



Franchetti Spa

Investor Access Event
Paris - April 4th, 2024

FRANCHETTI
BRIDGE DIAGNOSTICS AND PREDICTIVE MAINTENANCE

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. Director of the International Road Federation (IRF) from 2023 to 2025, he was a visiting professor at UCI Irvine (University of California).

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

Gianluca Del Fabbro
General Manager

Management engineer, manager with 25 years of experience in globally active industrial realities, Del Fabbro is 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

Master Degree 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 SMEs, up to multinationals

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

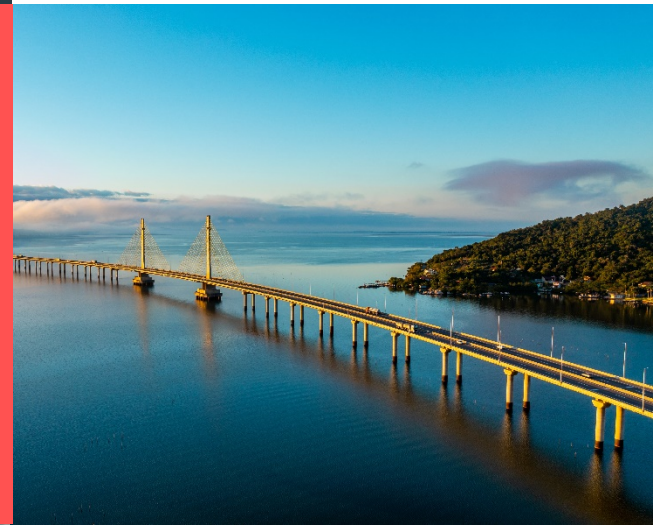
Company Overview

FY2023 Financial Results

Q&A

Annex

Company Overview



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*Franchetti is a software house specialized in the development of mathematical models, which through the use of proprietary algorithms and software sells products and services aimed at the **sustainable management and predictive maintenance of existing transportation networks.***

Skills



- Engineering
- Computer sciences

Database



Data collected worldwide

Assets



Proprietary software suites and algorithms



Services



- Predictive maintenance scheduling
- Diagnosis and treatment of infrastructure maintenance

Output



Reduction of times and costs (extending the life cycle of existing infrastructures)

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

74	Employees	<ul style="list-style-type: none"> • Expert evaluators of the safety conditions of existing infrastructures and software specialists for engineering
5	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 and India
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 • Pathwork© is an original software designed and built by Franchetti Spa which aims to achieve optimal planning of the construction site of a stretch of road work
€ 20bn	Estimated value of the global maintenance engineering services sector (per annum)	<ul style="list-style-type: none"> • The Group's clients are national and international public and private leadplayers in road and rail infrastructure management

Activities

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Infrastructure design

Facility and hospital design

Structural instrumental monitoring

SW and AI development for asset management

Maintenance planning support

Franchetti operates 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 tools for asset

management, maintenance planning support to the contracting station. Additional success factors and elements of **competitive advantage** for Franchetti are **innovation, use of technology and software development.**

Thanks to a **deep know-how and specialized expertise** in the engineering field the Group is able to access 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



- Tenders 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)

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



Franchetti intends to pursue the development and growth strategy both 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



FY2023 Financials Results



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In FY2023 **Franchetti** recorded strong growth in all economic and financial indicators and a steady increase in Group backlog with revenue visibility up to 2026

Revenues (in € '000)

6.252

+31.8% vs 4.743
FY2022

Value of Production (in € '000)

7.020

+44.1% vs 4.873
FY2022

Ebitda (in € '000)

2.535

+37.9% vs 1.839
FY2022

Net income (in € '000)

1.243

+3.8% vs 1.200
FY2022

NFP in (€ '000)

