

UPDATE

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Franchetti

Euronext Growth Milan | Infrastructure Maintenance | Italy

Rating

 **BUY**

unchanged

Target Price

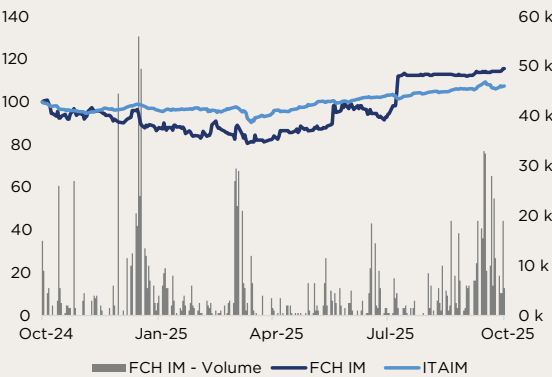
€ 9,40

prev. 11,00

Key Multiples	FY24A	FY25E	FY26E	FY27E
EV/Sales	8,8x	5,8x	4,9x	4,1x
EV/EBITDA	14,5x	13,2x	10,4x	8,5x
EV/EBIT	21,7x	23,x	16,8x	13,4x
P/E	33,5x	38,8x	26,6x	20,6x

Key Financials (€/mln)	FY24A	FY25E	FY26E	FY27E
VoP	8,99	12,00	15,00	18,00
EBITDA	3,40	3,75	4,75	5,80
EBIT	2,27	2,15	2,95	3,70
Net Income	1,51	1,30	1,90	2,45
Net Financial Position	(1,06)	(4,21)	(4,46)	(4,93)
EBITDA margin	37,8%	31,3%	31,7%	32,2%
EBIT margin	25,3%	17,9%	19,7%	20,6%
Net income margin	16,8%	10,8%	12,7%	13,6%

Stocks performance relative to FTSE Italia Growth



Stock Data

Risk	Medium
Price	€ 5,35
Target price	€ 9,40
Upside/(Downside) potential	75,7%
Ticker - Bloomberg Code	FCH IM
Market Cap (€/mln)	€ 50,48
EV (€/mln)	€ 49,42
Free Float (% on ordinary shares)	15,4%
Shares Outstanding	9.435.721
52-week high	€ 7,90
52-week low	€ 4,54
Average Daily Volumes (3 months)	6.381

Stock performance	1M	3M	6M	1Y
Absolute	0,0%	-20,1%	-19,5%	-21,3%
to FTSE Italia Growth	1,4%	4,2%	13,4%	7,5%
to Euronext STAR Milan	2,4%	5,1%	16,5%	7,1%
to FTSE All-Share	0,2%	4,6%	15,6%	22,5%
to EUROSTOXX	3,8%	6,0%	10,9%	15,0%
to MSCI World Index	2,5%	6,5%	21,6%	16,7%

Source: FactSet

1H25A Results

At the end of the first half of 2025, the value of production amounted to € 5.71 million, up 62.4% compared to € 3.52 million as of June 30th, 2024. This increase reflects the strong expansion in volumes, which represented the main driver of the positive performance during the period. In this context, EBITDA stood at € 1.78 million, with an EBITDA margin on the value of production of 31.1%, improving from 30.0% in the first half of 2024, when the indicator amounted to € 1.05 million. EBIT totaled € 1.00 million, up 27.6% compared to € 0.78 million in the first half of 2024. The EBIT margin, equal to 17.5%, showed a slight decrease compared to 22.3% in the comparable period. Net profit for the half-year amounted to € 0.34 million, compared to € 0.45 million as of June 30th, 2024. On the balance sheet side, the Net Financial Position was cash positive for € 0.31 million, compared to € 1.10 million as of December 31st, 2024.

