

# KOLINPHARMA

## Investments in R&D and HR to drive future growth

**FY19 Results:** After very positive results in FY19 (revenues +17% yoy), and a very good start of FY20, 1H20 saw an inevitable drop in revenues caused by the lockdown as the Company was forced to halt commercial activity following a general block of access of MSIs to public and private health facilities. However, profitability margins remained high thanks to Management's efforts to improve operational efficiency and contain costs. More in detail, net sales came in at Euro 2.4 m (Euro 3.1 m in 1H19 with a production Value of was of Euro 3.4 m (-22% vs 1H19). EBITDA adjusted for non-recurring items stood at Euro 0.2 m vs. Euro 0.5 Eu m with an EBITDA adjusted margin of 13.4% (17.5% in 1H19). Net result was Euro -127 k, largely in line with prior year. Net Debt stood at Euro 1.1 m vs. a Net Cash position of Euro 0.7 m at the end of FY19.

**Positive outlook thanks to strong focus on R&D and HR:** As for 2020, although still difficult and premature to assess short-term potential effects on the Company's financials, Management stated that the Company has continued to peruse the strategic guidelines announced in IPO with focus on R&D and product portfolio. Management highlighted that the Company has seen a steady recovery in the post-lockdown months, with medical prescriptions in July and August above those of the same months of 2019 (+3%). Given the above, our outlook for Kolinpharma remains positive as we believe that the structural trend that supports the Company's equity story does not change and that the contraction in 1H20 must be considered extraordinary and related exclusively to the ongoing health emergency. We further believe that the Company is well positioned to exploit the market trend versus increased attention to health and wellbeing and in particular on prevention, also in light of the Covid-19 emergency.

**Estimates Revision:** Kolinpharma plans to continue to focus on innovation and training. R&D of new products remain key and the Company expects to launch new products in the near future: the Medical Device waiting only for certification, and a new innovative product in the orthopaedic field. Management also announced intentions to increase the commercial network to include 90/100 MSIs at the beginning of FY21 (currently 60). In light the above, we revised our FY20 forecasts to factor in 1H20 results and we now assume FY21 top-line growth of +33% (+28% previously) and with an EBITDA margin of c. 20%.

**Valuation** We updated our model to factor in new estimates, up-to-date risk-free rate and ERP and market multiples and set a new target price of Euro 12.06 p.s. (Euro 12.40 p.s. previously) providing for an upside of +44% on the current market value.

## Sector: Healthcare

Target Price (Eu)	12.06 (12.40 pr)
Market Price (Eu)	8.36
Market Cap (Eu m)	14
EV (Euro m)	15
<i>(as of 13<sup>th</sup> October 2020)</i>	

### Share Data

Market	AIM ITALIA
Bloomberg/Reuters	KIP.MI / KIP:IM
ISIN	IT0005322950
N. of Shares	1.639.571
Free Float	40.38%
Main Shareholder	Rita Paola Petrelli (59.62%)
CEO	Rita Paola Petrelli

### Aim Positioning

FY 2019	Company	Health	AIM Italia
VoP (Eu m)	9	53	45
Yoy	24%	11%	17%
EBITDA %	26%	16%	15%
ND/EBITDA (x)	(0.3)	-0.1	2.1

Market Data	Company	Health	AIM Italia
Mkt Cap (Eu m)	14	92	44
Perf. YTD	+20%	-4%	-12%
Free Float	40%	33%	33%
ADTT YTD (Eu k)	37	77	70

### Credit Risk Assessment

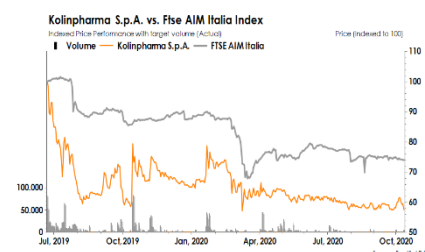
	Kolin-pharma	Italian PMI Avg
Wiserfunding Bond Rating Equivalent	B+	B+

### Performance

	1M	3M	6M
Absolute	-3.45	-5.83	-7.69
Relative	-2.32	-1.61	-4.51
52-week H/L (Eu)	11.70	/	8.28

### IR TOP RESEARCH

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Key Figures (Euro m)	Sales	Yoy %	EBITDA	EBITDA %	EBIT	EBIT %	Net Profit	Net Debt
<b>2019A</b>	8.9	+24%	2.0	22%	0.9	10%	0.6	(0.7)
<b>2020E</b>	8.9	+0%	1.8	20%	0.4	5%	0.3	(0.5)
<b>2021E</b>	12.5	+40%	2.9	24%	1.1	9%	0.8	(1.1)
<b>2022E</b>	16.2	+30%	4.0	25%	1.9	12%	1.4	(2.6)

