

FOR IMMEDIATE RELEASE

TSX VENTURE: HTL



HAMILTON THORNE REPORTS FINANCIAL AND OPERATIONAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2020

BEVERLY, MA and TORONTO, Ontario – November 19, 2020 - Hamilton Thorne Ltd. (TSX-V:HTL), a leading provider of precision instruments, consumables, software and services to the Assisted Reproductive Technologies (ART), research, and cell biology markets, today reported unaudited financial and operational results for the quarter and nine months ended September 30, 2020.

Highlights

- Sales increased 10% year over year to \$9.8 million for the quarter; sales for the nine-month period increased 12% to \$27.5 million; constant currency increase of 8% for the quarter and 13% for the nine-month period
- Gross profit increased 3% year over year to \$4.9 million for the quarter; increased 8% to \$12.9 million for the nine-month period
- Net income increased 41% to \$459 thousand for the quarter; net income of \$10 thousand for the nine-month period versus a loss in the prior period
- Adjusted EBITDA decreased 8% to \$1.7 million for the quarter; decreased 16% to \$4.1 million for the nine-month period
- Sales declined 7% in USD on an organic basis and were down 9% in constant currency; sales declined 6% on an organic basis for the nine-month period in USD; 5% decline in constant currency
- Cash generated from operations was \$2.8 million for the quarter and \$2.0 million for the nine-month period; total cash on hand at September 30, 2020 was \$19.98 million

“We are pleased to report a substantial improvement in Company performance in the third quarter,” stated David Wolf, President and Chief Executive Officer. “Sales into the human clinical market were up for the three-month period and up for the nine-month period as, despite the effects of the Covid-19 pandemic, ART activity in our two largest markets, the US and Germany, returned to near-normal levels, along with expanded contribution from our Planer acquisition. Sales into the human clinical market in the third quarter were also positively affected as production delays in our incubator product line that we experienced in Q2 were resolved. Sales into the cell biology/research markets grew substantially during the three- and nine-month periods, primarily due to the contribution from the Planer acquisition, augmented by strong toxicology testing equipment sales. Sales into the animal breeding market were down for both periods after a strong performance in Q2.”

Three and Nine-Month Periods Ending September 30

Statements of Operations:	Three Months		Nine Months	
	2020	2019	2020	2019
Sales	\$9,793,572	\$8,870,072	\$27,521,207	\$24,517,310
Gross profit	4,909,228	4,751,531	13,921,632	12,908,057
Operating expenses	4,199,819	4,109,461	12,516,473	10,644,601
Net income (loss)	459,289	326,756	10,348	(137,306)
Adjusted EBITDA	1,668,075	1,805,848	4,068,950	4,862,949
Basic earnings per share	\$0.00	\$0.00	\$0.00	\$0.00
Diluted earnings per share	\$0.00	\$0.00	\$0.00	\$0.00

All amounts are in US dollars, unless specified otherwise, and results, with the exception of Adjusted EBITDA, are expressed in accordance with the International Financial Reporting Standards ("IFRS").

Mr. Wolf continued, "Gross profit margins decreased to 50.1% for the quarter and to 50.6% for the nine months ended September 30, 2020, versus 53.6% and 52.6% for the comparable periods in 2019 primarily due to product mix, the addition of somewhat lower margin sales of Planer products, partially offset by increases in direct sales of higher margin, branded products. Margins were also negatively impacted, primarily in the second quarter, by certain relatively fixed costs of manufacturing spread over a reduced base of sales. Adjusted EBITDA decreased 8% to \$1.7 million for the quarter, and decreased 16% to \$4.1 million for the nine-month period. The Q3 results are an improvement of \$1.1 million from Adjusted EBITDA in the second quarter of 2020 of \$573 thousand."

Michael Bruns, Chief Financial Officer added, "Cash flow generated from operations was \$2.8 million for the quarter and \$2.0 million for the nine-month period, recovering from the cash usage of \$791,000 at June 30. While we currently expect to continue to generate cash in the fourth quarter, given the ongoing uncertainties surrounding the Covid-19 outbreak, it is impossible to predict whether the Company will generate cash from operations in 2021. We currently maintain a strong balance sheet, with cash on hand at September 30 of just under \$20 million, and net bank debt of \$9.1 million following our accelerated paydown of debt in Q3. I am also pleased to report that we increased our acquisition line of credit with our bank from \$3 million to \$5 million of availability, further increasing our resources to execute on new acquisitions. We continue to actively manage our acquisition program with a goal of completing one or more meaningful acquisitions every twelve to eighteen months; however, the effects of the Covid-19 outbreak could affect this goal."

