

FOR IMMEDIATE RELEASE

TSX VENTURE: HTL



**HAMILTON THORNE REPORTS RECORD REVENUE FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2020**

*Revenue of \$39.8 million for the year and \$12.3 million for the 4<sup>th</sup> quarter; Adjusted EBITDA of \$6.6 million for the year and a record \$2.5 million for the quarter*

**BEVERLY, MA and TORONTO, Ontario – April 8, 2021** – 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 audited financial results for the fourth quarter and year-ended December 31, 2020.

**Financial Highlights**

- Sales increased 12.5% to \$39.8 million for the year-ended December 31, 2020; up 13% to \$12.3 million for the fourth quarter; sales in constant currency increased 1% for the year; 10% for the quarter.
- Gross profit increased 7% to \$20.4 million for the year; up 6% to \$6.5 million for the quarter.
- Net income increased 22% to \$971 thousand for the year, and to \$961 thousand for the quarter.
- Adjusted EBITDA decreased 7% to \$6.6 million for the year; up 14% to \$2.5 million for the quarter.
- Organic growth was 1% for the year; 1% in constant currency. Organic growth was 13% for the quarter, 10% in constant currency.
- Cash flow from operations was \$5.9 million for the year, down 7%, and total cash at December 31, 2020 was \$21.8 million, an increase of \$9.0 million.

David Wolf, President and Chief Executive Officer of Hamilton Thorne Ltd., noted, “Despite the headwinds from the Covid-19 pandemic leading to a sales decline in Q2, we grew sales 13% for the year to \$39.8 million and closed off 2020 with our best quarter ever. Equipment sales were up for the year, largely due to the contribution from a full year of sales of Planer products, versus 4 ½ months of sales in 2019. Consumables sales, which largely represent organic growth, were up double digits for the year. Service revenues were up slightly. Adjusted EBITDA of \$6.6 million was negatively impacted by pandemic-related declining sales in some areas and, while we deferred some hiring, we continued to make investments in Research and Development and in sales and support resources in the US and Europe to support our long-term growth.”

Commenting on the quarter, Mr. Wolf added, “With sales of \$12.3 million and adjusted EBITDA of \$2.5 million, this was a record quarter for Hamilton Thorne. We increased our gross profit margin and EBITDA margin versus the rest of the year, while continuing to invest in R&D and sales and marketing. Sales of equipment, including Planer products in both periods, were positively impacted by typical end-of-year buying, motivated in part by expiring VAT tax incentives in Europe, but were slightly down for the quarter. Consumables sales were up sharply, as we continue to gain market share, supported by some forward buying due to European tax incentives. Service revenues were roughly even with last year.”

The Company generated \$5.9 million of cash from operations for the year, ending the year with cash on hand of \$21.8 million, versus \$12.8 million at December 31, 2019, and \$7.5 million available under existing lines of credit to further support its acquisition program.

## Financial Results

Statements of Operations:	Fourth Quarter and Year-Ended December 31			
	Three Months		Year	
	2020	2019	2020	2019
Sales	\$ 12,256,679	\$10,841,099	\$ 39,777,886	\$35,358,409
Gross profit	6,470,718	6,121,965	20,392,350	19,030,022
Operating expenses	5,021,872	5,160,706	17,538,345	15,805,307
Net income	960,887	930,581	971,235	793,275
EBITDA	2,539,507	2,233,064	6,608,457	7,096,012
Basic earnings per share	\$0.01	\$0.01	\$0.01	\$0.01
Diluted earnings per share	\$0.01	\$0.01	\$0.01	\$0.01

  

Statements of Financial Position as at:	Dec. 31, 2020	Dec. 31, 2019
Cash	\$21,828,443	\$12,795,983
Working capital	22,076,872	11,228,774
Total assets	69,808,718	57,967,930
Non-current liabilities	7,008,568	7,073,999
Shareholders' equity	51,065,925	38,743,381

*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").*

### Results of Operations for the year-ended December 31, 2020

Hamilton Thorne sales increased 12.5% to \$39,777,886 for the year-ended December 31, 2020, an increase of \$4,419,477 from \$35,358,409 during the previous year. Sales were up due to modest organic growth augmented by the added revenues from the Planer acquisition. Sales into the human clinical market grew substantially, primarily due to the addition of Planer sales for the full year, as well as strong consumables sales, offset by reductions in the sales of third-party equipment and our own clinical instruments. Sales into the animal breeding markets were down slightly for the year while sales into the research and cell biology markets were up significantly, largely driven by the contribution from the Planer acquisition as well as strong toxicology systems sales.

Gross profit for the year increased 7% or \$1,362,328 to \$20,392,350 in the year-ended December 31, 2020, compared to \$19,030,022 in the previous year, primarily as a function of sales growth. Gross profit as a percentage of sales was down at 51.3% for the year-ended December 31, 2020 versus 53.8% for 2019 primarily due to product mix, particularly the impact of additional direct sales of third-party products, the addition of somewhat lower margin sales of a full year of Planer products, as well as somewhat lower sales of higher margin proprietary equipment and quality control testing services, partially offset by increases in sales of higher margin branded consumables.

