

PRESS RELEASE

## Franchetti S.p.A. - Agreement signed to acquire stake in newco with shareholder Palfinger AG

*Franchetti will invest Euro 1.874 million in an Austrian-registered company to which the Strucinspect business line will be transferred, in which it holds a 67% stake.*

*The new company's other shareholders will also include the international technology and mechanical engineering Group Palfinger AG, headquartered in Austria, the current Strucinspect's majority shareholder.*

*Transaction objective: invest in AI for infrastructure diagnosis.*

Arzignano (VI), December 23, 2024 – **Franchetti S.p.A.** (Ticker BIT: FCH), the parent company of the multinational software development and engineering design Group of the same name, **today announces the signing of a binding investment agreement and shareholder agreement with Strucinspect for the investment** in an Austrian-registered company ("**Target**") to which the Strucinspect business line ("**Carve Out**") will be transferred - in the interim period between the signing and the first closing of the transaction - and which will assume the company name Strucinspect GmbH.

As part of the planned Carve Out, the Strucinspect business line's key assets will be transferred from Strucinspect to the Target, including the "Strucinspect" predictive diagnostic software, the brand, and a team of highly qualified engineers.

Franchetti S.p.A., upon completion of the Carve-Out, will pay-in an initial capital increase in the Target, which is expected to take place in the first four months of 2025, coming to hold 67% of the Target's share capital, while the remainder will be owned by a number of shareholders including Palfinger AG ("Palfinger"), an Austrian multinational Group operating in the lifting and handling equipment and solutions sector, in an amount not exceeding 33%.

*"With this transaction we confirm our vocation as technological pioneers in the infrastructure predictive maintenance sector" - stated **Gianluca Del Fabbro, General Manager of Franchetti S.p.A.** - "Our goal is to evolve the "Strucinspect" software by expanding its geographical reach and accelerating the go-to-market. **This partnership consolidates our technology offerings and ensures top-level solutions for road, bridge and infrastructure managers, with significant impacts in terms of safety, economic efficiency and environmental sustainability**".*

**Headquarters**

**Franchetti spa**  
Piazzale della Vittoria 7  
I-36071 Arzignano/VI  
Tel. +39 0444 671443  
Fax +39 0444 456336  
PI. 03835470240  
info@franchetti.tech  
franchetti.tech

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Strategic Rationale - The agreement enables Franchetti to strengthen its technological leadership through a solution that integrates the expertise developed over the years, historical data and advanced digital technologies, opening up **new growth opportunities in the DACH area** (Germany, Austria and Switzerland) **and US market**. This transaction is strategic for Franchetti S.p.A. as allowing the Arzignano Group to complement its offerings with **one of the few software programs in the world capable of providing highly innovative diagnostics for infrastructure** such as bridges, dams, and tunnels to support long-term planning and services for infrastructure managers. Created to analyze reinforced concrete structures, the software's extraordinary versatility sets it apart, making it suitable also for other building materials, particularly steel structures. Through "Strucinspect", **Franchetti expands its range of end-to-end solutions**, further strengthening its offering for advanced infrastructure management.

"Strucinspect" software, **based on advanced Artificial Intelligence algorithms highly trained on a huge amount of images and data collected over more than two decades of experience**, provides an unparalleled level of accuracy in identifying structural defects from photographic images. This distinctive feature enables the **detection of more anomalies than competitors**, with rapid, detailed, and incredibly accurate diagnoses. The developed software platform also has additional highly innovative features, such as **automatic localization of defects within the 3D photogrammetry, automatic generation of volumetric BIM (Building Information Modeling) models of bridges and individual defects, and also defect tracking**, i.e., automatic tracking of defect evolution over time, capable of integrating data from previous inspections, including those conducted with less advanced technologies. Combining these and other features in a totally unique way, the "Strucinspect" software is able to integrate data from previous inspections, even those conducted with less advanced technologies. This makes it possible to **maintain historical continuity of information** and to monitor the evolution of anomalies over time, setting out **both a past and future timeline of defects, as well as reconstructing digital models of the infrastructure by geo-referencing detected anomalies**.

The high degree of **integrability with Franchetti's products** allows the extremely reliable outputs of Strucinspect to be used to add unprecedented value to the predictive maintenance software developed by the Group. This overview is **critical for planning strategic interventions and optimizing maintenance, increasing the safety and reliability of structures, lowering maintenance costs, and promoting long-term sustainability**.

The software from Strucinspect, a company founded six years ago and already a major player in iconic projects such as the inspection of the Los Angeles subway and Clunie

Dam in Scotland, stands out for its effectiveness, reliability and ability to adapt to multiple operating contexts. With a cloud-based microservice architecture, the software significantly expands its application potential, being able to **integrate with other systems, including Bridge Management Systems (BMS) and Enterprise Resource Planning (ERP) solutions to offer innovative interconnected management services.**

Timing - Subsequent to the signing of the Investment Agreement, it is planned that the current shareholders of Strucinspect GmbH - all or a number of them - will establish an Austrian-registered NewCo and proceed with the transfer of the assets (software, brand, and engineering team) from the current company Strucinspect to the NewCo /Target. By the first four months of 2025, Franchetti S.p.A. is expected to take a holding in the share capital of the NewCo/Target, which will be named Strucinspect GmbH. In order to support the Target's operations, the parties have also drawn up a service agreement. The transaction is subject to the completion of the Carve Out.

Consideration - The transaction stipulates for Franchetti to pay-in a total of Euro 1,874,000 (partly to reserves) into the Target, of which Euro 874,000 will be paid on the closing of the first capital increase, which will take place by the first quarter of 2025, and the remaining Euro 1,000,000 (to reserves) by the first anniversary of the first closing.

Advisors - Franchetti S.p.A.'s legal advisors for the transaction are ADVANT Nctm and Wolf Theiss Rechtsanwälte GmbH & Co for the Austrian law aspects.

The transaction is not considered a significant transaction as per Article 12 of the Euronext Growth Milan Issuers' Regulation.

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This press release is available in the Investor Relations/Financial Press Releases section of the website [www.franchetti.tech](http://www.franchetti.tech) and at <https://www.linfo.it/PORTALE1INFO>

#### **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 H1 2024 (+22% on H1 2023) and EBITDA of Euro 1.1 million (+122% on H1 2023).



**Contacts:**

**Issuer**

Franchetti S.p.A.  
Tel. +39 0444671443  
[ir@franchetti.tech](mailto:ir@franchetti.tech)

**Investor & Media Relations Advisor**

TWIN  
[franchetti@twin.services](mailto:franchetti@twin.services)  
Mara Di Giorgio || +39 335 7737417  
Federico Bagatella || +39 331 8007258  
Morena Azzi || +3311070477

**Euronext Growth Advisor & Specialist**

Integrae Sim S.p.A.  
Tel: + 39 02 80 50 61 60