Estimates and Valuation Update

In light of the results achieved in the first half of 2025 and considering, on the one hand, the longer lead times experienced with certain key clients that led to a temporary slowdown in some projects, and on the other, the growth prospects linked to the investments made during the year, whose effects are expected to extend beyond the plan horizon, we are revising our estimates for both the current fiscal year and the coming years. In particular, we estimate a FY25E value of production of € 12.00 million and an EBITDA of € 3.75 million, corresponding to a margin (calculated on the value of production) of 31.3%. For the following years, we expect the value of production to increase to € 18.00 million (CAGR 24A-27E: 26.1%) in FY27E, with an EBITDA of € 5.80 million (corresponding to a margin of 32.2%), up from € 3.40 million in FY24A. We have carried out the equity value assessment of Franchetti based on the DCF methodology. The DCF method (which prudentially includes a specific risk of 2.5% in the WACC calculation) yields an equity value of approximately € 88.7 million. **The target price is € 9.40, with a BUY rating and a MEDIUM risk profile.**

Economics & Financials

TABLE 1 - ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenues	6,15	5,58	8,50	10,00	12,00
Work in progress	0,79	3,29	3,50	5,00	6,00
<i>Other revenues</i>	0,08	0,11	0,00	0,00	0,00
Value of Production	7,02	8,99	12,00	15,00	18,00
COGS	0,14	0,12	0,15	0,20	0,25
Services	2,92	3,47	5,30	6,60	7,90
Use of asset owned by others	0,28	0,38	0,50	0,60	0,70
Employees	0,96	1,38	2,00	2,50	2,95
Other operating costs	0,18	0,24	0,30	0,35	0,40
EBITDA	2,54	3,40	3,75	4,75	5,80
<i>EBITDA Margin</i>	<i>36,1%</i>	<i>37,8%</i>	<i>31,3%</i>	<i>31,7%</i>	<i>32,2%</i>
D&A	0,51	1,12	1,60	1,80	2,10
EBIT	2,03	2,27	2,15	2,95	3,70
<i>EBIT Margin</i>	<i>28,9%</i>	<i>25,3%</i>	<i>17,9%</i>	<i>19,7%</i>	<i>20,6%</i>
Financial management	(0,16)	(0,37)	(0,35)	(0,35)	(0,35)
EBT	1,87	1,91	1,80	2,60	3,35
Taxes	0,63	0,40	0,50	0,70	0,90
Net Income	1,24	1,51	1,30	1,90	2,45
CONSOLIDATED BALANCE SHEET (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E
Fixed Assets	2,36	6,49	8,50	10,00	11,00
Account receivable	5,77	7,51	11,80	13,00	15,50
Inventories	0,92	4,17	4,20	4,80	5,40
Account payable	1,34	1,94	3,80	4,70	5,30
Operating Working Capital	5,35	9,74	12,20	13,10	15,60
Other receivable	1,19	1,07	1,70	1,90	2,10
Other payable	1,87	3,40	4,50	6,00	8,10
Net Working Capital	4,67	7,41	9,40	9,00	9,60
Severance & other provisions	0,06	0,16	0,15	0,15	0,15
NET INVESTED CAPITAL	6,97	13,75	17,75	18,85	20,45
Share capital	0,36	0,43	0,74	0,45	0,45
Reserves	4,95	12,87	19,92	20,96	22,48
Net Income	1,24	1,51	1,30	1,90	2,45
Equity	6,55	14,81	21,96	23,31	25,38
Cash & cash equivalents	2,60	6,16	9,11	9,16	9,43
Short term financial debt	2,79	5,00	4,80	4,60	4,40
M/L term financial debt	0,23	0,10	0,10	0,10	0,10
Net Financial Position	0,42	(1,06)	(4,21)	(4,46)	(4,93)
SOURCES	6,97	13,75	17,75	18,85	20,45

