



KOLINPHARMA®  
LEADER TO HEALTH

## KOLINPHARMA® APPROVES THE FINANCIAL REPORT AT 30 JUNE 2018

- Production Value: Eur 4.1 million, up 95% (Eur 2.1 million at 06/30/2017)
- EBITDA: € 0.3 million with 10% EBITDA margin (€ 0.1 million at 30/06/2017)
- Net Financial Position: € 0.7 million (€ 2.5 million at 31/12/2017)
- Shareholders' equity: € 4.2 million (€ 1.2 million at 31/12/2017)

*Milan, September 27<sup>th</sup> 2018*

The Board of Directors of KOLINPHARMA®, an Innovative SME operating in the nutraceutical sector, specialized in the development and marketing of food supplements based on raw materials of natural origin, listed on the AIM ITALIA market, organized and managed by Borsa Italiana, approved on today's half-yearly financial report at 30 June 2018.

*"Our group's growth continues, reflected in the positive economic and financial results achieved in the first six months of 2018" declared Emanuele Lusenti, co-founder and A.D. of KOLINPHARMA®. "The status of a listed company has helped us to improve our relationship with credit institutions and suppliers, also allowing us to consolidate our development path through the expansion of the network of Medical-Scientific Informers, the certification of the quality of our products and the collaboration with leading universities with the aim of encouraging an ever-increasing research in the nutraceutical field, which has now become an integral part of our business model".*

### Pro-forma consolidated economic and financial results at 30 June 2018

The **Value of Production** equal to Eur 4.1 million compared to Eur 2.1 million in the first half-year 2017. In particular, revenues amounted to Eur 2.7 million compared to Eur 1.4 million in the first half-year 2017, show a brilliant growth of 98% confirming the progressive recognition of KOLINPHARMA® brand products by the market. Revenues by product are broken down as follows: Milesax equal to 30.18%, Ivuxur equal to 15.50%, Dolatrox equal to 14.02% Xinepa Easy equal to



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27.72%, Almetax Easy equal to 12.58%. Xinepa Easy and Milesax are the products that have detected the best growth performance. As already stated in the Admission Document, the seasonal nature of the orders received from KOLINPHARMA® customers, characterizes the results of this first half in terms of turnover, taking into account that the collection of the same, has a prevalent incidence in the months of June-July and November-December.

A significant increase is also evident in terms of the number of medical prescriptions (+ 49%). In addition to marketing the products in its portfolio, the Company is proceeding with the development of new nutraceuticals and the development, together with the manufacturer, of a "medical device". The launch of this last device has been postponed to half of 2019 in consideration of the extension of the time necessary for obtaining the "CE" marking, due to the need of a redesign from the regulatory point of view due to the new regulation 2017/745 which has replaced the Directive 93/42 / EEC, slowing down certification activities by Notified Bodies.

**The Gross Operating Margin (EBITDA)** is equal to Eur 0.3 million which, compared to Eur 0.1 million at June 30, 2017, benefits from the significant increase of in revenues despite the sustained growth of the organisational structure. The medical informers (IMS) of the drug are today equal to n.65 today (equal to n.45 at 30/06/2017) with an increase of n.20 units (+ 44%). In terms of margins, there was a significant improvement with the EBITDA margin of 10% compared to 7.5% in the first half of 2017.

**Net Operating Income (EBIT)** is substantially break even (€ 0.089 million) and is improving compared to 30 June 2017 (€ 0.1 million) after amortization of € 0.4 million (€ 0.3 million at 30 June 2017 ). The Net Result is negative and equal to Euro 0.1 million compared to Eur 0.2 million realised in the same period last year.

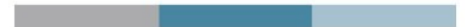
**The Net Financial Position (NFP)** is equal to Eur 0.7 million compared to the Eur 2.5 million at December 31, 2017. During the first half of the year the Company has made an increase in share capital through the listing on the AIM ITALIA market, organised and managed by Borsa Italiana, with total deposits of € 3.1 million. Lastly, there were new bank credit facilities with non-recourse factoring of Banca Ifis for € 2.0 million, as well as an expansion of the sbf portfolio lines for € 0.6 million.





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In the first half of the year, **investments** were made for to consolidate the IMS network, the continuation of R&D activities at the University of Pavia and the University of Calabria, and the conclusion of the clinical study on the Xinepa product that confirmed clinical efficacy for the treatment of peripheral neuropathies. For the purpose of the internationalisation process, the Company has strategically chosen to include the figure of the Assistant International Manager, which has the primary task of studying the regulations of European and non-European countries, the timing of notification of the product to the Ministry of reference. , the market, in order to identify which countries offer the greatest business opportunities.