Operating expenses increased 11% or \$1,733,038 to \$17,538,345 for the year-ended December 31, 2020, up from \$15,805,307 for the previous year, primarily due to the addition of a full year of Planer operating expenses, continued investments in sales and support resources, increased R&D

spending, and increased general and administrative spending, somewhat offset by reduced travel and trade show spending and other cost savings.

Net interest expense decreased \$417,555 (38%) from \$1,104,222 to \$686,667 for the year-ended December 31, 2020 versus the prior year, primarily due to reductions in outstanding convertible debentures due to conversion, and reduction in other term debt due to principal reductions, plus interest earned on the Company's cash balances, partially offset by increased term debt incurred in August 2019 to partially finance the Planer acquisition, as well as movements in the Company's revolving line of credit.

The change in fair value of derivative was \$320,669 for the year-ended December 31, 2020, increasing from a loss of \$273,578 in 2019 to a loss of \$594,247 in 2020, primarily due to changes in the euro to dollar exchange rate and the increase of the Company's share price between the measurement dates. This derivative was fully converted to equity in 2020 and there will be no further valuation charges.

Net income increased 22% to \$971,235 for the year-ended December 31, 2020, versus \$793,275 for the prior year, primarily attributable to increased revenues and profitability despite substantially reduced revenues and profitability due to the Covid-19 pandemic, which generated losses in the second quarter, as well as decreased interest and income tax expenses for the relevant periods offset by increased operating expenses, loss in fair value of derivative, and continued strategic investments in research and development and sales and marketing resources.

Adjusted EBITDA for the year-ended December 31, 2020 decreased 7% to \$6,608,457 versus \$7,096,012 in the prior year, due to overall revenue and gross profit growth despite substantially reduced revenues and profitability due to the Covid-19 pandemic, which generated losses in the second quarter, offset by increased operating expenses in the periods. See the Company's published Management Discussion and Analysis for a reconciliation of Adjusted EBITDA to Net Income.

### **Results of Operations for the Fourth Quarter ended December 31, 2020**

For the three months ended December 31, 2020, sales were up 13% from \$10,841,099 to \$12,256,679. Gross profit was up 6% to \$6,470,718 versus \$6,121,965 for the prior year. Sales growth was 13% on an organic basis; 10% in constant currency organic. Gross profit percentage decreased from 56.5% to 52.8% for the quarter, primarily due to product mix. Quarterly gross profit percentage, showed variability during the year, with the fourth quarter's exceeding the three prior quarters. Operating expenses decreased 3% to \$5,021,872 versus \$5,160,706 for the prior year primarily due to reduced trade show and travel expense.

In the fourth quarter of 2020 the Company's operating income increased 51% to \$1,448,846 from \$961,259 in the prior year fourth quarter. Net income increased 3% to \$960,887 while Adjusted EBITDA increased 14% to \$2,539,507 versus net income of \$930,581 and Adjusted EBITDA of \$2,233,064 for the prior year fourth quarter. These changes were due primarily, in the case of net income, to the increase in the fair value of derivative in 2020 vs 2019 offset by decreased income taxes and interest expense, and in the case of Adjusted EBITDA to increased sales and gross profits, as well as decreased operating expenses. See the Company's published Management Discussion and Analysis for a reconciliation of Adjusted EBITDA to Net Income for the quarter.

## OUTLOOK

Mr. Wolf added, “Looking forward into 2021, we are extremely optimistic about the long term but the continued prevalence of Covid-19 makes us cautious in the short term, particularly the first half of 2021. In part due to encouraging progress with vaccines, ART clinics are largely open and the consensus is that, on a worldwide basis, they are operating at roughly 90% of capacity. On the other hand, the Covid-19 pandemic continues to evolve and in a number of countries, including those in some of our major markets in Europe, populations are subject to renewed lockdowns and restrictions which could lead to reduced demand for consumables and renewed caution on capital equipment purchasing. Our planning for 2021 is based on the assumption that our markets will largely normalize in the second half of the year. While we will carefully watch developments, we are planning to continue to make investments in personnel, R&D programs, and systems to support our growth, with an eye to balancing top-line growth with sustained EBITDA performance in the mid-term and EBITDA expansion over the longer term. Finally, our acquisition program has an active pipeline and, with \$21.8 million in cash and \$7.5 million in lines of credit availability, we are well positioned to execute on acquisition opportunities.”

Mr. Wolf continued, “I can say without reservation that I am glad to see 2020 in the rear-view mirror. This has been a challenging year at both the business and personal level for all of us. I would like to thank all of our employees who have shown remarkable resiliency and dedication to our business and our customers, and to our business partners and shareholders for the support they have shown our company.”

### Conference Call

The Company will hold a conference call on Thursday, April 8, 2021 at 11:00 a.m. EDT to review highlights of 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 4932128. 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](http://www.sedar.com) and the Hamilton Thorne website.*

### About Hamilton Thorne Ltd. ([www.hamiltonthorne.ltd](http://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.*

*To supplement our financial results on an IFRS basis, we use certain non-IFRS measures that we believe are helpful in understanding those results, including 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”), Organic Growth, and Constant Currency. 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](http://www.sedar.com).*

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