CONSOLIDATED CASH FLOW (€/mln)	FY24A	FY25E	FY26E	FY27E
EBIT	2,27	2,15	2,95	3,70
Taxes	0,40	0,50	0,70	0,90
NOPAT	1,87	1,65	2,25	2,80
D&A	1,12	1,60	1,80	2,10
Change in NWC	(2,74)	(1,99)	0,40	(0,60)
Change in receivable	(1,74)	(4,29)	(1,20)	(2,50)
Change in inventories	(3,25)	(0,03)	(0,60)	(0,60)
Change in payable	0,60	1,86	0,90	0,60
Change in others	1,65	0,47	1,30	1,90
Change in provisions	0,10	(0,01)	0,00	0,00
OPERATING CASH FLOW	0,35	1,25	4,45	4,30
Capex	(5,25)	(3,61)	(3,30)	(3,10)
FREE CASH FLOW	(4,90)	(2,35)	1,15	1,20
Financial Management	(0,37)	(0,35)	(0,35)	(0,35)
Change in Financial debt	2,08	(0,20)	(0,20)	(0,20)
Change in equity	6,75	5,85	(0,54)	(0,38)
FREE CASH FLOW TO EQUITY	3,56	2,94	0,06	0,27

Source: Franchetti Historical Data and Integrae SIM estimates

Company Overview

Franchetti SpA leads the Franchetti Group, which operates in the field of infrastructure management, diagnostics, and predictive maintenance, with a particular focus on bridges and viaducts. Founded in 2013 in Arzignano (VI), the company is an innovative SME with subsidiaries in Brazil and Canada, and operations also in the United States and India. It has managed interventions on over 40,000 equivalent bridges worldwide, consolidating its technical and scientific reputation among the leading international experts in the sector.

The business is structured along two main lines: diagnostic and design services for maintenance operations, including inspection, assessment, and construction management activities, and ICT services for predictive maintenance planning. In this area, Franchetti has developed three proprietary software solutions: Argan®, used to estimate the life cycle of infrastructures and monitor their safety levels; Pathwork®, designed to optimize the management of road and highway construction sites with a view to sustainable mobility; and SIDECHECK®, created to intelligently compare data collected during inspections, making the evaluation process more objective and comprehensive.

1H25A Results

TABLE 2 – 1H25A VS. 1H24A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H25A	5,71	1,78	31,1%	1,00	0,34	(0,31)
1H24A	3,52	1,05	30,0%	0,78	0,45	(1,06)*
Change	62,4%	68,4%	1,1%	27,6%	-24,7%	n/a

Source: Integrae SIM

* Data as of 31/12/2024

Through the press release dated March 31st, 2025, Paolo Franchetti, Chief Executive Officer of Franchetti SpA, commented as follows on the 2024 annual results:

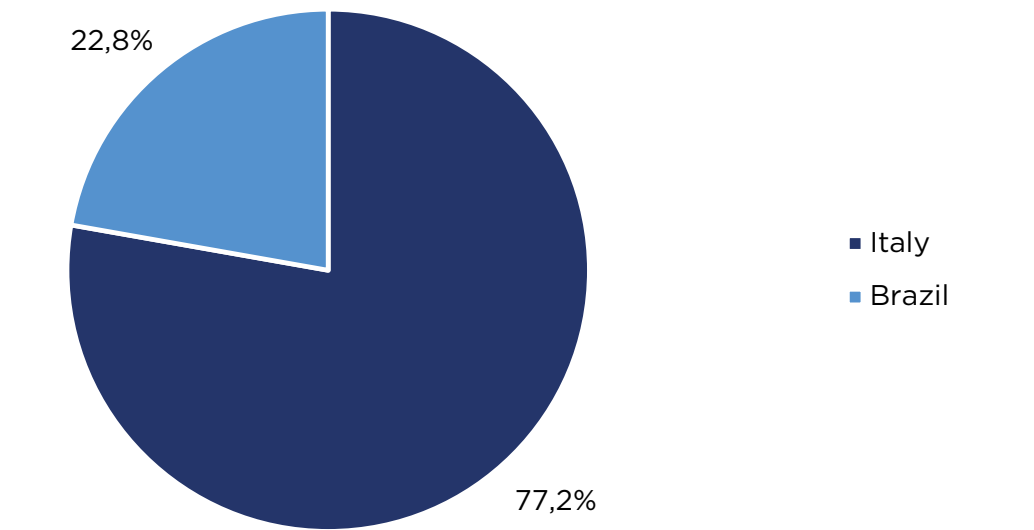
“The results of the year reflect a clear strategic choice: integrating into the Group’s industrial offering those technological services that complete its range and now allow us to offer end-to-end solutions on a global scale – from diagnostics to treatment. In this way, we position ourselves as a key partner in supporting the infrastructure sector along its ongoing digital transformation journey. Completing our technological offering required additional efforts but enabled us to take the final step toward an integrated and fully competitive platform. The market, both nationally and internationally, is experiencing continuous exponential growth, characterized by the transformation of real assets into digital assets (particularly concerning existing structures). The Group’s highly specialized know-how in this field is crucial to strengthening our competitive position and consolidating trusted relationships with both public and private partners. Franchetti’s growth path is also driven by constant attention to innovation, which guides us in developing new digital and predictive solutions capable of responding to increasingly complex and long-term needs. We are capitalizing on the opportunities offered by the evolution of the sector, decisively integrating the most recent acquisitions, expanding our service portfolio, and geographically broadening our commercial offering with projects of high strategic value. The results achieved demonstrate full alignment with our development model, based on the ability to combine strategic vision and innovation with operational scalability in Italy and abroad. Our goal remains clear: to establish the Franchetti Group as a leading partner for the intelligent, safe, and sustainable management of existing infrastructures, creating tangible and lasting value for all our stakeholders.”

At the end of the first half of 2025, the value of production amounted to € 5.71 million, up 62.4% compared to € 3.52 million as of June 30th, 2024. This increase reflects the strong expansion in volumes, which represented the main driver of the positive performance during the period.

The value of production primarily consists of sales revenues, which amounted to € 2.45 million, up 35.5% compared to the same period of the previous year. This item includes, in addition to invoices already issued, the amounts accrued for invoices to be issued, referring to works already completed and delivered but still awaiting authorization for invoicing by the contracting authority. Added to this is the change in inventories, which recorded a particularly significant increase, rising from € 1.67 million in the first half of 2024 to € 3.15 million (+88.9%). This growth is attributable to the increase in the estimated revenue value from projects nearing completion, as well as to the start of new orders acquired thanks to the expansion of the digital offering. The

latter has been made possible by recent acquisitions, the introduction of new software solutions, and the advancement of projects included in the company's substantial backlog.

CHART 1 - REVENUES BREAKDOWN



Source: Integrae SIM

On a geographical basis, revenue generation from the Group's two main reference markets showed the following breakdown:

- **Italy** contributed € 4.40 million, accounting for 77.2% of the total, a significant increase compared to € 2.80 million in the same period of 2024 (+57.3%);
- the **Brazilian market** also performed positively, with a value of production of € 1.30 million, equal to 22.8% of the total, up from € 0.73 million in the first half of 2024 (+79.0%).

The Group's growth trajectory is confirmed across both reference markets, supported by the increasing need to intervene on an infrastructure network now characterized by a high degree of obsolescence. This is a structural trend expected to persist over time and, in the case of Italy, largely independent of the NRRP resources. In this context, the Group benefits from a strong competitive position, ensuring stable growth prospects and the ability to continuously capture recurring business flows.

During the period, there was an increase in service costs from external suppliers and a strengthening of the organizational structure, which as of June 30th, 2025 included 128 employees and collaborators. The expansion of the workforce, consistent with the growing operational scope and volume of activities, took place within a framework of balanced and sustainable growth.

In this scenario, EBITDA amounted to € 1.78 million, with an EBITDA margin on the value of production of 31.1%, improving from 30.0% in the first half of 2024, when the

indicator stood at € 1.05 million. The 68.4% increase in absolute terms demonstrates the Group's ability to enhance operational efficiency and leverage synergies arising from structural integration and recent acquisitions.