**Equity** amounts to € 4.2 million (€ 1.2 million at 31/12/2017).

### Events after 30 June 2018

Concerning the events after 30 June 2018, the following is recorded:

- launch of a new scientific research contract of high-level with the University La Sapienza of Rome, focused on clinical trials to test the effectiveness of all products on the list;
- signature of a new supply contract with the company Nutrilinea Srl, which determined the diversification of the producers' portfolio, aiming at a reduction of the risk connected to the dependence on third-party suppliers as reported in the Admission Document;
- signature of a new contract of credit agreement of 500K with Bpm Bank.

### Expected evolution of management

During the 2018 financial year, the Company intends to continue developing products for therapeutic classes with high growth rates, as well as identifying innovative formulations towards new specialist areas, in which there is a strong needed for supplements to support pharmacological therapies. From a commercial point of view, the Company is keeping on expanding the Medical-Scientific Information network in order to achieve optimal coverage of the territory.



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*The Interim Financial Report at 30 June 2018 will be made available to the public on the Company's website [www.kolinpharma.com](http://www.kolinpharma.com), in the Investor Relations section, within the terms established by the regulations in force.*

*This press release is available online at [www.kolinpharma.com](http://www.kolinpharma.com), in the Investor Relations> Financial Press Releases section.*

\* \* \*

*KOLINPHARMA® S.p.A., founded in 2013, is an Innovative SME operating in nutraceutical sector and specialised in the research and development, realised internally and in collaboration with the major Italian universities. The Company's products are made of innovative and natural raw materials and have the purpose of supporting the pharmacological treatments mainly for the diseases in the orthopaedic-physiatric and gynaecological fields. KOLINPHARMA distributes the products with its brand in the whole Italian territory through a skilled sales network of 66 medical-scientific representatives (MSRs), specialised sole agents graduated in scientific disciplines. The MSRs promote KOLINPHARMA's nutraceutical products directly to doctors, pointing at the specialists' awareness. The Company's direct clients are wholesalers, that distribute to pharmacies and para-pharmacies throughout Italy. KOLINPHARMA owns 4 patents in Italy and 9 certifications, of which 2 on the company and 7 on its products.*

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Annexes:

Profit and Loss account as of 30 June 2018

Balance sheet as of 30 June 2018

Cash flow statement as of 30 June 2018

Net Financial Position as of 30 June 2018

## Profit and Loss as of 30 June 2018

Entry	30/06/2018	%	30/06/2017	%
<b>Value of production</b>	<b>4.098.811</b>	<b>100,00 %</b>	<b>2.078.228</b>	<b>100,00 %</b>
- Consumption of raw materials	1.150.987	28,08 %	550.767	26,50 %
- General expenses	1.967.482	48,00 %	1.076.783	51,81 %
<b>VALUE ADDED</b>	<b>980.342</b>	<b>23,92 %</b>	<b>450.678</b>	<b>21,69 %</b>
- Other revenue	40.977	1,00 %	4.667	0,22 %
- Employees costs	634.201	15,47 %	310.393	14,94 %
- Provisions				
<b>GROSS OPERATING PROFIT</b>	<b>305.164</b>	<b>7,45 %</b>	<b>135.618</b>	<b>6,53 %</b>
- Depreciation and writedown	394.272	9,62 %	268.218	12,91 %
<b>OPERATING INCOME FROM ORDINARY ACTIVITIES (Net Operating Profit)</b>	<b>(89.108)</b>	<b>(2,17) %</b>	<b>(132.600)</b>	<b>(6,38) %</b>
+ Other revenue and income	40.977	1,00 %	4.667	0,22 %
- Other operating expenses	69.702	1,70 %	36.866	1,77 %
<b>INCOME BEFORE OPERATIONS</b>	<b>(117.833)</b>	<b>(2,87) %</b>	<b>(164.799)</b>	<b>(7,93) %</b>
+ Financial income	128			
+ Gains and losses on foreign exchange				
<b>OPERATING INCOME (Current Margin before financial expenses)</b>	<b>(117.705)</b>	<b>(2,87) %</b>	<b>(164.799)</b>	<b>(7,93) %</b>
+ Financial expenses	(45.658)	(1,11) %	(34.495)	(1,66) %
<b>INCOME BEFORE EXTRAORDINARY OPERATIONS (Current Margin)</b>	<b>(163.363)</b>	<b>(3,99) %</b>	<b>(199.294)</b>	<b>(9,59) %</b>
+ Value adjustments of financial assets				
+ Extraordinary income and expenses				
<b>INCOME BEFORE TAXES</b>	<b>(163.363)</b>	<b>(3,99) %</b>	<b>(199.294)</b>	<b>(9,59) %</b>