## KEY FINANCIALS

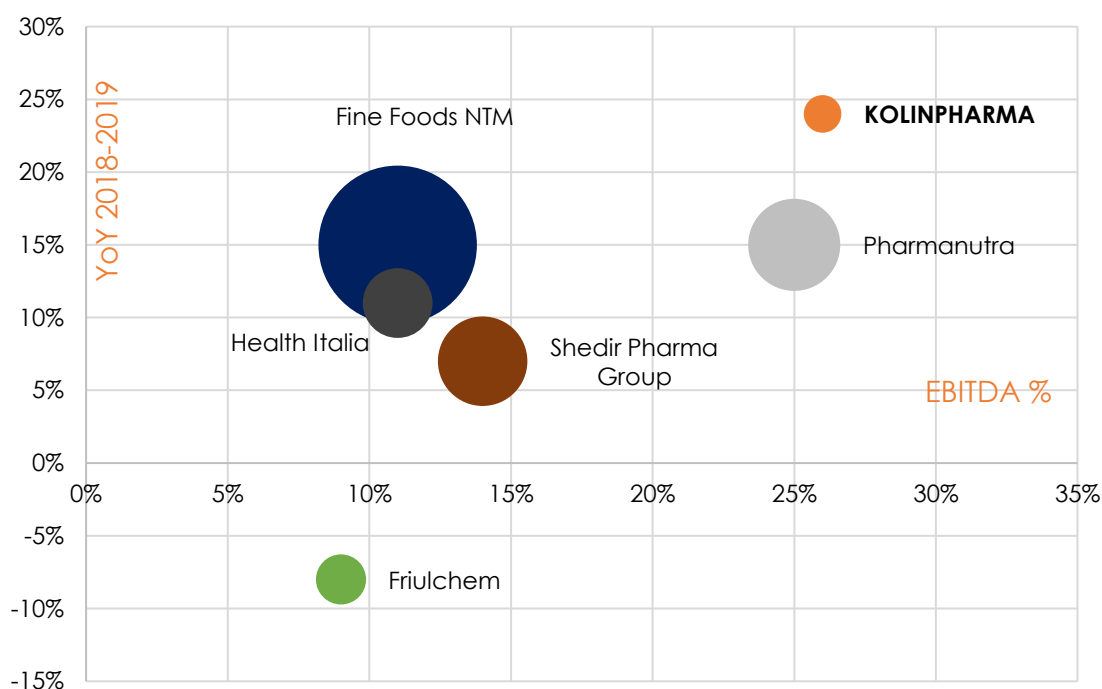
	2018A	2019A	2020E	2021E	2022E
<b>Profit&amp;Loss Statement</b>					
Sales	7,2	8,9	8,9	12,5	16,2
Revenues (VoP)	9,0	10,5	10,2	13,6	17,4
EBITDA	1,4	2,0	1,8	2,9	4,0
EBIT	0,5	0,9	0,4	1,1	1,9
Financial Income (charges)	(0,1)	(0,1)	(0,1)	(0,1)	(0,1)
Pre-tax profit (loss)	0,5	0,8	0,4	1,1	1,9
Taxes	(0,2)	(0,2)	(0,1)	(0,3)	(0,5)
Net profit (loss)	0,3	0,6	0,3	0,8	1,4
<b>Balance Sheet</b>					
Net working capital (NWC)	0,8	0,8	1,3	2,2	3,0
Net fixed assets	4,0	3,9	3,9	3,1	2,2
M/L Funds	(0,1)	(0,2)	(0,2)	(0,1)	(0,1)
Net Capital Employed	4,8	4,6	5,0	5,2	5,0
Net Debt (Cash)	0,1	(0,7)	(0,5)	(1,1)	(2,6)
Net Equity	4,7	5,2	5,5	6,3	7,6
<b>Cash Flow</b>					
EBIT	0,5	0,9	0,4	1,1	1,9
D&A	0,8	1,1	1,4	1,8	2,0
Tax	(0,2)	(0,2)	(0,1)	(0,3)	(0,5)
Change in M/L Funds	0,0	0,1	0,0	(0,0)	0,0
Gross Cash Flow	1,2	1,8	1,7	2,6	3,5
Change in NWC	(0,2)	(0,0)	(0,4)	(0,9)	(0,8)
Operating Cash Flow	1,1	1,8	1,3	1,8	2,7
Capex	(1,7)	(0,9)	(1,4)	(1,1)	(1,1)
Change in other non-current asset	(0,0)	0,0	0,0	0,0	0,0
Financial Income (charges)	(0,1)	(0,1)	(0,1)	(0,1)	(0,1)
Free Cash Flow	(0,8)	0,8	(0,1)	0,6	1,5
Dividend	0,0	0,0	0,0	0,0	0,0
Change in Equity	3,1	(0,0)	0,0	0,0	0,0
Change in Net debt (Cash)	2,4	0,8	(0,1)	0,6	1,5
<b>Per Share Data</b>					
Current Price	€8,36				
Total shares out fully diluted (mn)	1,8				
EPS	0,16	0,33	0,15	0,43	0,76
DPS	0,0	0,0	0,0	0,0	0,0
FCF	(0,8)	0,8	(0,1)	0,6	1,5
Pay out ratio	0%	0%	0%	0%	0%
<b>Ratios</b>					
EBITDA margin	19,3%	22,3%	20,4%	23,6%	24,5%
EBIT margin	7,7%	9,7%	5,0%	9,0%	11,9%
Net Debt/Equity (Gearing)	3,0%	-13,0%	-9,7%	-17,8%	-34,6%
Net Debt/EBITDA	0,10	-0,34	-0,29	-0,38	-0,67
Interest cover EBIT	6,34	12,26	6,31	15,98	27,29
ROE	5,9%	11,3%	5,0%	12,3%	17,7%
ROCE	15,4%	23,5%	11,0%	27,4%	48,6%
Free Cash Flow Yield	-9,2%	9,8%	-1,8%	7,0%	18,3%
<b>Growth Rates</b>					
Sales	76%	24%	0%	40%	30%
Revenues (VoP)	68%	17%	-3%	33%	28%
EBITDA	129%	44%	-8%	62%	35%
EBIT	1670%	58%	-49%	153%	71%
Net Profit	516%	114%	-54%	182%	75%

