



NASDAQ: HBIO
Q1 '22 Earnings Presentation

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Forward-Looking Statements and Non-GAAP Financial Information



Forward-Looking Statements

Information in this presentation or in oral statements of the management of the Company may include forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. You can identify these statements by our use of such words as "will," "guidance," "objectives," "optimistic," "potential," "future," "expects," "plans," "estimates," "continue," "drive," "strategy," "potential," "potentially," "growth," "long-term," "projects," "projected," "intends," "believes," "goals," "sees," "seek," "develop" "possible" "new," "emerging," "opportunity," "pursue" and similar expressions that do not relate to historical matters. Forward-looking statements in this presentation or that may be made during our presentation may include, but are not limited to, statements or inferences about the Company's or management's beliefs or expectations, our anticipated future revenues and earnings, the strength of our market position and business model, industry outlook, the impact of the COVID-10 pandemic and related supply chain disruptions on our business, our business strategy, the positioning of our Company for growth, the market demand and opportunity for our current products, or products we are developing or intend to develop, and our plans, objectives and intentions that are not historical facts. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Investors should note that many factors, as more fully described under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, or described in our other public filings and as otherwise enumerated herein or therein may cause our actual results to differ materially from those in the forward-looking statements. The forward-looking statements in this presentation are qualified by these risk factors. Our results may also be affected by factors of which we are not currently aware. We may not update these forward-looking statements, even though our situation may change in the future, unless we have obligations under the federal securities laws to update and disclose material developments related to previously disclosed information.

Management's Use of Non-GAAP Financial Information

In this presentation, we have included non-GAAP financial information including adjusted gross profit, adjusted operating income, adjusted net income, adjusted earnings per diluted share and adjusted EBITDA. We believe that this non-GAAP financial information provides investors with an enhanced understanding of the underlying operations of the business. For the periods presented, these non-GAAP financial measures of revenue and income have excluded certain expenses and income primarily resulting from purchase accounting or events that we do not believe are related to the underlying operations of the business such as amortization of intangibles related to acquisitions, costs related to acquisition, disposition and integration initiatives, impairment charges, severance and restructuring and other business transformation expenses, and stock-based compensation expense. They also exclude the tax impact of the reconciling items. This non-GAAP financial information approximates information used by our management to internally evaluate the operating results of the Company. Any non-GAAP measures included herein are accompanied by a reconciliation to the nearest corresponding GAAP measure within this presentation.

The non-GAAP financial information provided in this presentation should be considered in addition to, not as a substitute for, the financial information provided and presented in accordance with GAAP and may be different than other companies' non-GAAP financial information.

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Q1'22 Summary

- Revenue up 7% with Pre-Clinical* +10%, CMT +7%
- Significant order delays on China lockdown, recovering late Q2 and expect strong second half
- Continued higher COGS on supply chain disruptions, inefficient labor and higher freight
- Operating margin: 8% vs 12% PY due to revenue/order delays, inflation & investments for growth
 - Gross margin was 57% flat to prior year with mix improvements offset by COGS increases
 - COGS continues at higher rate on global freight/materials inflation, labor inefficiencies
 - Opex up temporarily on timing of Sales & Marketing activities versus low (Covid) prior year
 - R&D investments increased as planned
- Litigation settlement puts legal distraction behind us

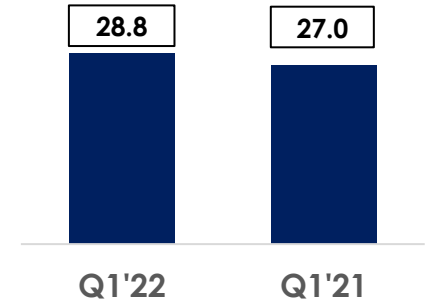
**Note: Pre-Clinical revenue for now includes Behavior, Isolated Organ and Surgical products formerly classified in CMT in addition to legacy DSI products. Aligns with strategic direction and go-to-market / product line management.*