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Entry	30/06/2018	%	30/06/2017	%
- Income taxes	(4.668)	(0,11) %	(19.007)	(0,91) %
<b>Net income</b>	<b>(158.695)</b>	<b>(3,87) %</b>	<b>(180.287)</b>	<b>(8,68) %</b>

## Balance sheet as of 30 June 2018

Entry	30/06/2018	%	30/06/2017	%
<b>WORKING CAPITAL</b>	<b>3.563.557</b>	<b>46,26 %</b>	<b>2.672.148</b>	<b>43,86 %</b>
<b>Quick ratio</b>	<b>460.290</b>	<b>5,98 %</b>	<b>15.249</b>	<b>0,25 %</b>
Cash and cash equivalents	460.290	5,98 %	15.249	0,25 %
<b>Deferred cash</b>	<b>2.485.718</b>	<b>32,27 %</b>	<b>2.285.771</b>	<b>37,52 %</b>
RECEIVABLES DUE FROM SHAREHOLDERS				
Short-term receivables in current assets	2.296.691	29,82 %	2.274.054	37,32 %
Short-term noncurrent receivables	28.883	0,37 %	11.043	0,18 %
Financial assets				
DEFERRED INCOME AND PREPAID EXPENSES	160.144	2,08 %	674	0,01 %
<b>INVENTORIES</b>	<b>617.549</b>	<b>8,02 %</b>	<b>371.128</b>	<b>6,09 %</b>
<b>Fixed assets</b>	<b>4.139.336</b>	<b>53,74 %</b>	<b>3.420.590</b>	<b>56,14 %</b>
INTANGIBLE FIXED ASSETS	3.793.309	49,25 %	3.088.955	50,70 %
PROPERTY, APPARATUS AND EQUIPMENT	48.638	0,63 %	43.166	0,71 %
FINANCIAL FIXED ASSETS				
Medium/long-term receivables in current assets	297.389	3,86 %	288.469	4,73 %
<b>TOTAL USES</b>	<b>7.702.893</b>	<b>100,00 %</b>	<b>6.092.738</b>	<b>100,00 %</b>
Entry	30/06/2018	%	30/06/2017	%
<b>MINORITY INTEREST SHARE CAPITAL</b>	<b>3.486.363</b>	<b>45,26 %</b>	<b>4.846.569</b>	<b>79,55 %</b>
<b>Current liabilities</b>	<b>2.875.339</b>	<b>37,33 %</b>	<b>3.820.586</b>	<b>62,71 %</b>
Short-term payables	2.466.324	32,02 %	3.520.553	57,78 %
ACCRUED LIABILITIES AND DEFERRED INCOME	409.015	5,31 %	300.033	4,92 %
<b>Consolidated liabilities</b>	<b>611.024</b>	<b>7,93 %</b>	<b>1.025.983</b>	<b>16,84 %</b>
Medium/long-term payables	547.800	7,11 %	976.260	16,02 %
Reserves for contingencies and other charges				





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Entry	30/06/2018	%	30/06/2017	%
TFR	63.224	0,82 %	49.723	0,82 %
<b>EQUITY</b>	<b>4.216.530</b>	<b>54,74 %</b>	<b>1.246.169</b>	<b>20,45 %</b>
Share capital	1.639.571	21,29 %	1.000.000	16,41 %
Reserves	3.853.694	50,03 %	1.430.443	23,48 %
Retained earnings (accumulated losses)	(1.118.040)	(14,51) %	(1.118.039)	(18,35) %
Net profit (loss) for the year	(158.695)	(2,06) %	(66.235)	(1,09) %
<b>TOTAL SOURCES</b>	<b>7.702.893</b>	<b>100,00 %</b>	<b>6.092.738</b>	<b>100,00 %</b>

