% of Franchetti's new share capital, at a price of Euro 5.90 per New Share, for a total value of Euro 6,000,300 (including share premium). The shares were subscribed by Axon Partners Group and Algebris Investments Limited. Following this

transaction, the Franchetti S.p.A.'s share capital is divided into 8,007,250 shares (of which 5,007,250 ordinary shares and 3,000,000 multi-voting shares), with a free float (calculated only on the ordinary shares and excluding the significant shareholders) of approximately 16.74%. Following the transactions, Franchetti Holding S.r.l. holds 76.83% of the share capital (62.95% of the ordinary shares and 94.70% of the voting rights). Following the above transactions, the new composition of the share capital (fully subscribed and paid-in) is as follows:

	Current		Previous		Change	
	Euro	No. Shares	Euro	No. Shares	Euro	No. Shares
Total, of which:	400,362.50	8,007,250	349,512.50	6,990,250	50,850.00	1,017,000
Ordinary shares	250,362.50	5,007,250	199,512.50	3,990,250	50,850.00	1,017,000
Multi-vote shares*	150,000.00	3,000,000	150,000.00	3,000,000	-	-

* 10 votes for each share

Pursuant to Article 26 of the Euronext Growth Milan Issuers' Regulation, the Company announces, from the latest information in its possession, the updated composition of its shareholder structure:

Shareholder	No. total shares	No. ord. shares	No. multi-vote shares	% of total shares	% of ord. shares	% of voting share capital
Franchetti Holding S.r.l.	6,152,000	3,152,000	3,000,000	76.83%	62.95%	94.70%
Axon Partners Group	678,000	678,000	-	8.47%	13.54%	1.94%
Algebris Investments Ltd.	339,000	339,000	-	4.23%	6.77%	0.97%
Market	838,250	838,250	-	10.47%	16.74%	2.39%
Total	8,007,250	5,007,250	3,000,000	100.00%	100.00%	100.00%

Group order book and outlook

The Board of Directors today verified and updated the value of the order book with visibility to 2027, which stands at Euro 30.1 million, prepared on the basis of Group management data¹. In terms of the Group performance, based on the available information, the order book and the organizational structure, a result in line with the organic growth expectations communicated by the financial analysts is forecast, supported by the increasing technology and commercial synergies between the Group companies and in view of the strongly-expanding segment.

¹ The Group works principally on the basis of long-term contracts and the Group backlog represents the value of the long-term orders acquired. In view of the fact that the orders usually relate to long-term framework contracts, the Group can estimate its revenues for approximately 2 years subsequent to the current fiscal year.

In terms of the M&A projects, as previously announced, in 2024 the Franchetti Group intends to continue the research and finalization of new acquisitions to integrate new technologies, specialized skills and excellence in markets that are already proprietary or adjacent to the current ones, with substantial growth objectives. Funding for the initial acquisitions stems from internal liquidity and other financial instruments being finalized.

Against a global geopolitical backdrop featuring a number of armed conflicts, Franchetti S.p.A.'s management and Board of Directors have not currently detected any short-term risks as the Company's business is not exposed to the affected areas.

Filing of documentation

The documentation concerning the Financial Statements at June 30, 2024, required by the applicable regulation, shall be made available to the public at the registered office of the Issuer, and also published on the company website www.franchetti.tech, in the “Investor Relations/ Financial Statements and Reports” section, in accordance with law, and on the website www.borsaitaliana.it, in the Shares/Documents section.

Franchetti S.p.A.