** Adjusted amounts are Non-GAAP measure, reconciliations to GAAP financial measures are available in the appendix*

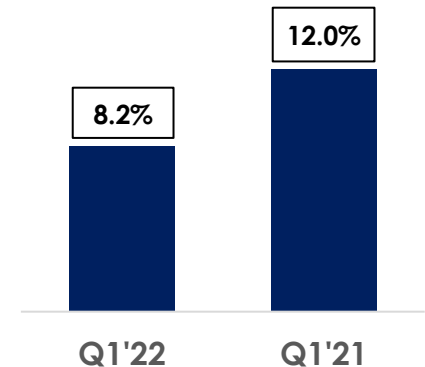
Q1'22 Performance versus Q1'21

- Revenue \$28.8M, up 7%
- Gross Margin (GAAP) 56.2%, down 100 bps
- Operating Loss / Margin (GAAP) (\$6.7M) / -23.3%
- Adj. Operating Income / Margin* \$2.4M / 8.2%
- Loss Per Diluted Share (GAAP) (\$0.17), down from (\$0.02)
- Adjusted Diluted EPS* \$0.04, down from \$0.05
- Cash Flow Used in by Operations (\$2.0M)
- Net Debt Increase \$3.0M in Q1'22
- Leverage Ratio (Debt to Adj. EBITDA) 2.9x

Revenue (\$M)



Adj. Operating Margin *



* Non-GAAP measure, reconciliations to GAAP financial measures are available in the appendix

2022 Q1 Revenue by Product Family

Highly Confidential



(in \$M)	Q1 2022	Q1 2021	△ Vs. Q1'21	Comments
Cellular & Molecular	14.5	13.6	7%	<p>Revenue up on improved fulfillment, required inefficient use of extra labor</p> <ul style="list-style-type: none"> ○ Shipment delays to China on lockdowns ○ Global supply chain disruptions still hampering revenue shipments <p>Order Intake:</p> <ul style="list-style-type: none"> ○ North America remains strong across the portfolio ○ Delays on China lockdown, recovering late Q2 and strong second half ○ Europe slow on Covid lock-downs in Jan/Feb, recovering slowly
Pre-Clinical	14.7	13.3	10%	<p>Revenue up on improved fulfillment</p> <ul style="list-style-type: none"> ○ Shipment delays to China on lockdowns ○ Global supply chain disruptions still hampering revenue shipments <p>Orders Intake:</p> <ul style="list-style-type: none"> ○ Americas: strong quarter ○ Delays on China lockdown, recovering late Q2 and strong second half
Currency	(0.5)			
Revenue	28.8	27.0	7%	

Financial Section

2022 Q1 Non-GAAP Results Year-over-Year



(in M, except EPS)	Q1'22	Q1'21
Revenue	28.8	27.0
Adj. Gross Profit Adj. Gross Margin %	16.3 56.6%	15.5 57.5%
Adj. Operating Expenses Adj. % of revenue	13.9 48.4%	12.3 45.6%
Adj. Operating Income Adj. Operating Margin %	2.4 8.2%	3.2 12.0%
Adj. Tax Rate	26.4%	26.2%
Adj. Net Income	1.5	2.1
Diluted Shares Outstanding	43.0	42.1
Adj. Diluted EPS	0.04	0.05

(in \$ M)	Q1'22	Q1'21
Net Debt **	44.6	39.1
Cash Flow From Operations	(2.0)	1.0

- **Adj. Gross Margin:** product mix, pricing improvement, more than offset by supply chain/cost inflation. COGS increases started in Q2'21
- **Adj. Operating Expense:** increased investment in R&D for Preclinical products. T&E/tradeshows up vs low prior year (Covid impact in Q1'21)
- **Adj. Operating Income:** down vs. PY due to operating expense factors noted, overall inflation. Q1'22 lower than expected due to order delays associated with China lockdowns
- **Net Debt:** up vs prior year due to inventory growth to support revenue growth, manage supply chain volatility
 - Leverage (debt-to-Adj. EBITDA): 2.9x at Q1'22
 - Covenants amended to increase Maximum Leverage (as defined), permit payments related to Legal Settlement

* Note: income statement items above other than revenue are non-GAAP measure, reconciliations to GAAP financial measures are available in the appendix.

