

13th September 2023



Franchetti Spa

1H 2023 Results

FRANCHETTI
BRIDGE DIAGNOSTICS AND PREDICTIVE MAINTENANCE

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1. Company Overview

2. Business Model

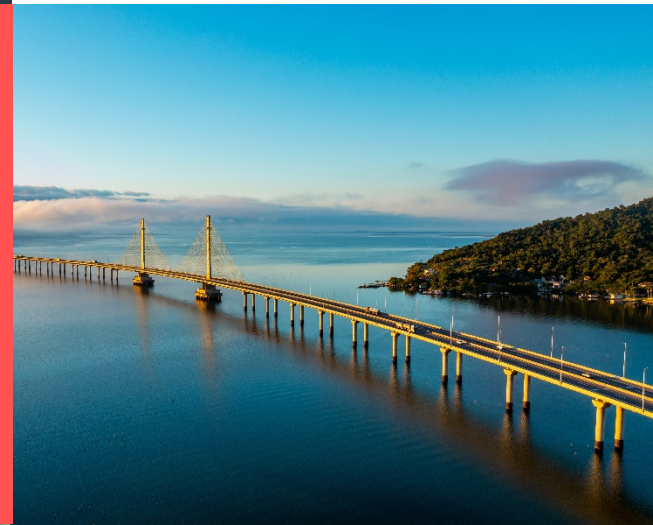
3. Reference Market

4. Strategies

5. Key Financials 1H 2023

Annex

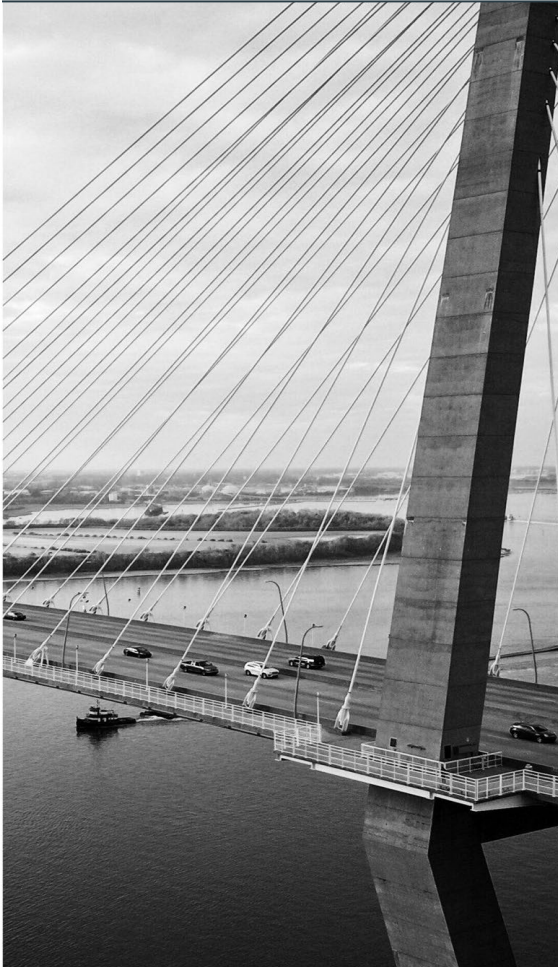
1. Company Overview



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Franchetti Spa is an international group specialized in the planning, diagnosis and interventions aimed at safety and predictive scheduling of maintenance activities on infrastructural networks

70	Employees	<ul style="list-style-type: none"> Expert evaluators of the safety conditions of existing infrastructures and software specialists for engineering
6	Countries of presence (on 3 continents)	<ul style="list-style-type: none"> Franchetti has been operating for 20+ ys. in Italy (registered office in Arzignano, Vicenza), Brazil and Canada It has a corporate presence in the US, India and Singapore
40k+	Equivalent bridges subject to intervention to date	<ul style="list-style-type: none"> Franchetti's main field of endeavor is in the area of structural capex, namely inspection, analysis and predictive maintenance scheduling of the high-value elements - primarily bridges - of complex transportation networks
38k+	Bridges and viaducts in the world included in Argan	<ul style="list-style-type: none"> Argan® is the artificial intelligence software, in-house designed, to carry out the predictive maintenance of infrastructures
€ 20bn	Estimated value of the global maintenance engineering services sector	<ul style="list-style-type: none"> The Group's clients are national and international public and private leadplayers in road and rail infrastructure management