0.419 (debt)

vs -0.156 (cash)
FY2022

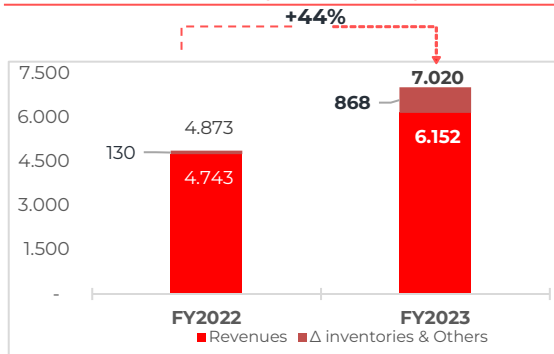
Backlog (€M)

≈34

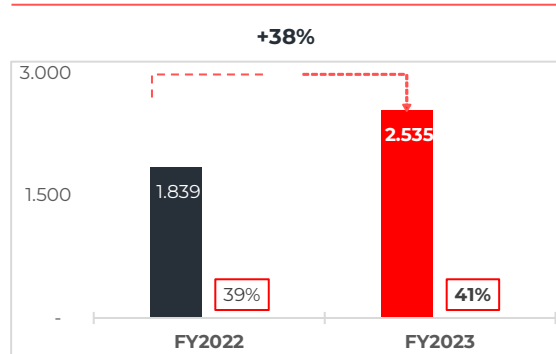
as 31 Dec. 2023

Revenues, Ebitda and Net Result

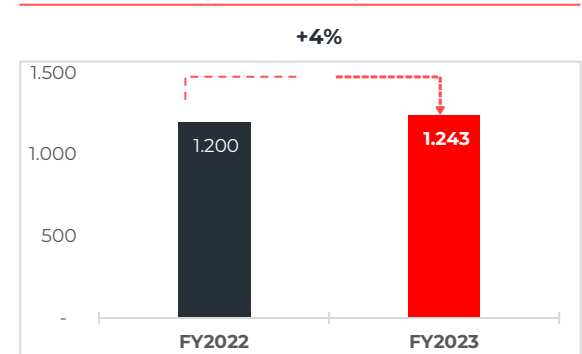
Revenues/VoP (in € '000)



Ebitda (in € '000 e in % on Revenues)



Net result (in € '000)



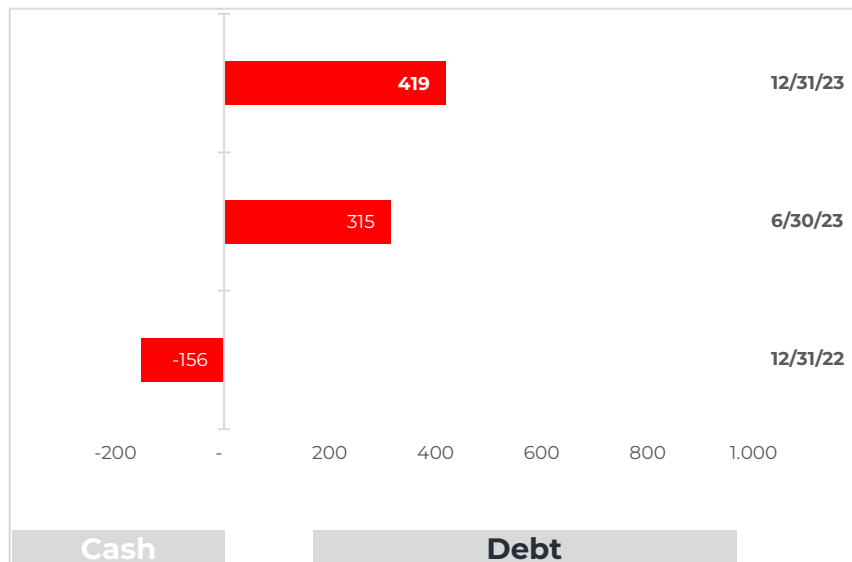
- Value of production totaled Euro 7.0 million, up 44.1% from Euro 4.9 million to December 31, 2022.