EBIT amounted to € 1.00 million, up 27.6% compared to € 0.78 million in the first half of 2024. The EBIT margin, equal to 17.5%, showed a slight decline compared to 22.3% in the comparable period, a dynamic attributable to the increase in amortization of intangible assets, which rose to € 0.77 million from € 0.27 million in the first half of 2024. These amortizations reflect the significant capitalizations carried out in recent years, mainly related to internally developed software and multi-year costs connected to investments and M&A operations.

Net profit for the half-year amounted to € 0.34 million, compared to € 0.45 million as of June 30th, 2024. The result reflects the impact of the Group's 66.67% share of the loss recorded by the associated company Strucinspect GmbH, amounting to € 0.26 million and consolidated using the equity method. This effect is linked to the start-up phase of the Austrian company, in which the Group holds a strategic interest. The Board of Directors believes that Strucinspect GmbH has solid development potential, thanks to its technological positioning and the prospects outlined in the business plan shared with its management, which highlights concrete opportunities for growth and value creation over the medium term.

On the balance sheet side, the Net Financial Position was cash positive for € 0.31 million, compared to € 1.10 million as of December 31st, 2024. The change is attributable to the intensive investment activity carried out during the period, involving both the industrial and technological components. Specifically, the increase in inventories and the continuation of the investment plan in intangible assets had a significant impact. The latter relates to the development and modernization of the proprietary software suite, the strengthening of R&D activities, and the implementation of innovative projects within the Building Information Modeling (BIM) framework. Additionally, the acquisition of a 66.67% stake in the Austrian company Strucinspect GmbH and the higher capitalizations related to software investments and M&A transactions contributed to the increase in intangible and financial assets.

In conclusion, the first half of 2025 confirms the soundness of the Group's growth path, supported by an efficient operating model, a balanced capital structure, and a development strategy centered on innovation and international expansion. The extraordinary transactions completed in the early months of the year — notably the acquisition of a 66.67% stake in the Austrian company Strucinspect GmbH and the capital increase approved in March for a maximum amount of € 4.00 million, of which € 2.80 million has already been subscribed by qualified and institutional investors — further strengthened the Group's financial resources and competitive positioning.

Given the solid order backlog and organizational structure, as well as the synergies resulting from recent acquisitions, the Group's operational performance appears set on a path of sustained organic growth and consolidation of its existing perimeter. In this context, the external growth plan represents a natural extension of the medium-term strategy, aimed at integrating complementary technologies and specialized expertise in high value-added areas.

The capital strengthening achieved through the capital increases completed between the end of 2024 and the beginning of 2025 provides the Group with a solid financial base, functional to supporting planned investments and seizing potential market

opportunities consistent with its industrial strategy. This availability of resources, combined with the Group's ability to generate positive operating cash flows, ensures continuity in the expansion process while maintaining a balanced financial profile.

Furthermore, on October 15th, 2025, the Company announced the conclusion of the third and final exercise period of the "Franchetti Warrants 2022-2025", which took place between October 1st and October 15th, 2025. During this period, a total of 765,217 Warrants were exercised, resulting in the subscription of an equal number of new Franchetti ordinary shares for a total value of € 3.05 million. Among the subscribers was Franchetti Holding Srl, the Group's controlling shareholder and a company attributable to Engineer Franchetti, Chairman and Chief Executive Officer of the Company, which exercised 250,000 Warrants for a total value of € 1.00 million.

Overall, the Group is in a solid position to continue its development path, based on technological innovation, internationalization, and the creation of sustainable long-term value, while maintaining an active role in M&A operations and pursuing an intense scouting activity aimed at identifying new opportunities for strategic growth.