### AIM POSITIONING

We position Kolinpharma within the AIM Italia “Healthcare goods & services” sector which includes 6 companies with average capitalization of Euro 92 m, an average free float of 33% and an average performance from IPO of -4%.

### AIM Italia Healthcare goods & services Sector

Size of the bubble: 2019 Revenues



Market Data	Capitalization (Eu m)	Free Float (%)	Perf. from IPO (%)	ADTT YTD (Eu)	Revenues (Eu m)	Revenues YoY	EBITDA margin (%)	EV/EBITDA (x)	NFP/EBITDA (x)
Fine Foods NTM	193	41%	+2%	118,017	160	15%	11%	8,3	(2.2)
Friulchem	9	31%	-40%	21,967	16	-8%	9%	5,5	(0.9)
Health Italia	32	39%	-58%	88,125	31	11%	11%	12,6	2.8
Pharmanutra	257	33%	+89%	154,633	54	15%	25%	19,1	(1.0)
Shedir Pharma Group	45	13%	-43%	46,318	51	7%	14%	7,4	1.2
<b>KOLINPHARMA</b>	<b>14</b>	<b>40%</b>	<b>+26%</b>	<b>37,221</b>	<b>9</b>	<b>24%</b>	<b>26%</b>	<b>6,2</b>	<b>(0.3)</b>
<b>Healthcare goods &amp; services</b>	<b>92</b>	<b>33%</b>	<b>-4%</b>	<b>77,714</b>	<b>53</b>	<b>11%</b>	<b>16%</b>	<b>9,8</b>	<b>(0.1)</b>
<b>AIM Italia</b>	<b>44</b>	<b>33%</b>	<b>-12%</b>	<b>70,181</b>	<b>45</b>	<b>17%</b>	<b>15%</b>	<b>14,8</b>	<b>2.1</b>

Source: Osservatorio AIM Italia and FactSet data as of October 4<sup>th</sup>, 2020

When compared to the “Healthcare goods & services” sector Kolinpharma presents positive traits both in terms of market and financial data:

#### Market Data

- Lower Capitalization (Euro 14 m vs euro 92 m)
- Higher Free Float (40% vs 33%)
- Higher performance from IPO (+26% vs -4%)

#### Financial Data

- Higher revenue growth (+24% vs +11%)
- Higher EBITDA margin (26% vs 16%)
- Positive NFP/EBITDA ratio, in line with reference sector

### BUSINESS UPDATE AND OUTLOOK

After very positive results in FY19 (revenues +17% yoy), and a very good start of FY20 with an increase in medical prescriptions, a key driver for sales, 1H20 saw an inevitable drop in revenues caused by the lockdown as the Company was forced to partially halt commercial activity following a general block of access of MSIs to public and private health facilities. However, profitability margins remained high thanks to Management's efforts to improve operational efficiency and contain costs.

As for 2020, although still difficult and premature to assess short-term potential effects on the Company's financials, Management stated that the Company has continued to peruse the strategic guidelines announced in IPO with focus on R&D and product portfolio. Year to date, Kolinpharma has launched three new products (Xinepa tablets, Almetax tablets and Ivuxur tablets), obtained two new patents for the US market (Dolatrox and Milesax), its first in the Israeli market (Xinepa) and 12 new patents in Europe hence reaching 39 international patents in total. The Company also launched the KIP@KIT, including a new food supplement to strengthen the immune system (KIP@Flu), hand sanitizing gel, and a face mask. This project is part of a new business strategy with which Kolinpharma will position itself directly on the pharmacy channel.

Management further highlighted that the Company has seen a steady recovery in the post-lockdown months, with medical prescriptions in July and August above those of the same months of 2019 (+3%).

Given the above, our outlook for Kolinpharma remains positive as we believe that the structural trend that supports the Company's equity story does not change and that the contraction in 1H20 must be considered extraordinary and related exclusively to the ongoing health emergency. We further believe that the Company is well positioned to exploit the market trend, confirmed by Federsalus in a recent report, versus increased attention to health and wellbeing and in particular on prevention, also in light of the Covid-19 emergency.