Franchetti S.p.A. heads the Franchetti Group, a pioneer in the management, diagnostics and predictive maintenance of infrastructure (bridges and viaducts in particular). Founded in 2013 in Arzignano (VI), with subsidiaries in Brazil and Canada and operations in the US and India, Franchetti is an innovative SME that has worked on over 40,000 equivalent motorway and railway bridges worldwide. The Group boasts a technical and scientific track record that places it among the industry's leading international experts. Operations are broken into two main business lines: diagnosis and planning for infrastructure maintenance, with inspections and assessments, intervention planning and construction management and ICT services for the predictive programming of infrastructure maintenance. Franchetti has in fact developed two proprietary software programs that leverage the potential of artificial intelligence and predictive data analysis: Argan® can estimate an infrastructure's life cycle and automatically assess safety levels over time for a range of maintenance scenarios and contexts, Pathwork® ensures the optimized management of road and highway works on infrastructure and to support sustainable mobility, while SIDECHECK® can intelligently compare collected data related to inspections, inspectors, schedules, and work estimates to make the evaluation process as objective and complete as possible.

With a workforce of 70 professionals, more than 90% of whom are engineering graduates, the Group achieved a Value of Production of Euro 3.5 million in 2023 (+22% on H1 2023) and EBITDA of Euro 1.1 million (+122% on H1 2023).

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Annexes

H1 2024 Income Statement

Consolidated Income Statement	H1 2024	H1 2023
Revenues	1,803,981	2,282,242
Change in inventories	1,665,320	539,543
Increases for internal work	10,149	20,657
Other operating revenues	40,246	42,082
VALUE OF PRODUCTION	3,519,696	2,884,524
Costs for raw materials and consumables	(377,455)	(44,484)
Service costs	(1,324,304)	(1,622,809)
Costs for the use of third party assets	(145,566)	(128,741)
Personnel	(539,580)	(548,191)
Other operating expenses	(77,969)	(65,256)
EBITDA	1,054,822	475,043
EBITDA Margin (% VoP)	30%	16%
Amortization	(261,662)	(89,264)
Depreciation	(8,326)	(52,421)
EBIT	784,834	333,358
EBIT Margin (% VoP)	22%	12%
Financial income	392	5,290
Financial expenses	(69,856)	(56,745)
Exchange gains/(losses)	(83,782)	(56,388)
RESULT BEFORE TAXES	631,588	225,515
Income taxes	(179,975)	(54,247)
PROFIT	451,613	171,268

Balance sheet at June 30, 2024

Consolidated Balance Sheet	30/06/2024	31/12/2023
Inventories	2,547,790	923,540
Trade Receivables	5,599,278	5,768,623
Trade Payables	(1,159,090)	(1,341,899)
Commercial Working Capital	6,987,978	5,350,264
Other Assets	823,384	1,192,709
Other Liabilities	(1,991,793)	(1,871,970)
Net Working Capital	5,819,569	4,671,003
Intangible assets	2,629,453	2,262,510
Tangible fixed assets	61,511	70,485
Financial assets	224,310	31,702
Gross Capital Employed	8,734,843	7,035,700
Post-employment benefits	(49,371)	(64,599)
Provisions	-	-
Net Capital Employed	8,685,472	6,971,101
Bank payables (short-term)	3,885,091	2,787,893
Bank payables (medium/long-term)	154,961	233,161
Financial payables	4,040,052	3,021,054
Cash	(2,149,804)	(2,602,278)
Other financial assets	-	-
Net financial debt	1,890,248	418,776
Share capital	357,905	358,408
Reserves	5,985,706	4,950,713
Net result	451,613	1,243,204
Total SE	6,795,224	6,552,325
Total sources	8,685,472	6,971,101

Net Financial Debt at June 30, 2024

Description	Previous year	Change	Current year
A) Liquidity	2,602,278	-452,474	2,149,804
B) Cash and cash equivalents	0	0	0
C) Other current financial assets	0	0	0
Other current assets	0	0	0
D) Liquidity (A+B+C)	2,602,278	-452,474	2,149,804
E) Current financial debt	2,787,893	1,097,198	3,885,091
F) Current portion of non-current financial debt	0	0	0
Other current liabilities	0	0	0
G) Current financial debt (E+F)	2,787,893	1,097,198	3,885,091
H) Net current financial debt (G-D)	185,615	1,549,672	1,735,287
I) Non-current financial debt	233,161	-78,200	154,961
J) Debt instruments	0	0	0
K) Trade payables and other non-current payables	0	0	0
L) Non-current financial debt (I+J+K)	233,161	-78,200	154,961
M) TOTAL FINANCIAL DEBT (H+L)	418,776	1,471,472	1,890,248
Financial receivables beyond 12 months	-31,702	-192,608	-224,310
Overdue Tax Payables	399,132	598,048	997,180
TOTAL ADJ NET FINANCIAL DEBT	786,206	1,876,912	2,663,118