● Diagnosis, Monitoring, Planning and Caring large infrastructure to protect the safety and mobility of people and goods

● Ensuring economic and environmental sustainability

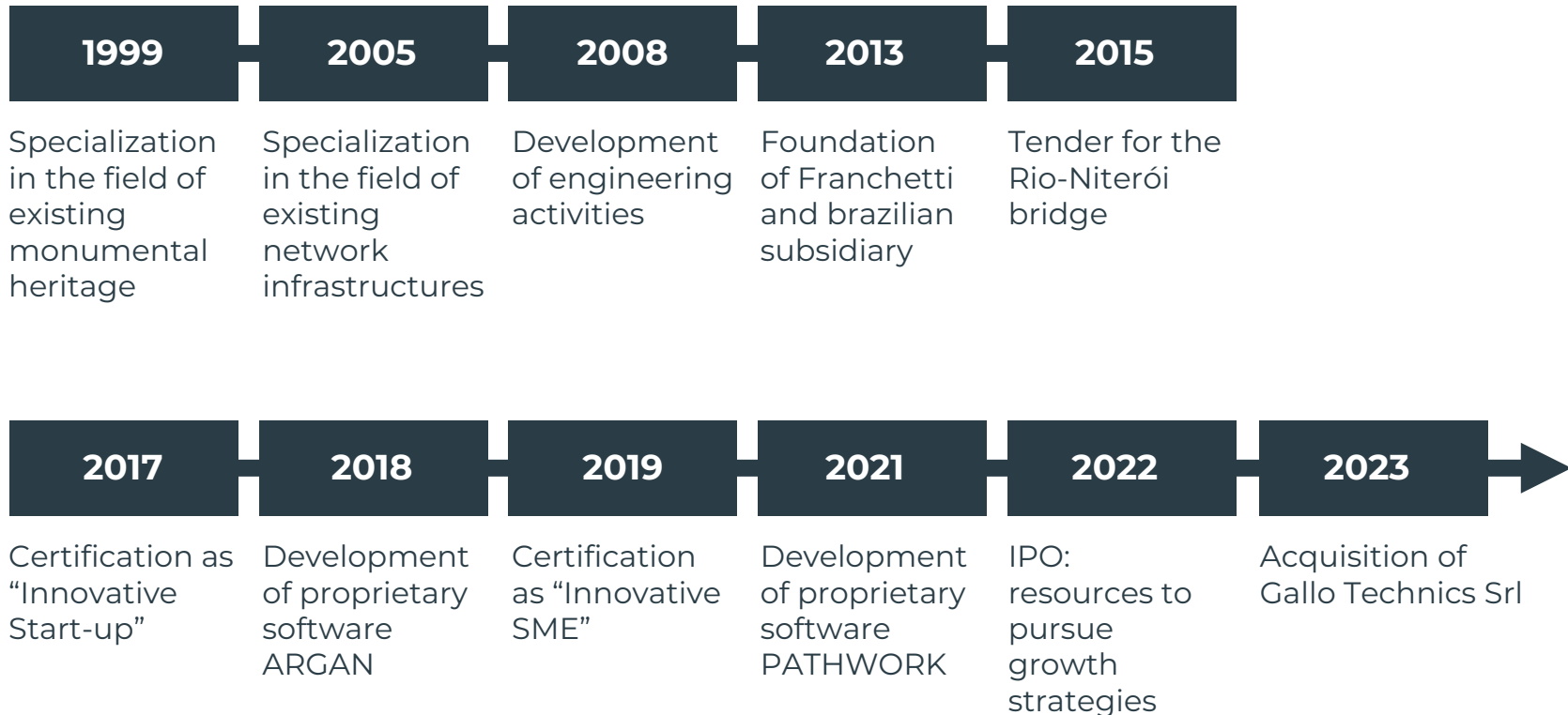
● Professional experience and reliable expertise, know-how and advanced research

● Involved in the engineering of over 40,000 equivalent motorway railway bridges and viaducts worldwide

● Certifications

● Long standing relations with key customers

Charting a history of success



2. Business Model



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Thanks to a deep know-how and expertise in the engineering field the Group is able to access the structural damage in a wide range of existing structures and define the best intervention strategies during their lifetime

The Group's customers



- National and international public and private leaders in the management of road and railway infrastructures
- Long-term concessionaires (typically 20+ years) of entire portions of the infrastructural network
- Typically organized in several independent territorial compartments (however, the Group usually concludes contracts with the customer's "central administration»)