### 1H20 RESULTS

In 1H20 Kolinpharma recorded net sales of Euro 2.4 m (Euro 3.1 m in 1H19). The recently released products (Xinepa e Almetax) showed a good performance and Milesax (18% of sales), confirmed its N° 2 position among Italian Top players in the muscle relaxants segment (IQVIA Solutions Italy – June 2020). Revenues (Production Value) was of Euro 3.4 m (-22% vs 1H19).

Eu m – ITA GAP	1H20	1H20%	FY19	FY19 %
Milesax	0.4	18%	2,6	29%
Ivuxur	0.5	19%	1,6	18%
Dolatrox	0.3	14%	1.7	19%
Xinepa Easy	0.4	18%	1,8	20%
Almetax Easy	0.1	4%	0,9	10%
Miledix	0.1	4%	0,4	4%
Xinepa	0.4	15%		
Almetax	0.2	8%		
<b>Total</b>	<b>2.4</b>	<b>100%</b>	<b>8,9</b>	<b>100%</b>

EBITDA came in at Euro 0.3 m (vs. Euro 0.4 Eu m in 1H19) with an EBITDA margin of 9.2% largely in line with prior year (12.7% in 1H19), thanks to Management's efforts to contain costs and in spite of an important increase in number of employees (from an average of 57 in 1H19 to 85 in 1H20), following the strategic decision of internalization of the entire MSI network. After D&As of Euro 0.4 m (0.5 m in FY19) EBIT was negative of Euro 0.2 m (Euro -0.1 m in 1H19). Net result was Euro -127 k largely in line with prior year (Euro -133 k).

Net Debt stood at Euro 1.1 m, from a Net Cash position of Euro 0.7 m at the end of FY19 and a Net Debt of Euro 0.4 m at the end of 1H19, mainly following an increase in inventory due to lower than expected sales volumes, and an increase in trade receivables due also to the level of use of non-recourse factoring.

### Key Financials – Euro m

	1H 2020	1H 2019	2019A
<b>Sales</b>	<b>2.4</b>	<b>3.1</b>	<b>8.9</b>
	yoy	-23%	+13%
<b>Production Value</b>	<b>3.4</b>	<b>4.4</b>	<b>10.5</b>
	yoy	-23%	+6%
<b>EBITDA</b>	<b>0.3</b>	<b>0.4</b>	<b>2.0</b>
	margin	12%	13%
<b>EBIT</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.9</b>
	margin	n.m.	n.m.
<b>Net Profit</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.6</b>
Net Working Capital (NWC)	1.9	0.8	0.8
Fixed net assets	4.1	4.2	3.9
Funds	(0.2)	(0.1)	(0,16)
<b>Net Capital Employed</b>	<b>6.2</b>	<b>4.9</b>	<b>4,6</b>
Net Debt (Cash)	1.1	0.4	(0,7)
Equity	5.1	4.5	5,2
<b>Sources</b>	<b>6.2</b>	<b>4.9</b>	<b>4,6</b>

Source: Company Data

### 2020-2022 ESTIMATES

Kolinpharma plans to continue to focus on innovation and training. R&D for new products remains key and the Company expects to launch new products in the near future: the Medical Device waiting only for final certification, and a new innovative product in the orthopaedic field. Management also announced intentions to increase the commercial network to include 90/100 MSIs at the beginning of FY21 (currently 60). In light the above, we revised our FY20 forecasts to factor in 1H20 results and we now assume FY21 top-line growth of 33% (+28% previously) and with an EBITDA margin of c. 20%.

### Estimates - Consolidated Income Statement – Euro m

	2019A	2020E Old	2020E New	2021E Old	2021E New	2022 Old	2022E New
<b>Sales</b>	<b>8.9</b>	<b>10.0</b>	<b>8.9</b>	<b>14.0</b>	<b>12.5</b>	<b>18.2</b>	<b>16.2</b>
	yoy	24%	+12%	0%	+40%	+40%	+30%
<b>Production Value</b>	10,5	12.3	10.2	15.7	13.6	20.1	17.4
	yoy	17%	+27%	-3%	+28%	+33%	+28%
<b>EBITDA</b>	<b>2.0</b>	<b>2.3</b>	<b>1.8</b>	<b>3.4</b>	<b>2.9</b>	<b>4.7</b>	<b>4.0</b>
	margin	22%	23%	20%	25%	24%	26%
<b>EBIT</b>	<b>0.9</b>	<b>0.9</b>	<b>0.4</b>	<b>1.6</b>	<b>1.1</b>	<b>2.7</b>	<b>1.9</b>
	margin	10%	9%	5%	12%	9%	15%
<b>Net Profit</b>	<b>0.6</b>	<b>0.6</b>	<b>0.3</b>	<b>1.1</b>	<b>0.8</b>	<b>1.8</b>	<b>1.4</b>

