



H-FARM

CERVED ASSIGNS A PUBLIC RATING TO H-FARM

Milan, February 14, 2019. H-FARM announces that the Cerved Rating Agency SpA agency, which is specialized in the credit evaluation of non-financial companies, has confirmed a public rating of B1.1, requested by H-FARM itself on a voluntary basis. This evaluation, according to the credit rating scale of the agency, corresponds to a company that is “characterized by an adequate capacity to meet financial commitments” and by a “contained” credit risk.

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About H-FARM S.p.A.

*It is the innovation platform that supports the creation of new business models and the digital transformation and education of young people and Italian companies. Founded in January 2005, H-FARM was the first in the world to adopt a model that brought together education, investments, and business consultancy in one place. Since its founding until today, H-FARM has invested €27,3M to support the development of 123 innovative companies, has helped 200 of the most important international brands take advantage of the opportunities made possible by digital transformation and educates more than 1,000 students through an international and digital didactic path. Structured like a campus, it is destined to become the most important innovation hub in Europe and is currently undergoing an expansion that will grow its facilities from 14,000 mq of buildings with a 20-hectare park to 42,000 mq of buildings distributed over 51 hectares of land close to Venice. H-FARM employs more than 600 people in 5 different locations in Italy and is considered a singularity at an international level. Since November 13, 2015, H-FARM has been listed on the AIM segment of the Italian stock exchange and is available for public trading. **Codice ISIN Azioni ordinarie H-FARM S.p.A. IT0004674666.***

More info:

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RATING COMMUNICATION

Cerved Rating Agency S.p.A. affirms at

B1.1

the public rating assigned to **H-FARM S.p.A.**

Roncade (TV) – Tenuta Cà Tron, Via Sile 41

Cerved Rating Agency on 14/02/2019 has confirmed the public rating B1.1 to H-FARM S.p.A.

Date of first issuance of the rating: 24/02/2018

The rating action is based on the trend highlighted by H-FARM in 2018. On the basis of the official communications made available by the company, revenues for the FY were in excess of 50 million Euro (vs. 47.9 million Euro achieved in the FY 2017, a pro-forma value calculated by including the four companies, acquired by H-FARM in June, in the consolidation area from the beginning of the year). The initial findings also in terms of margins show an improvement, with a positive EBITDA for the first time (2017 had shown a negative pro-forma EBITDA of over 1.8 million Euro, a value that also takes account of the provision of 237 thousand Euro for bad and doubtful accounts).

This trend was already evident from analysis of the six-monthly statement at 30th June 2018, despite continuing non-positive income results. The first half of 2018 recorded a net loss of 931 thousand Euro (vs. the pro-forma loss of over 3.6 million Euro in the first half of 2017) with a VoP of 29.5 million Euro (+33.1% vs. the 2017 pro-forma) and a negative EBITDA of 723 thousand Euro (the pro-forma EBITDA for the first half of 2017 was negative for over 1.3 million Euro). At 30th June 2018 the Net Debt stood at 2.9 million Euro (i.e. almost 1.5 million Euro lighter compared to the end of 2017, due above all to the cash receipts connected with the partial exits from DEPOP and TRAVEL APPEAL), with a leverage ratio of 0.12x (0.18x at the end of 2017).

The “innovation” area, focusing on the implementation of services aimed at supporting customer firms in the digital transformation of their businesses, achieved revenues of over 40 million Euro in the FY 2018 (with a y-o-y growth of approx. 15%) highlighting an increasing capacity to attract important firms operating at international level (for example, ADIDAS, LUFTHANSA, VW, LVMH, KERING).

The “education” area highlighted profitable consolidation of the various training courses implemented over the last FY, with a significant increase in the number of participants and simultaneous improvement in the business/income results (but with continuing negative EBITDA). The management has announced delays in initiation of the H-CAMPUS project (the opening, scheduled for autumn 2018, has been postponed for two years) with inevitable negative impacts in terms of costs, strategic focus, energy and time.

Lastly, also management and development of the “start-up portfolio” has grown in line with expectations, providing the first interesting returns. During 2018 H-FARM completed (partly in January and partly in December) total exit from the DEPOP investment with overall cash in of almost 4.6 million Euro and a gain of approximately 3.8 million Euro, i.e. with an overall return of 6 times the initial investment. In May 2018 the company also partially exited the TRAVEL APPEAL

investment with a cash in of 900 thousand Euro and a gain of 823 thousand Euro, i.e. a return of 12 times the initial investment. H-FARM is constantly focused on promoting the growth and development of the start-ups in its portfolio.

Lastly, in December 2018 H-FARM acquired a 10% share in the capital of the company DIANA E-COMMERCE CORPORATION Srl, an agency specializing in creation, management and online sale for some of the most important fashion brands on the national and international scene, achieving a turnover of 13 million Euro in 2017.

In view of the above information, Cerved Rating Agency confirms that H-FARM remains characterized by adequate capacity to meet financial commitments.

The applied methodology is published on Cerved Rating Agency's website: www.ratingagency.cerved.com

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Cerved Rating Agency has assigned the rating in compliance with Regulation CE1060/2009 and following modifications and integrations; it is an opinion on the creditworthiness of the rated entity and it summarizes the reliability or the insolvency probability of the entity. The rating issued by Cerved Rating Agency is not an investment advice, nor a form of financial consultancy; it is not a recommendation for the purchase or sale of shares or for holding particular investments, nor gives it any advice to a particular investor to make a particular investment. The issued rating is subject to an on-going monitoring until its withdrawal. The rating has been solicited by the rated entity, or a related third party, which has participated to the process providing the analytical team with the requested information. The information used for the analysis includes available public information and proprietary information obtained from sources deemed reliable by Cerved Rating Agency. As per applicable Regulation the rating was disclosed to the rated entity before being issued to review factual errors.