The Company reported that operating expenses were generally in line with expectations, with reduced travel and trade show expenses offset by increased personnel costs associated with maintaining pre Covid-19 investments in sales and support personnel.

COVID-19 UPDATE

Mr. Wolf added, "The Covid-19 outbreak continues to add substantial uncertainty to the short- and mid-term outlook for our business. While, as reported above, we saw a degree of normalization of our business in our major markets, Covid-19 cases are increasing, in some cases sharply, in parts of those countries, as well as other parts of the world. Overall, we saw growth in our consumables business, while we continued to have meaningful variability in our sales of capital equipment, with significant differences from country to country. Our Services business has also had some slowdown due to travel restrictions and reductions in activity, but we expect this area to be less impacted going forward."

The main scientific bodies that provide guidance to IVF clinics in Europe and the Americas continue to support the guidance that encourages IVF clinics to maintain operations with enhanced safety measures. Today, with some notable exceptions, clinics in most of our major markets are open, though not always running at full capacity. Moreover, there has been recent positive news on the preliminary success of a number of vaccines under development. Due to the preliminary nature of these reports, as well as the significant logistical hurdles related to scaling up production and distributing the vaccines, for planning purposes, the Company is taking the cautious position that the effects of the Covid-19 pandemic on its markets, and consequently the variability of its business performance, will continue, at least, through the first half of 2021.

"I want to emphasize that we are reporting today on the current state of our business," Mr. Wolf stated. "There are still significant uncertainties around how quickly all IVF clinic operations will return to pre-pandemic levels, the progression of the Covid-19 virus, and the possibility that further lockdowns, regulation, or economic conditions may lead to future reductions in demand on a regional or worldwide basis. These fluctuations in demand for many

of our products and services may last for a period of time that is difficult to determine, and could have an adverse effect on financial results in one or more of our future quarters.”

Conference Call

The Company will hold a conference call on Thursday, November 19, 2020 at 11:00 a.m. EST to review highlights of the results. All interested parties are welcome to join the conference call by dialing toll free 1-855-223-7309 in North America, or 647-788-4929 from other locations, and requesting Conference ID 6491864. The Company’s updated investor presentation and a recording of the call will be available on Hamilton Thorne’s website shortly after the call.

Financial statements and accompanying Management Discussion and Analysis for the periods are available on www.sedar.com and the Hamilton Thorne website.

About Hamilton Thorne Ltd. (www.hamiltonthorne.ltd)

Hamilton Thorne is a leading global provider of precision instruments, consumables, software and services that reduce cost, increase productivity, improve results and enable breakthroughs in Assisted Reproductive Technologies (ART), research, and cell biology markets. Hamilton Thorne markets its products and services under the Hamilton Thorne, Gynemed, Planer, and Embryotech Laboratories brands, through its growing sales force and distributors worldwide. Hamilton Thorne’s customer base consists of fertility clinics, university research centers, animal breeding facilities, pharmaceutical companies, biotechnology companies, and other commercial and academic research establishments.

Neither the TSX Venture Exchange, nor its regulation services provider (as that term is defined in the policies of the exchange), accepts responsibility for the adequacy or accuracy of this release.

The Company has included earnings before interest, income taxes, depreciation, amortization, share-based compensation expense, changes in fair value of derivatives and identified acquisition costs related to completed transactions (“Adjusted EBITDA”) as a non-IFRS measure, which is used by management as a measure of financial performance. See section entitled “Use of Non-IFRS Measures” and “Results of Operations” in the Company’s Management Discussion and Analysis for the periods covered for further information and a reconciliation of Adjusted EBITDA to Net Income.

Certain information in this press release may contain forward-looking statements. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in filings by the Company with the Canadian securities regulators, which filings are available at www.sedar.com.

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