FY25E - FY27E Estimates

TABLE 3 - ESTIMATES UPDATES FY25E-27E

€/mln	FY25E	FY26E	FY27E
Value Of Production			
New	12,00	15,00	18,00
Old	15,00	18,00	21,00
Change	-20,0%	-16,7%	-14,3%
EBITDA			
New	3,75	4,75	5,80
Old	4,90	5,90	6,90
Change	-23,4%	-19,5%	-15,9%
EBITDA %			
New	31,3%	31,7%	32,2%
Old	32,6%	32,8%	32,9%
Change	-1,4%	-1,1%	-0,6%
EBIT			
New	2,15	2,95	3,70
Old	3,20	4,00	4,70
Change	-32,7%	-26,3%	-21,3%
Net Income			
New	1,30	1,90	2,45
Old	1,95	2,50	2,95
Change	-33,2%	-24,0%	-16,9%
NFP			
New	(4,21)	(4,46)	(4,93)
Old	(3,21)	(3,52)	(3,87)
Change	n/a	n/a	n/a

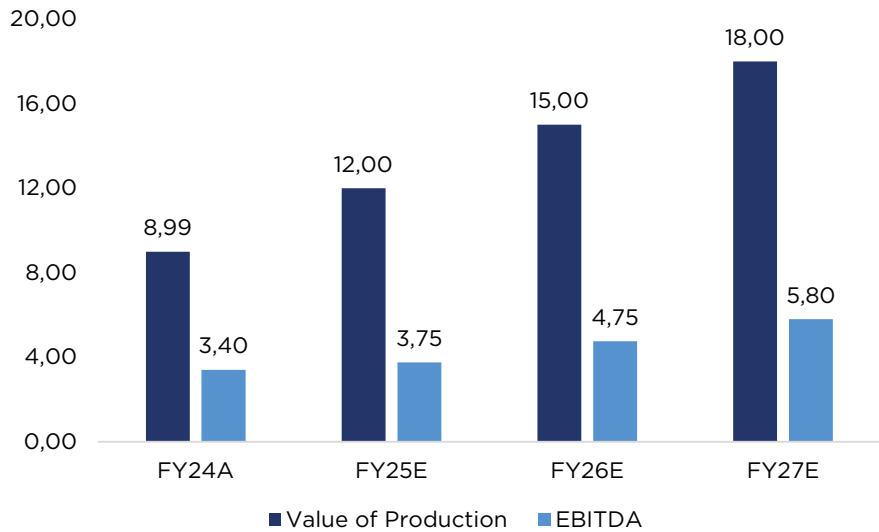
Source: Integrae SIM

In light of the results achieved in the first half of 2025 and considering, on the one hand, the longer lead times experienced with certain key clients that led to a temporary slowdown in some projects, and on the other hand, the growth prospects related to the investments made during the year—whose effects are expected to extend beyond the plan horizon—we are revising our estimates for both the current fiscal year and the coming years.

In particular, we estimate a FY25E value of production of € 12.00 million and an EBITDA of € 3.75 million, corresponding to a margin (calculated on the value of production) of 31.3%. For the following years, we expect the value of production to increase to € 18.00 million (CAGR 24A-27E: 26.1%) in FY27E, with an EBITDA of € 5.80 million (corresponding to a margin of 32.2%), up from € 3.40 million in FY24A.