** Net debt = debt outstanding less cash and cash equivalents
Amounts subject to rounding

2022 Outlook

2022 Outlook: Q1 Earnings Call

Outlook: Strong growth and improved margin, though broadened range to address China volatility

- Revenue growth: Expect 8% -13% growth on a reported basis
 - Strength in North America and EMEA, China starts recovering in late Q2 with strong second half
 - Expect further portfolio rationalization, pruning of \$2-to-\$4M of low-quality revenue in the reported revenue
- Adjusted operating margins: expect continued improvement to 14% to 16% of revenue
 - Gross margins improve to 58% or higher on operating leverage, COGS reductions
 - Global supply chain stable but remains at higher cost level
 - Adjusted operating margin improvement includes continued higher level of R&D, lower Sales/Marketing costs

Appendix:

- **Revenue by Product Family**
- **GAAP Financials**
- **GAAP to Non-GAAP Reconciliations**

Revenue By Product Family: As Reported

(in \$M)	Q1 20	Q2 20	Q3 20	Q4 20	FY 20	Q1 21	Q2 21	Q3 21	Q4 21	FY 21	Q1 22
Cellular & Molecular Product Lines	12.4	10.9	11.6	13.9	48.7	13.6	13.5	13.7	14.6	55.5	14.2
Pre-Clinical Product Lines	11.4	12.4	12.4	17.1	53.4	13.3	15.7	15.9	18.4	63.4	14.6
Revenue	23.8	23.3	24.0	31.0	102.1	27.0	29.2	29.7	33.1	118.9	28.8

Note: Pre-Clinical revenue now includes Behavior, Isolated Organ and Surgical products formerly classified in CMT in addition to legacy DSI products. Aligns with strategic direction and go-to-market / product line management.

Amounts subject to rounding

Revenue By Product Family: Constant Currency

(in \$M)	Q1 20	Q2 20	Q3 20	Q4 20	FY 20	Q1 21	Q2 21	Q3 21	Q4 21	FY 21	Q1 22 *
Cellular & Molecular Product Lines	12.4	10.9	11.6	13.9	48.7	13.6	13.5	13.7	14.6	55.5	14.5
Pre-Clinical Product Lines	11.4	12.4	12.4	17.1	53.4	13.3	15.7	15.9	18.4	63.4	14.7
Currency	-	-	-	-	-	-	-	-	-	-	(0.5)
Revenue	23.8	23.3	24.0	31.0	102.1	27.0	29.2	29.7	33.1	118.9	28.8

Note: Pre-Clinical revenue now includes Behavior, Isolated Organ and Surgical products formerly classified in CMT in addition to legacy DSI products. Aligns with strategic direction and go-to-market / product line management.

*CMT, Pre-Clinical amounts at 2021 FX rates

Amounts subject to rounding

GAAP Income Statements

(in \$ M, except EPS)	Q1'22	Q1'21
Revenue	28.8	27.0
Gross Profit <i>Gross Margin %</i>	16.2 56.2%	15.4 57.2%
Operating Expenses <i>% of revenue</i>	22.9 79.5%	15.7 58.1%
Operating Loss <i>Operating Margin %</i>	(6.7) -23.3%	(0.2) -0.9%
Net (Loss)	(6.9)	(0.7)
Loss Per Diluted Share	(0.17)	(0.02)