Source: Company Data

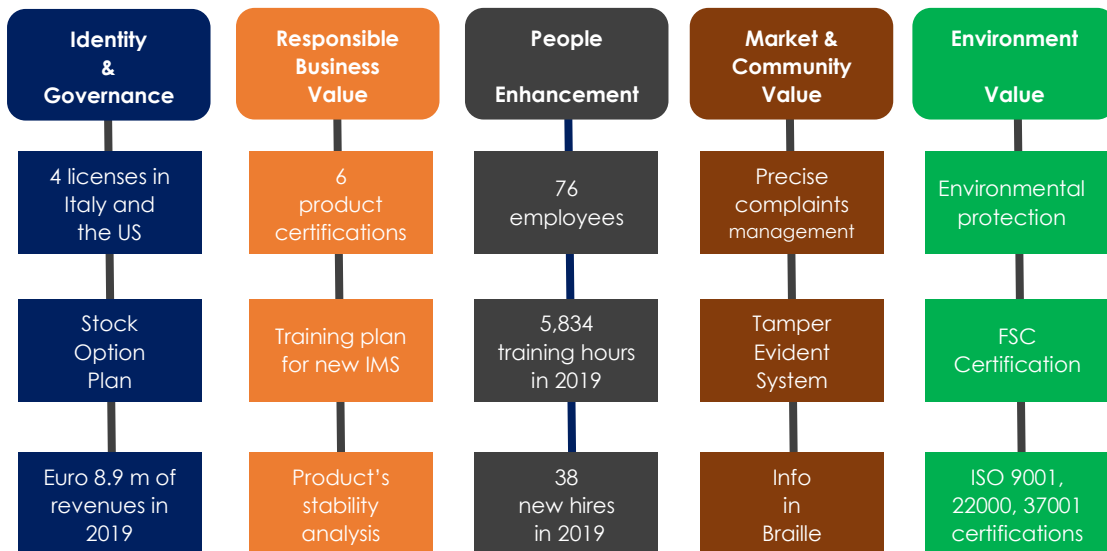
### Estimates - Consolidated Balance Sheet – Euro m

	2019A	2020E Old	2020E New	2021E Old	2021E New	2022 Old	2022E New
Net Working Capital (NWC)	0,8	1,7	1,3	2,5	2,2	3,5	3,0
Fixed net assets	3,9	3,9	3,9	3,1	3,1	2,2	2,2
Funds	(0,16)	(0,16)	(0,16)	(0,14)	(0,14)	(0,14)	(0,14)
<b>Net Capital Employed</b>	<b>4,6</b>	<b>5,4</b>	<b>5,0</b>	<b>5,5</b>	<b>5,2</b>	<b>5,5</b>	<b>5,0</b>
Net Debt (Cash)	(0,7)	(0,5)	(0,5)	(1,4)	(1,1)	(3,3)	(2,6)
Equity	5,2	5,9	5,5	6,9	6,3	8,8	7,6
<b>Sources</b>	<b>4,6</b>	<b>5,4</b>	<b>5,0</b>	<b>5,5</b>	<b>5,2</b>	<b>5,5</b>	<b>5,0</b>

Source: Company Data

**FOCUS ESG**

In April Kolinpharma released its first sustainability report. We have highlighted the key findings of the report below.



Source: IR Top elaboration on Company data

The Company aims at creating value for all stakeholders, by taking into consideration not only economic and financial objectives, but also social and environmental factors that characterize its business as sustainable and responsible.

In particular, Kolinpharma cares for the valorisation of its human capital, promoting equal growth opportunities through training initiatives and providing a stock options plan that involves all of its employees.

The Company also focuses on values such as responsibility and transparency, by having a direct line of discussion with its customers that allows to better understand the expectations that every single customer has while looking after his or her specific needs. It has also collaborated in activities with organizations such as "No Doping Life" and "ITA-PMS", promoting healthy lifestyle choices and the scientific research towards premenstrual syndrome.

Finally, during the peak of the COVID pandemic, Kolinpharma supported healthcare workers by donating a ventilator to the city of Catanzaro.

**AIM DISCOUNT UPDATE**

When using market multiples to determine the target price of an AIM Italia listed company, we apply a discount on the average peer multiple based on an algorithm that, in partnership with Wisefunding Ltd<sup>1</sup> and “Osservatorio AIM” (IR Top proprietary database) measures the positioning of the company along 5 dimensions:

- Market Data (capitalisation, liquidity, free float)
- Financials (growth and profitability)
- Sustainability (ESG)
- Transparency (strategic plan)
- Credit Risk (Wisefunding Bond Rating Equivalent)

Market Data establishes a base discount that runs from 20% to 30%. Hence, according to a scoring system, the Credit Rating accounts for a premium/discount in the +/- 2.5% range with a B+ (representing the average rating of Italian SMEs) would imply neutrality, i.e. +/- 0% discount/premium. The remaining three dimensions (Financials, Sustainability and Transparency) together determine an additional discount/premium of +/- 5%.