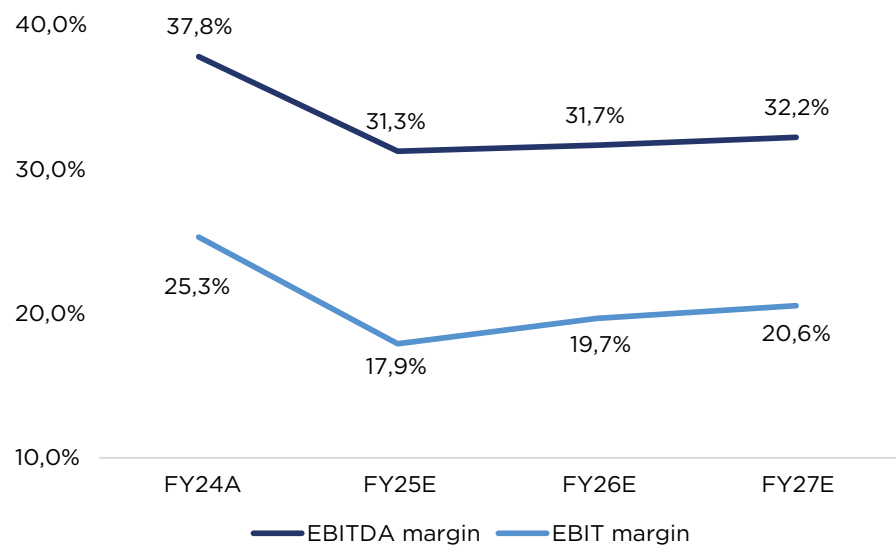
At the balance sheet level, we estimate a cash positive Net Financial Position for FY27E of € 4.93 million.