Breaking down the value of production:

The value of production in Italy stands at Euro 5,591,821 (79.6% of the total), compared to Euro 3,035,000 in the same period in 2022, while the figure for Brazil is Euro 1,428,302 (20.4% of the total), compared to Euro 1,837,000 in the same period in 2022.

- After expensing production costs of Euro 4.5 million - an item which is mainly affected by increased service costs relating to external suppliers and expenses for personnel (74 staff at December 31, 2024), EBITDA stood at Euro 2.5 million, a 37.8% increase on Euro 1.8 million in 2022. After depreciation and amortization of approx. Euro 0.5 million, Operating Profit (EBIT) stands at Euro 2.0 million, up 24.8% on Euro 1.6 million in 2022. Pre-tax profit was Euro 1.9 million, up 21.4% from Euro 1.5 million in 2022.

Net Financial Position (in € '000)



Net Financial Debt stood at Euro 0,4 million (debt) compared to Euro 0,2 million (cash positive) at December 31, 2022. Specifically, current financial payables rose to 2.8 million, up from Euro 1.7 million at December 31, 2022, while non-current financial payables decreased to Euro 0.2 million (Euro 0.4 at December 31, 2022).

Annex



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(€)	31/12/2023	31/12/2022
Revenues	6,152,164	4,742,811
Change in inventories	768,236	(24,914)
Increases for internal work	18,911	-
Other operating revenues	80,812	155,026
VALUE OF PRODUCTION	7,020,123	4,872,923
Costs for raw materials and consumables	(141,989)	(92,533)
Costs for services	(2,924,711)	(2,188,893)
Costs for the use of third party assets	(281,635)	(189,966)
Personal	(955,517)	(432,011)
Various management costs	(180,788)	(130,127)
EBITDA	2,535,483	1,839,393
EBITDA Margin	41%	39%
Amortization of intangible assets	(489,936)	(195,271)
Depreciation of tangible fixed assets	(16,652)	(18,800)
EBIT	2,028,895	1,625,322
EBIT Margin	33%	34%
Financial income	23,295	14,778
Financial charges	(153,731)	(102,453)
Gains/(Losses) on foreign exchange	(27,496)	4,105
RESULT BEFORE TAXES	1,870,963	1,541,752
Income taxes	(627,759)	(341,415)
PROFIT	1,243,204	1,200,337

Consolidated Balance Sheet

(€)	31/12/2023	31/12/2022
Inventories	923,540	154,488
Commercial credits	5,768,623	3,673,083
Commercial debts	(1,341,899)	(846,272)
Commercial Working Capital	5,350,264	2,981,299
Other activities	1,192,709	1,081,421
Other Liabilities	(1,871,970)	(1,399,913)
Net Working Capital	4,671,003	2,662,807
Intangible assets	2,262,510	1,580,631
Tangible fixed assets	70,485	89,486
Financial fixed assets	31,702	159,136
Gross Invested Capital	7,035,700	4,492,060
TFR	(64,599)	(41,218)
Funds	-	-
Net Invested Capital	6,971,101	4,450,842
Short-term debts to banks	2,787,893	1,675,020
Medium and long-term debts to banks	233,161	403,619
Financial debts	3,021,054	2,078,639
Liquid assets	(2,602,278)	(2,234,329)
Other financial assets	-	-
Net financial debt	418,776	(155,690)
Social Capital	358,408	347,039
Reserves	4,950,713	3,059,156
Operating result	1,243,204	1,200,337
Total PN	6,552,325	4,606,532
Total sources	6,971,101	4,450,842