The Credit Risk Profile was recently added to our algorithm and is elaborated in collaboration with Wisefunding Ltd, a London based fintech specialized in providing accurate credit assessments for SMEs, segmented by size, country, and industry sector.

Applying the algorithm on **KOLINPHARMA**, we consider fair a discount of 25.5% to Industry peers based on:

- Market Data discount of 30%
- Wisefunding PMI Z-score of 322 and bond rating equivalent of B+ which would imply neutrality (+/-0%)
- A 4.5% premium as a sum of the scoring for Financials, ESG and Transparency.

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<sup>1</sup> Wisefunding is a London-based fintech company specialised in assessing the credit risk of small and medium sized enterprises (SMEs). Through their online platform, they allow businesses looking to obtain finance or lenders and investors looking to assess the risk of businesses to get more accurate data to make better decisions quicker than ever before. Wisefunding provides SMEs across Europe with a risk assessment based on past financial history and a range of publicly available structured and unstructured data. Professor Edward Altman, one of the pioneers of credit risk analytics back in the 60s and inventor of the famous Z-score model, is one of the co-founders. Wisefunding has been official partner of Borsa Italiana for the Fixed Income since 2016.

**VALUATION**

We updated our model to factor in new estimates, up-to-date risk-free rate and ERP and market multiples and set a new target price of Euro 12.06 p.s. (Euro 12.40 p.s previously), providing for an upside of +44% to the current share price and obtained by weighting equally a DCF and a multiple comparison analysis. At our target price Kolinpharma would be trading at 11.5 and 7.1 2020 and 2021 EV/EBITDA respectively.

**Valuation Summary**

Method	Weight	Price (Euro)
Multiple Comparison	50%	13.03
DCF	50%	11.08
<b>Target Price</b>	<b>100%</b>	<b>12.06</b>

Our valuation is on a non-diluted basis (not considering the stock option plan).

**Multiples Comparison**

Companies	Country	Market Cap	Price	Sales 2020E	Sales YoY 20/19	EBITDA % 2020E	EBIT % 2020E	NI % 2020E
Balchem	US	2.879	89,0	586	-1%	16%	24%	13%
Boiron SA	FR	742	42,3	537	-4%	11%	19%	4%
Biogaia	SE	50	2,8	80	11%	35%	37%	27%
Enervit	IT	767	46,2	59	-6%	7%	1%	0%
Recipharm	SE	1.237	15,5	1.015	44%	6%	17%	2%
USANA Health Sciences, Inc.	US	1.406	66,9	920	-5%	15%	17%	10%
<b>Average</b>				<b>532</b>	<b>7%</b>	<b>17%</b>	<b>23%</b>	<b>9%</b>
<b>Kolinpharma</b>	<b>ITA</b>	<b>14.8</b>	<b>8.4</b>	<b>8,9</b>	<b>0%</b>	<b>20%</b>	<b>5%</b>	<b>3%</b>

Source: FactSet data as of October 13<sup>th</sup>, 2020 and IR Top estimates for Kolinpharma

Companies	20E	21E
Balchem	21,7	19,8
Boiron SA	5,2	5,1
Biogaia	16,0	13,6
Enervit	26,2	24,4
Recipharm	12,2	10,7
USANA Health Sciences, Inc.	8,1	7,7
<b>Median</b>	<b>14,1</b>	<b>12,1</b>
<b>Kolinpharma</b>	<b>5,7</b>	<b>3,9</b>
Premium/Discount to Peers	-60%	68%

Source: FactSet data as of October 13<sup>th</sup>, 2020 and IR Top estimates for Kolinpharma

Companies	Country	Market Cap	Price	Sales 2020E	Sales YoY 20/19	EBITDA % 2020E	EBIT % 2020E	NI % 2020E
Fine Foods NTM	ITA	188	10,0	179,5	12%	13%	6%	5%
Pharmanutra	ITA	278	28,7	59,9	11%	24%	23%	16%
Shedir Pharma Group	ITA	46	4,0	52,7	4%	20%	16%	11%
Friulchem	ITA	9	1,1	16,7	4%	9%	4%	3%
<b>Average</b>				<b>77.2</b>	<b>8%</b>	<b>17%</b>	<b>12%</b>	<b>9%</b>
<b>Kolinpharma</b>	<b>ITA</b>	<b>14.7</b>	<b>8.4</b>	<b>8,9</b>	<b>0%</b>	<b>20%</b>	<b>5%</b>	<b>3%</b>

Source: FactSet data as of October 13<sup>th</sup>, 2020 and IR Top estimates for Kolinpharma

Companies	20E	21E
Fine Foods NTM	5.8	4.6
Pharmanutra	18.2	15.3
Shedir Pharma Group	4.5	3.1
Friulchem	5.1	3.3
<b>Median</b>	<b>5.9</b>	<b>4.4</b>
<b>Kolinpharma</b>	<b>5.7</b>	<b>3.9</b>
Premium/Discount to Peers	-3%	-11%

Source: FactSet data as of October 13<sup>th</sup>, 2020 and IR Top estimates for Kolinpharma



**STOCK PERFORMANCE**

Over the last year the Kolinpharma's stock has overperformed both its peers in the AIM Segment and the FTSE AIM Italia Index. The stock reached a maximum of Euro 11.70 p.s. October 15<sup>th</sup> 2019 and a minimum of Euro 8.28 on September 4<sup>th</sup> 2020.