CHART 2 - VOP AND EBITDA FY24A - FY27E



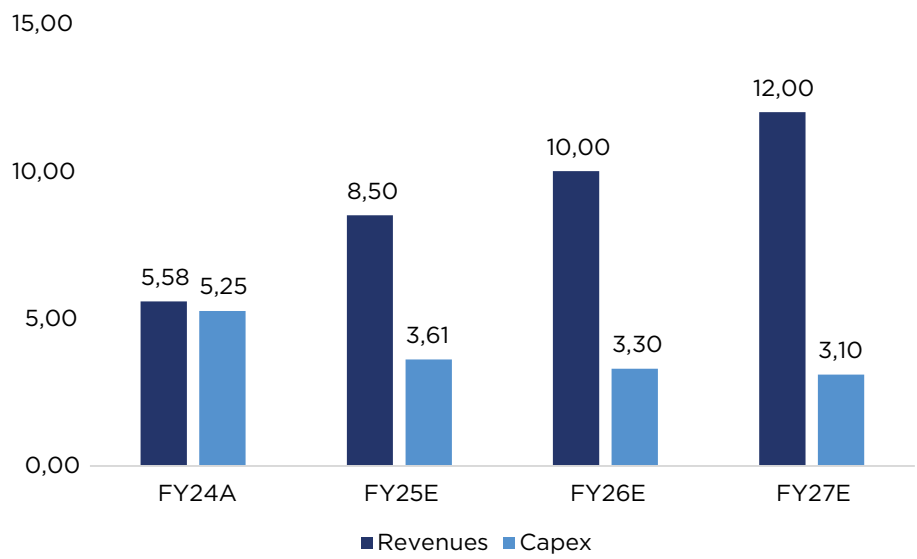
Source: Integrae SIM

CHART 3 - MARGIN % FY24A- FY27E



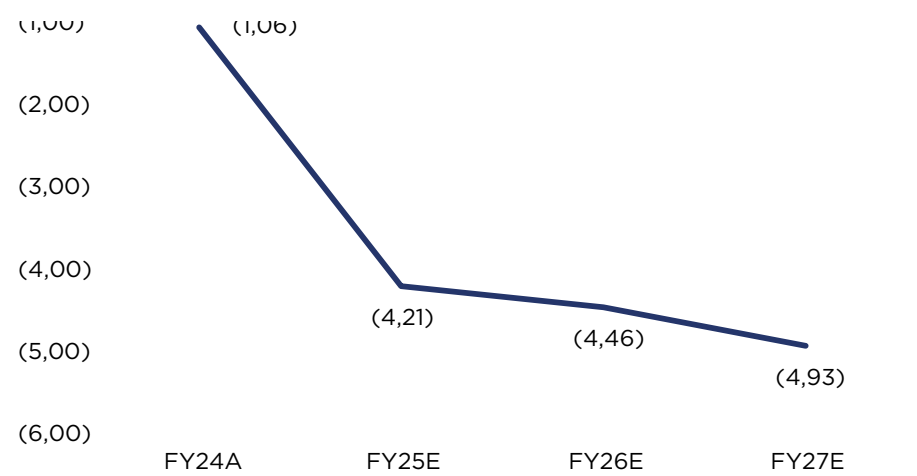
Source: Integrae SIM

CHART 4 - CAPEX FY24A - FY27E



Source: Integrae SIM

CHART 5 - NFP FY24A - FY27E



Source: Integrae SIM

Valuation

We have carried out the equity value assessment of Franchetti based on the DCF methodology.

DCF Method

TABLE 4 - WACC

WACC		10,2%	
D/E 42,86%	Risk Free Rate 2,81%	β Adjusted 1,2	α (specific risk) 2,50%
Kd 2,50%	Market premium 7,26%	β Relevered 1,2	Ke 13,75%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%, resulting in a WACC of 10.2%.

TABLE 5 - DCF VALUATION

DCF	% of EV	
FCFE actualized	20,4	23%
TV actualized DCF	67,2	77%
Enterprise Value	87,6	100%
NFP (FY24A)	(1,1)	
Equity Value	88,7	

Source: Integrae SIM

Based on the above data and taking into account our estimates and assumptions, the resulting equity value amounts to € 88.7 million.

TABLE 6 - EQUITY VALUE SENSITIVITY ANALYSIS

€/mln	WACC							
		8,7%	9,2%	9,7%	10,2%	10,7%	11,2%	11,7%
	3,0%	134,7	122,3	111,8	102,8	94,9	88,1	82,0
	2,5%	125,7	114,8	105,5	97,5	90,4	84,2	78,7
	2,0%	117,9	108,4	100,1	92,8	86,4	80,7	75,7
	1,5%	111,3	102,8	95,3	88,7	82,8	77,6	72,9
	1,0%	105,5	97,8	91,1	85,0	79,6	74,8	70,5
	0,5%	100,5	93,5	87,3	81,7	76,8	72,3	68,2
	0,0%	96,0	89,6	83,9	78,8	74,2	70,0	66,1

Source: Integrae SIM

Equity Value

TABLE 7 - EQUITY VALUE

Equity Value (€/mln)	88,7
Target Price (€)	9,40

Source: Integrae SIM

The target price is therefore € 9,40 (previously € 11.00). We confirm a BUY rating and a MEDIUM risk profile.

TABLE 8 - TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY24A	FY25E	FY26E	FY27E
EV/EBITDA	25,8 x	23,4 x	18,4 x	15,1 x
EV/EBIT	38,5 x	40,8 x	29,7 x	23,7 x
P/E	58,8 x	68,2 x	46,7 x	36,2 x

Source: Integrae SIM

TABLE 9 - CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY24A	FY25E	FY26E	FY27E
EV/EBITDA	14,5x	13,2x	10,4x	8,5x
EV/EBIT	21,7x	23,0x	16,8x	13,4x
P/E	33,5x	38,8x	26,6x	20,6x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
23/04/2025	6,50	Buy	11,00	Medium	Update
07/02/2025	7,40	Buy	10,70	Medium	Update
05/12/2024	U/R	Buy	U/R	Medium	Breaking News
15/10/2024	6,80	Buy	10,00	Medium	Update
03/04/2024	5,85	Buy	7,70	Medium	Update

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Upside Potential (for different risk categories)

Rating	Low Risk	Medium Risk	High Risk
BUY	Upside $\geq$ 7.5%	Upside $\geq$ 10%	Upside $\geq$ 15%
HOLD	-5% < Upside < 7.5%	-5% < Upside < 10%	0% < Upside < 15%
SELL	Upside $\leq$ -5%	Upside $\leq$ -5%	Upside $\leq$ 0%
U.R.	Under Review		
N.R.	Not Rated		

Valuation methodologies (long term horizon: 12 months)

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