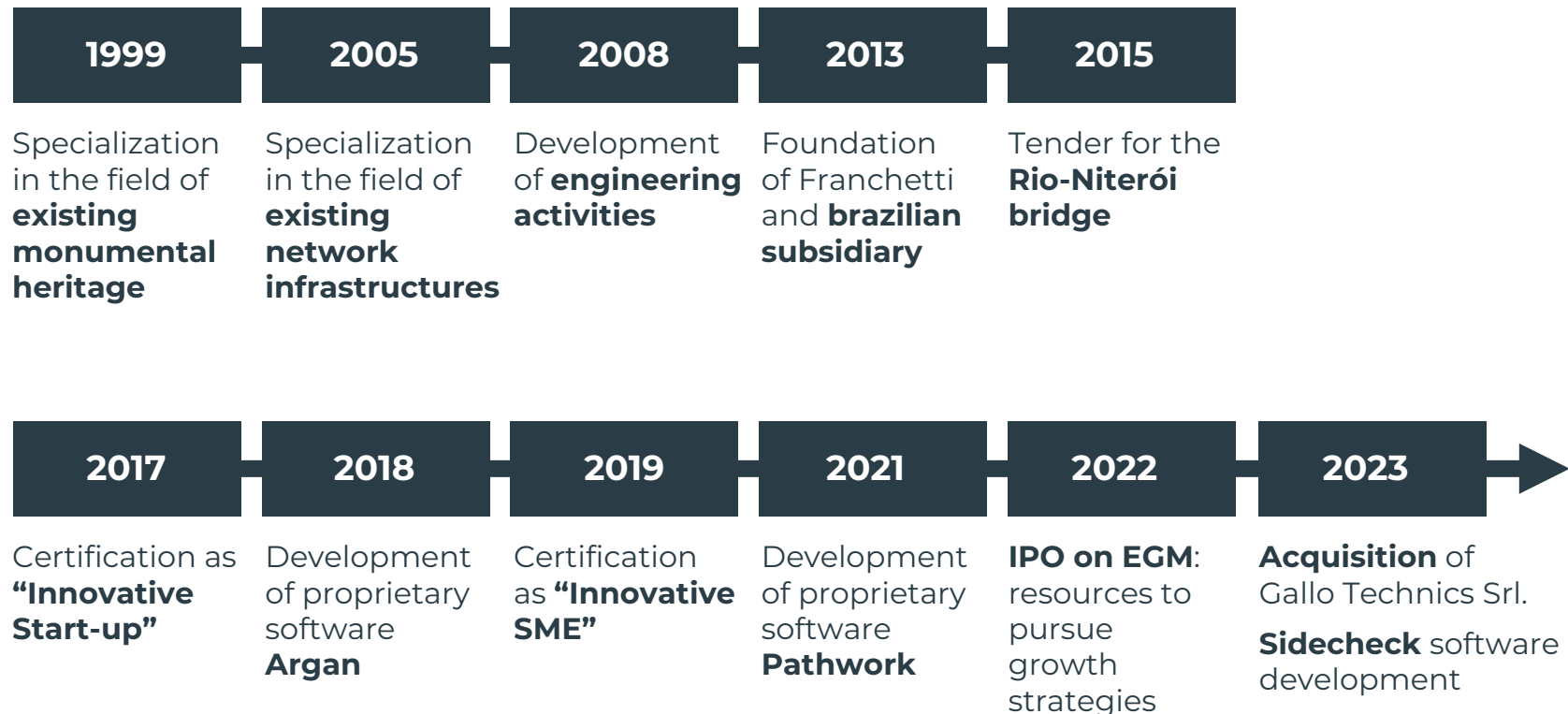
Consolidated Net Financial Debt

(€)	31/12/2022	Δ	31/12/2023
A) Liquid assets	2,234,329	367,949	2,602,278
B) Cash equivalents	-	-	-
C) Other current financial assets	-	-	-
More activities coming soon	-	-	-
D) Liquidity (A+B+C)	2,234,329	367,949	2,602,278
E) Current financial debt	1,675,020	1,112,873	2,787,893
F) Current portion of non-current financial debt	-	-	-
Other short-term liabilities	-	-	-
G) Current financial debt (E+F)	1,675,020	1,112,873	2,787,893
H) Net current financial debt (G-D)	-559,309	744,924	185,615
I) Non-current financial debt	403,619	-170,458	233,161
J) Debt instruments	-	-	-
K) Trade payables and other non-current payables	-	-	-
L) Non-current financial debt (I+J+K)	403,619	-170,458	233,161
M) TOTAL FINANCIAL DEBT (H+L)	-155,690	574,466	418,776
Financial credits beyond 12 months	-159,136	127,434	-31,702
Overdue Tax Debts	206,818	192,314	399,132
TOTAL ADJUSTED NET FINANCIAL DEBT	-108,008	894,214	786,206