Companies	1D	1W	1M	3M	6M	YTD	1Y
Balchem	-1%	6%	9%	11%	7%	3%	5%
Boiron SA	-3%	-2%	8%	5%	38%	16%	34%
Enervit	-3%	-4%	-7%	-6%	-12%	-18%	-8%
Biogaia	-17%	-17%	-16%	-10%	7%	13%	20%
Recipharm	-2%	2%	4%	19%	67%	22%	35%
USANA Health Sciences, Inc.	1%	5%	2%	-6%	13%	0%	15%
<b>Average International Peers</b>	<b>-4%</b>	<b>-2%</b>	<b>0%</b>	<b>2%</b>	<b>20%</b>	<b>6%</b>	<b>17%</b>
Fine Foods NTM	0%	-3%	-7%	-8%	-3%	-17%	-8%
Pharmanutra	0%	8%	27%	23%	23%	23%	44%
Shedir Pharma Group	-3%	-2%	-2%	-10%	13%	-44%	-45%
Friulchem	-3%	-2%	-10%	-17%	-32%	-34%	-38%
<b>Average AIM Peers</b>	<b>-2%</b>	<b>0%</b>	<b>2%</b>	<b>-3%</b>	<b>0%</b>	<b>-18%</b>	<b>-12%</b>
<b>FTSE AIM Italia</b>	<b>0%</b>	<b>-1%</b>	<b>-1%</b>	<b>-4%</b>	<b>-4%</b>	<b>-16%</b>	<b>-14%</b>
<b>Kolinpharma</b>	<b>0%</b>	<b>-5%</b>	<b>-4%</b>	<b>-5%</b>	<b>-8%</b>	<b>-12%</b>	<b>-4%</b>

Source: FactSet data as of October 13<sup>th</sup>, 2020

### Company profile

KOLinPHARMA SpA is an Innovative SME specialised in R&D in the growing nutraceutical market. The Company's products are based on natural raw materials and have the purpose of supporting pharmacological treatments mainly for pathologies in the orthopaedic-physiatry and gynaecological fields. KOLinPHARMA sells its own-branded products through a skilled sales network of medical scientific informers (MSIs). Customers are represented by pharmaceutical wholesalers, which distribute to pharmacies and parapharmacies nationwide. The Company has shown rapid growth since foundation in 2013 and closed 2019 with sales of 8.9 Eu (+17% vs. 2017) and a 2015-2019 CAGR of +63%.

### Innovation

KOLinPHARMA is highly focused on innovation and works closely with the **research departments of the Universities** of Pavia which recently launched the first University Master in Nutraceutical and Calabria for the experimental cultivation of plants for nutraceutical use. Thanks to this collaboration, KOLinPHARMA gains access to countless endemic botanical species preserved inside the Botanical Garden of the University. The Company is currently holder of 39 international patents.

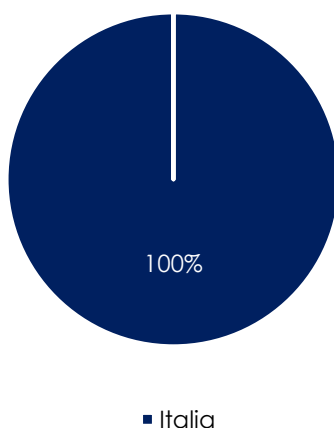
#### Opportunities

- High expected growth of the nutraceutical industry
- Strong focus on R&D and continuous product innovation (3 new products are expected to be launched in 2018). Collaboration with the scientific departments of the Universities of Pavia and Calabria
- Focus on quality with important certifications and consolidated relationships with medical specialists who guarantee quality
- Skilled sales team: university degree and high focus on training
- KOLinPHARMA has the qualification of "Innovative SME" and it holds 4 patents, 2 patents pending and 9 certifications
- Management team with long experience both in the Pharma and Nutraceutical industries

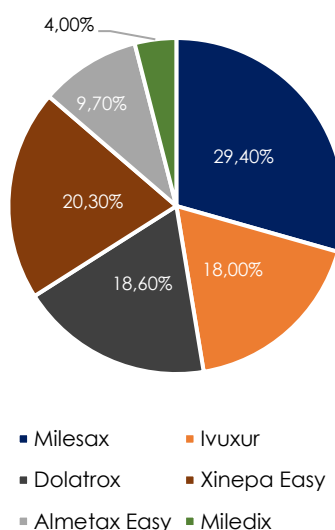
#### Risks

- High competition in the nutraceutical industry: possible entrance of new competitors in the market
- Production in outsourcing: reliability of outsources
- Wholesalers consolidation that increases their bargaining power
- Net working capital must be kept under control in order to guarantee business
- Risks resulting from side effects, production defects and non-compliance with the technical and contractual specifications of its products
- Reputational risk: related to the legal qualification of relationships with MSIs, as well as to any unfair commercial practices carried out by them
- Regulatory limitations on new products and regulatory changes in the reference market