The Group's contracts



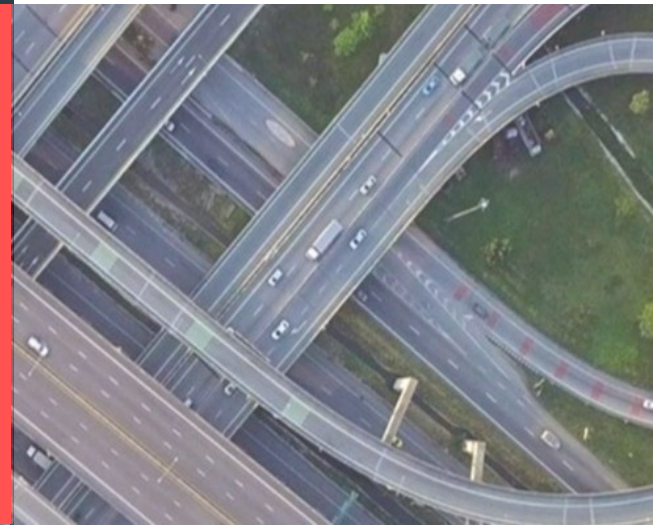
- Mainly multi-year contracts (estimated for approx. 2 subsequent years in addition to the current one)
- Acquired both through private negotiations and through public and/or private tenders (taking part in an average of 200 tenders each year, winning an average of 15% of them)

The Group's commercial structure



- Tender office (selects the public tenders to participate in and draws up the necessary documentation)
- Area managers (carry out commercial activities for direct assignments and manage the relationship with customers in the area)
- Branches (they ensure the presence of the markets of interest in the territories)

3. Reference Market



Market components and trends

Franchetti's reference market is related to infrastructure maintenance services, a strategic sector for economic and environmental sustainability

- 1. Technological Advancements**
- 2. Condition Monitoring**
- 3. Predictive Maintenance**
- 4. Data Analytics and AI**
- 5. Remote Monitoring**
- 6. Government Initiatives**

- Infrastructure maintenance services: related engineering services is estimated at more than € 20.00 billion*, since most of the infrastructure in the world was built after the Second World War and received an insufficient level of maintenance.
- ▶ • The infrastructure market includes railways, ports, highways, airports, water, sanitation and waste, with business opportunities in design and construction.
- Strategic and fast-growing sector with high potential for the predictive maintenance of infrastructure due insufficient level of maintenance through continuous monitoring and real time monitoring

*Source: Integrae SIM Equity Research, 2022

Company

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Activities

Infrastructure design

Facility and hospital design

Structural instrumental monitoring

SW and AI development for asset management

Maintenance planning support

Franchetti is present in **all areas of activity**, being the **most integrated player** particularly in the areas of infrastructure design, facility and hospital design, structural instrumental monitoring, development of Software and Artificial Intelligence for asset

management, contracting station support for maintenance planning. Additional success factors and an element of **competitive advantage** for Franchetti is. **innovation and use of technology and software.**

4. Strategies



The Group intends to pursue the development and growth strategy internally and externally



- 1. Strengthening** of the **presence in the markets** where the Group already operates
- 2. Acquisitions of companies** that carry out activities consistent with the Group's core business
- 3. Expansion** of the **offer of ICT services** on predictive maintenance
- 4. Expansion** into **new sectors contiguous** to that of infrastructures
- 5. Expansion** into relevant **international markets**
- 6. Benefitting** from the Brazilian Growth Acceleration Program (**PAC**), Italian National Recovery and Resilience Plan (**PNRR**), the **Jobs Plan** in the USA, the **Canada Plan** and the National Infrastructure Pipeline (**NIP**) in India

5. Key Financials 1H 2023



In H1 2023 Franchetti recorded strong growth in all economic and financial indicators and a steady increase in Group backlog with revenue visibility up to 2025.