Consolidated Cash flow statement

	31/12/2023	31/12/2022
A) Financial flows deriving from operating activities (indirect method)		
Profit (loss) for the year	1,243,204	1,200,337
Income taxes	627,759	341,415
Interest expense/(income)	130,436	87,675
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposal	2,001,399	1,629,427
Adjustments for non-monetary elements that did not have a counterpart in net working capital		
Depreciation of fixed assets	506,588	214,071
Other upward/(decreasing) adjustments for non-monetary items	67,231	26,788
Total adjustments for non-monetary elements that did not have a counterpart in net working capital	573,819	240,859
2) Financial flow before changes in net working capital	2,575,218	1,870,286
Changes in net working capital		
Decrease/(Increase) in inventories	(769,052)	24,914
Decrease/(Increase) in receivables from customers	(2,095,540)	(1,876,824)
Increase/(Decrease) in payables to suppliers	495,627	219,165
Decrease/(Increase) in accrued income and prepaid expenses	(9,926)	8,343
Increase/(Decrease) in accrued and deferred income	60,954	187,404
Other decreases/(Other Increases) in net working capital	127,752	(374,845)
Total changes in net working capital	(2,190,185)	(1,811,843)
3) Financial flow after changes in net working capital	385,033	58,443
Other corrections		
Interest received/(paid)	(130,436)	(87,675)
(Income taxes paid)	(445,770)	(207,530)
Other collections/(payments)	(43,850)	(16,740)
Total other adjustments	(620,056)	(311,945)
Cash flow from operating activities (A)	(235,023)	(253,502)

	31/12/2023	31/12/2022
B) Financial flows deriving from investment activities		
Tangible fixed assets		
(Investments)	2,349	(36,308)
Intangible assets		
(Investments)	(1,171,815)	(1,267,011)
Financial fixed assets		
(Investments)	127,434	(124,741)
Cash flow from investing activity (B)	(1,042,032)	(1,428,060)
C) Financial flows deriving from financing activities	31/12/2023	31/12/2022
Third party media		
Increase/(Decrease) in short-term debts to banks	1,112,873	955,744
Financing	(170,458)	(436,040)
Own means		
Paid capital increase	23,392	121,498
(Dividends and interim dividends paid)	679,197	2,388,417
Cash flow from financing activities (C)	1,645,004	3,029,619
Increase (decrease) in cash equivalents (A ± B ± C)	367,949	1,348,057
Cash and cash equivalents at the beginning of the financial year		
Bank and postal deposits	2,234,263	885,561
Cash and cash equivalents	66	711
Total cash equivalents at the start of the year	2,234,329	886,272
Cash and cash equivalents at the end of the financial year		
Bank and postal deposits	2,601,905	2,234,263
Cash and cash equivalents	373	66
Total cash equivalents at the end of the year	2,602,278	2,234,329



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

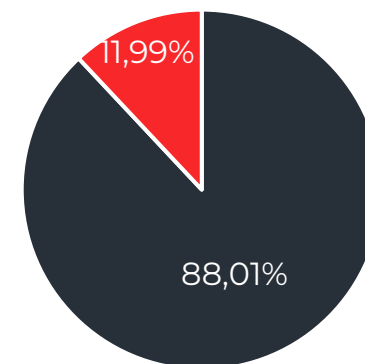
Board of Directors

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>

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ISO 45001

LL-C (Certification)



Certification
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