Cash Flow Statement at June 30, 2024

	30-06-2024	31-12-2023
Cash flow statement (indirect method)		
A) Cash flow from operating activities (indirect method)		
Net profit/(loss)	451,613	1,243,204
Income taxes	179,975	627,759
Interest charges/(income)	69,464	130,436
(Dividends)	0	0
(Gains)/Losses on disposal of assets	0	0
1) Profit/(loss) for the year before taxes, interest, dividends and gains/losses from disposals	701,052	2,001,399
Non-cash adjustments not impacting working capital		
Provisions	0	0
Amortization & depreciation	269,988	506,588
Impairments	0	0
Adjustments to non-cash financial instrument assets and liabilities	0	0
Other non-cash increases/(decreases)	12,574	67,231
Total non-cash adjustments not impacting working capital	282,562	573,819
2) Cash flow before changes in net working capital	983,614	2,575,218
Change in net working capital		
Decrease/(Increase) in inventories	(1,624,250)	(769,052)
Decrease/(Increase) in trade receivables	169,345	(2,095,540)
Increase/(Decrease) in trade payables	(182,809)	495,627
Decrease/(Increase) in prepayments and accrued income	15,789	(9,926)
Increase/(Decrease) in accrued liabilities and deferred income	(93,588)	60,954
Other Decreases/(Other Increases) in working capital	1,039,966	127,752
Total changes in net working capital	(675,547)	2,190,185
3) Cash flow after working capital changes	308,067	385,033
Other adjustments		
Interest received/(paid)	(69,464)	(130,436)
(Income taxes paid)	(652,994)	(445,770)
Dividends received	0	0
(Utilization of provisions)	0	0
Other receipts/(payments)	(27,802)	(43,850)

Total other adjustments	(750,260)	(620,056)
Cash flow from operating activities (A)	(442,193)	(235,023)
B) Cash flow from investing activities		
Tangible fixed assets		
(Investments)	648	2,349
Disposals	0	0
Intangible assets		
(Investments)	(628,605)	(1,171,815)
Disposals	0	0
Financial assets		
(Investments)	(192,608)	127,434
Disposals	0	0
Current financial assets		
(Investments)	0	0
Divestments	0	0
(Acquisition of business units net of cash and cash equivalents)	0	0
Disposal of business units net of cash and cash equivalents	0	0
Cash flow from investing activities (B)	(820,565)	(1,042,032)
C) Cash flow from financing activities		
Third party funds		
Increase/(Decrease) in short-term bank payables	1,097,198	1,112,873
New loans	(78,200)	(170,458)
(Repayment of loans)	0	0
Own funds		
Paid-in share capital increase	(12,526)	23,392
(Repayment of capital)	0	0
Disposal/(Acquisition) of treasury shares	0	0
(Dividends and interim dividends paid)	(196,188)	679,197
Cash flow from financing activities (C)	810,284	1,645,004
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(452,474)	367,949
Exchange rate effect on cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	2,601,905	2,234,263
Cheques	0	0
Cash in hand and similar	373	66

Total opening cash and cash equivalents	2,602,278	2,234,329
Of which not freely usable	0	0
Cash and cash equivalents at end of year		
Bank and postal deposits	2,149,207	2,601,905
Cheques	0	0
Cash in hand and similar	597	373
Total closing cash and cash equivalents	2,149,804	2,602,278
Of which not freely usable	0	0