Revenues (in € '000)

2.282

+55.2% vs 1.471
1H 2022

Value of production (in € '000)

2.885

+65.7% vs 1.741
1H 2022

Ebitda (in € '000)

0.475

+156.3% vs 0.185
1H 2022

Net income (in € '000)

0.171

+15.2% vs 0.149
1H 2022

NFP in (€ '000)

0.316 (debt)

vs -0.156 (cash)
H1 2022

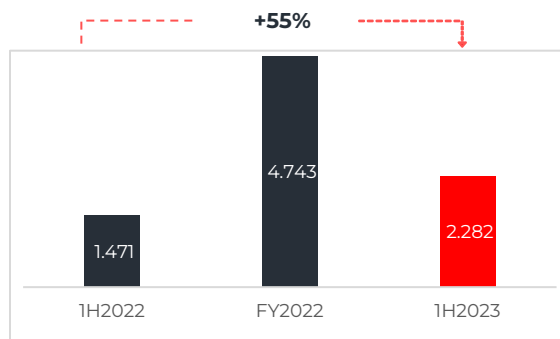
Backlog as 2025 (€M)

24.2

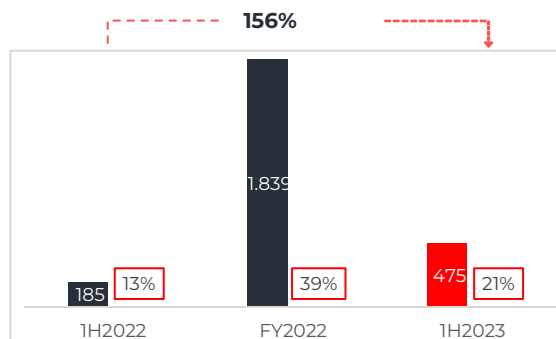
as 30 June 2023

Revenues, Ebitda and Net Result

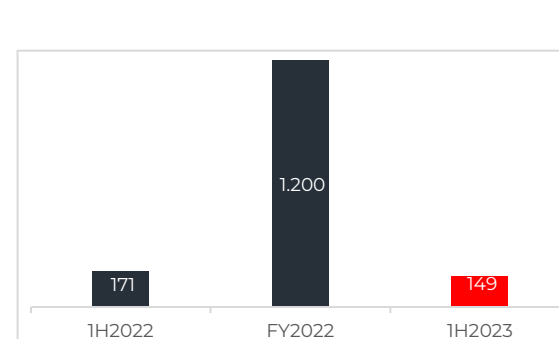
Revenues 1H 2023 (in € '000)



Ebitda 1H 2023 (in € '000 e in % on revenues)



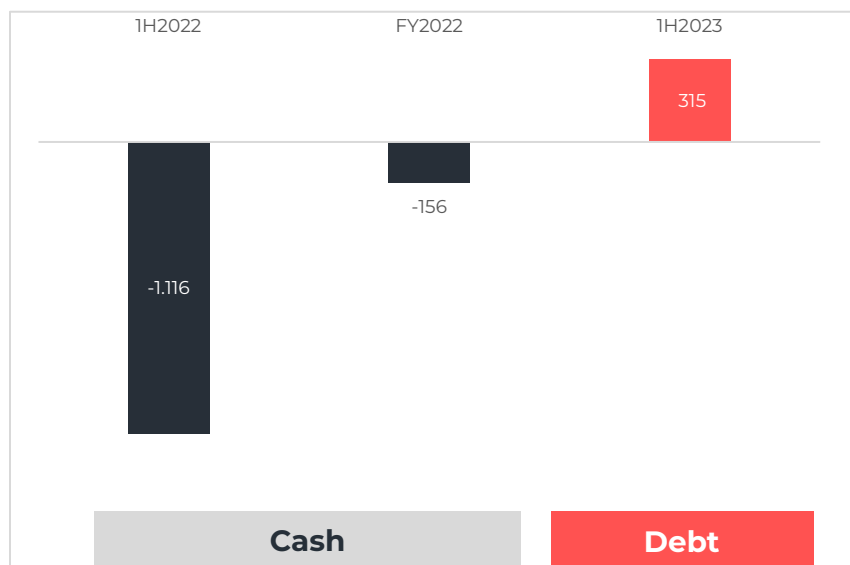
Net result 1H 2023 (in € '000)



- In the first half of 2023, the Italian, as well as European and global markets in general, related to the maintenance of large-scale road infrastructure worked on increasingly higher levels of business than in previous years allowing Franchetti to reach a strong growth for 55.2% vs 1H 2022.
- Franchetti's specific expertise allowed it to benefit from positive effects of the Italian PNRR which has generated considerable leverage in the area of large infrastructure maintenance.
- Production costs amount to Euro 1,269,114, while EBITDA, equal to Euro 475,043, records an increase of 156.3% (compared to Euro 185,368 in the first half of 2022).
- The net result is equal to Euro 171,268, compared to Euro 148,690 in the first half of 2022 (+15.2%).