## Cash flow statement as of 30 June 2018

	Amount as at 30/06/2018	Amount as at 31/12/2017
<b>A) Financial flow from operations (indirect method)</b>		
Net profit (loss) for the year	(158.695)	(66.235)
Income taxes	(4.668)	22.753
Interest expenses/(income)	45.530	74.523
<i>1) Profit (loss) for the fiscal year before income taxes, dividends and capital gains/losses from disposals</i>	<i>(117.833)</i>	<i>31.041</i>
Adjustments for non-monetary elements with no offset in working capital		
Accruals to provisions	28.423	34.162
Depreciation of assets	394.272	564.844
<i>Total adjustments for non-monetary items with no offset in net working capital</i>	<i>422.695</i>	<i>599.006</i>
<i>2) Financial flow before changes to the net working capital</i>	<i>304.862</i>	<i>630.047</i>
Changes in net working capital		
Decrease/(Increase) of inventories	(246.421)	(42.302)
Decrease/(Increase) of credits towards customers	(31.589)	(1.012.603)
Increase/(Decrease) in payables due to suppliers	(115.051)	544.541
Decrease/(Increase) in accrued income and deferred expenses	(159.470)	
(Increase)/Decrease in accrued liabilities and deferred income	108.982	159.501
Other decreases/(Other increases) of net working capital	(71.140)	88.261



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	Amount as at 30/06/2018	Amount as at 31/12/2017
<i>Total changes in net working capital</i>	(514.689)	(262.602)
<i>3) Financial flow after changes to the net working capital</i>	(209.827)	367.445
Other adjustments		
Interest collected/(paid)	(45.530)	(74.523)
(income taxes paid)	4.668	(22.753)
(Use of provisions)	(14.922)	(13.291)
<i>Total other adjustments</i>	(55.784)	(110.567)
<b>Financial flow from operations (A)</b>	<b>(265.611)</b>	<b>256.878</b>
<b>B) Financial flow from investing activities</b>		
PROPERTY, APPARATUS AND EQUIPMENT		
(Investments)	(15.616)	(26.721)
INTANGIBLE FIXED ASSETS		
(Investments)	(1.088.483)	(1.207.662)
FINANCIAL FIXED ASSETS		
(Investments)	(17.840)	(11.043)
<b>Cash flow from investing activities (B)</b>	<b>(1.121.939)</b>	<b>(1.245.426)</b>
<b>C) Financial flow from financing activities</b>		
Loan capital		
Incremento/(Decremento) debiti verso banche per finanziamenti chirografari	(197.722)	155.917
Variazione finanziamenti docì		(807.441)
Equity		
Increase in paid share capital	447.008	
Riserva sovrapprezzo azioni	2.682.051	
Variazione soci c/aumento capitale		1.162.445
<b>Cash flow from financing activities (C)</b>	<b>2.931.337</b>	<b>510.921</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>1.543.787</b>	<b>(477.627)</b>
Cash and cash equivalents at the beginning of the fiscal year		
bank and post office deposits	(1.104.284)	(626.685)
Cash and equivalents on hand	34	62
Total cash and cash equivalents at the beginning of the fiscal year	(1.104.250)	(626.623)
Cash and cash equivalents at the fiscal year end		
bank and post office deposits	439.451	(1.104.284)





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	Amount as at 30/06/2018	Amount as at 31/12/2017
Cash and equivalents on hand	86	34
Total cash and cash equivalents at the end of the fiscal year	439.537	(1.104.250)
Balance difference		

## Net Financial Position of 30 June 2018

Net Financial Position €'000	Dec17	Jun18	Delta
A. cash and bank deposits	15	452	437
B. other liquid assets	-	-	-
C. securities held for trading	-	-	-
<b>D. Liquidity (A)+(B)+(C)</b>	<b>15</b>	<b>452</b>	<b>437</b>
<b>E. Current financial receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>
F. short-term bank debts	(1.119)	(21)	1.099
G. current portion of non-current debt	(415)	(422)	(7)
H. other current financial debts	-	-	-
<b>I. Current financial indebtedness (F)+(G)+(H)</b>	<b>(1.535)</b>	<b>(443)</b>	<b>1.092</b>
<b>J. Net current financial indebtedness (D)+(E)+(I)</b>	<b>(1.519)</b>	<b>9</b>	<b>1.529</b>
K. non-current bank debt	(796)	(584)	213
L. bonds issued	-	-	-
M. other non-current debts	(180)	(180)	-
<b>N. Non current financial debt (K)+(L)+(M)</b>	<b>(976)</b>	<b>(764)</b>	<b>213</b>
<b>O. Net financial debt (J)+(N)</b>	<b>(2.496)</b>	<b>(754)</b>	<b>1.742</b>