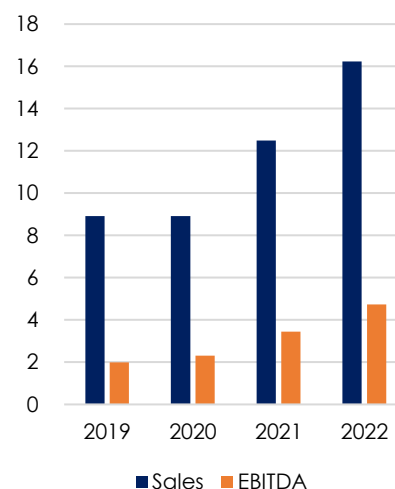
#### Sales split by region



#### Sales split by product



#### Sales and EBITDA margin



## IPO

Trading Market: AIM Italia – Borsa Italiana SpA  
Date: March 9<sup>th</sup>, 2018  
Price: 7.00 Eu  
Capital raised: 3.1 Eu m equity through a capital increase with private placement  
Capitalisation: 10.2 Eu m

## SHARES (as of October 13<sup>th</sup>, 2020)

Code: KIP  
Bloomberg: KIP IM  
Reuters: KIP.MI  
ISIN ordinary shares: IT0005322950  
ISIN PAS: IT0005322968  
Shares: 1,639,571  
Price: 8.36 Eu  
Performance from IPO: +20%  
Capitalisation: Euro 14 m  
Free Float: 40.38%  
NomAd: EnVent Capital Markets Ltd  
Specialist: BANCA AKROS- Gruppo Banco BPM

## STOCK OPTION

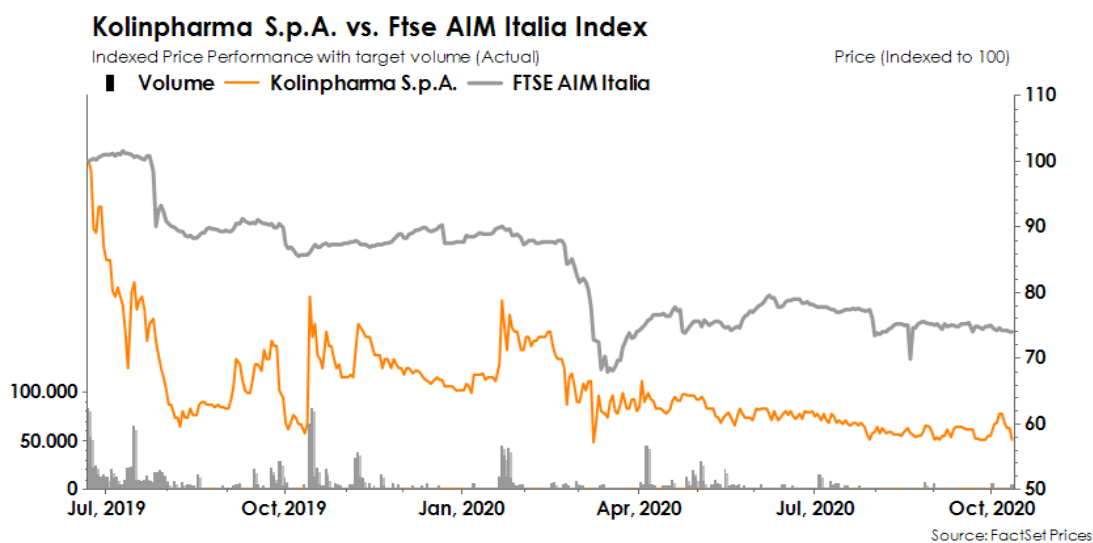
In May 2019 the shareholders' meeting approved a 2019-2021 Stock Option Plan to incentivize key employees, and on the relevant capital increase for a maximum of 138.462 shares without option rights (conversion rate 1:1).

## OWNERSHIP

Shareholder	N° of shares	%
Rita Paola Petrelli	977.571	59.62%
Market	662.000	40.38%
<b>Total</b>	<b>1,639,571</b>	<b>100.00%</b>

Source: Company Data

## STOCK PERFORMANCE



**DISCLAIMER**

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Date	Target Price	Market Price	Validity Time
October 14 <sup>th</sup> , 2020	12.06	8.36	12 months
April 27 <sup>th</sup> , 2020	12.40	9.01	12 months
October 22 <sup>nd</sup> , 2019	12.33	10.0	12 months
April 16 <sup>th</sup> , 2019	9.37	6.40	12 months
October 15 <sup>th</sup> , 2018	8.92	6.50	12 months
April 4 <sup>th</sup> , 2018	8.67	6.94	12 months

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Chiara Cardelli, (Researcher)

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