NFP

Net Financial Position 1H 2023 (in € '000)



Net Financial Debt is equal to Euro 315,492 (debt) compared to Euro -155,690 (cash) at 31 December 2022. This increase is due in particular to the growth in net current financial debt, which records a change of Euro 677,799 (from Euro -559,309 on 31 December 2022 to Euro 118,490).

Annex



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Admission Price	€ 3,00
Stock Ticker	FCH
Stock ISIN	IT0005508574
Warrant Ticker	WFCH25
Warrant ISIN	IT0005508558
Market	Euronext Growth Milan

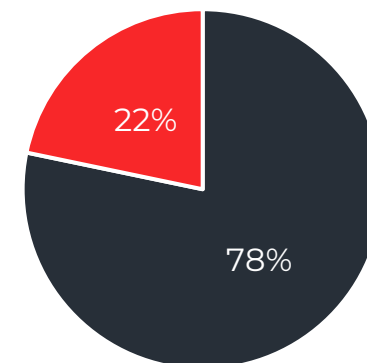
Board of Directors

Paolo Franchetti	<i>Chairman and CEO</i>
Michele Frizzarin	<i>Director</i>
Rony Hamaui	<i>Director</i>
Stefano Granati	<i>Independent director</i>
Remy Cohen	<i>Independent director</i>

The BoD will remain in office until the approval of the financial statements of Franchetti S.p.A. as of December 31, 2024

% on Ordinary Shares

- Franchetti Holding S.r.l.
- Market



Board of Statutory Auditors

Federico Caprin	<i>Chairman</i>
Luigi Solinas	<i>Auditor</i>
Sonia Poletto	<i>Auditor</i>
Alberto Signorini	<i>Alternate Auditor</i>
Alessandro Prandin	<i>Alternate Auditor</i>

The Board of Statutory Auditors will remain in office until the approval of the financial statements of Franchetti S.p.A. as of December 31, 2024

P&L*

	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	148,69

* Limited audited data

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	(155,69)
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

* Limited audited data

Cash Flow Statement, Indirect Method*

	31/12/2022	Change	30/06/2023
A) Cash	2,234,329	133,298	2,367,627
B) Cash equivalents	-	-	-
C) Other current financial assets	-	-	-
D) Cash and cash equivalents (A+B+C)	2,234,329	133,298	2,367,627
E) Current financial debt	1,675,020	811,097	2,486,117
F) Current part of non-current financial debt	-	-	-
Other current liabilities	-	-	-
G) Current financial debt (E+F)	1,675,020	811,097	2,486,117
H) Net current financial debt (G-D)	(559,309)	677,799	118,49
I) Net current financial debt (G-D)	403,619	(206,617)	197,002
J) Debt instruments	-	-	-
K) Trade and other non-current payables	-	-	-
L) Non-current financial debt (I+J+K)	403,619	(206,617)	197,002
(M) Total financial debt (H+L)	(155,69)	471,182	315,492
Overdue tax adjusted	206,818	427,471	634,289
Total adjusted net financial debt	51,128	898,653	949,781

* Limited audited data

Paolo Franchetti
CEO & Partner

Civil engineer specialized in the dynamics of existing and monumental structures

He is a member of the Study Commission for the Port of Venice and of the Maritime Traffic Evaluation Commission of the Giudecca Canal and carries out a regular activity as an Associate Professor at the University of Padua

Gianluca Del Fabbro
General Manager

Management engineer, manager with 25 years of experience in globally active industrial realities, Del Fabbro will be in charge of continuing and accelerating the process of continuous growth and managerialization of the company both in the national and international market, also through the start-up and/or the acquisition of new companies

Previously he held various managerial positions in Italy and abroad both in multinationals and in SMEs

Omar Emiliano Salustri
CFO Franchetti Italia

Doctor in Economics and Commerce, enrolled in the Register of Statutory Auditors at the MEF

He deals with the administrative, accounting and financial management and personnel management of small and medium-sized companies, up to multinationals

He carries out auditing and control activities as a member of Boards of Statutory Auditors

Michele Frizzarin
Partner & R&D Director

Structural engineer specialized in the field of analysis and verification of existing structures, he deals with inspection and structural analysis of concrete, steel and masonry infrastructures and historic and monumental buildings

He has deepened his training in the study of the dynamic and seismic behavior of structures



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