Amounts subject to rounding

Balance Sheets

(in \$ M)	Q1'22	Q4'21
<u>Assets</u>		
Cash & Cash Equivalents	5.4	7.8
Accounts Receivable	20.3	21.8
Inventories	28.7	27.6
Other Current Assets	5.0	4.3
Total Current Assets	59.4	61.6
Property, Plant, Equipment	3.5	3.4
Goodwill & Other Intangibles	83.2	85.1
Other Assets	11.9	12.3
Total Assets	158.0	162.3
<u>Liabilities & Stockholders' Equity</u>		
Current Portion, Lt Debt	2.7	3.2
Other Current Liabilities	24.5	22.1
Total Current Liabilities	27.2	25.3
Long-Term Debt	46.2	45.1
Other Long-Term Liabilities	8.2	8.5
Stockholders' Equity	76.4	83.4
Total Liabilities & Stockholders' Equity	158.0	162.3

Amounts subject to rounding

Cash Flow Statements: Three Months Ended

(in \$ M)	2022	2021
Net Cash (Used in) Provided by Operating Activities	(2.0)	1.0
Additions to PP&E	(0.5)	(0.2)
Other Investing Activities	-	(0.2)
Net Cash Used in Investing Activities	(0.5)	(0.3)
Net Debt Activity	0.6	(4.6)
Other Financing Activities	(0.5)	1.5
Net Cash Provided by (Used in) Financing Activities	0.1	(3.1)
Effects of Exchange Rate Changes on Cash	-	(0.1)
Cash at Beginning of Period	7.8	8.3
Cash at End of Period	5.4	5.8
Decrease in Cash	(2.4)	(2.5)

Amounts subject to rounding

GAAP to Non-GAAP Reconciliation: Three Months Ended March 31, 2022



HARVARD BIOSCIENCE, INC.						
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)						
Three Months Ended March 31, 2022						
(in thousands, except per share data)						
Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets Amortization	Settlement, Restructuring, Transformation	Income Taxes	ADJUSTED
Revenues	\$ 28,778	-	-	-	-	\$ 28,778
Cost of revenues	12,601	(36)	(11)	(75)	-	12,479
Gross profit	16,177	36	11	75	-	16,299
Gross Margin	56.2%					56.6%
Operating expenses:						
Sales and marketing expenses	6,687	(154)	(2)	(115)	-	6,416
General and administrative expenses	6,325	(791)	(16)	(1,092)	-	4,426
Research and development expenses	3,220	(42)	(10)	(77)	-	3,091
Amortization of intangible assets	1,466	-	(1,466)	-	-	-
Settlement of litigation	5,191	-	-	(5,191)	-	-
Total operating expenses	22,889	(987)	(1,494)	(6,475)	-	13,933
Operating Expenses - % of Revenues	79.5%					48.4%
Operating (loss) income	(6,712)	1,023	1,505	6,550	-	2,366
Operating Margin	-23.3%					8.2%
Other (expense) income:						
Interest expense	(384)	-	-	-	-	(384)
Other income, net	78	-	-	-	-	78
Total other expense	(306)	-	-	-	-	(306)
(Loss) income before income taxes	(7,018)	1,023	1,505	6,550	-	2,060
Income tax (benefit) expense	(138)	-	-	-	682	544
Net (loss) income	\$ (6,880)	\$ 1,023	\$ 1,505	\$ 6,550	\$ (682)	\$ 1,516
(Loss) income per share	\$ (0.17)					\$ 0.04
Diluted weighted average common shares	41,219					42,977

GAAP to Non-GAAP Reconciliation: Three Months Ended March 31, 2021



HARVARD BIOSCIENCE, INC.						
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)						
Three Months Ended March 31, 2021						
(in thousands, except per share data)						
Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets Amortization	Restructuring, Transformation	Income Taxes	ADJUSTED
Revenues	\$ 26,989	-	-	-	-	\$ 26,989
Cost of revenues	11,558	(20)	(19)	(53)	-	11,466
Gross profit	15,431	20	19	53	-	15,523
Gross Margin	57.2%					57.5%
Operating expenses:						
Sales and marketing expenses	5,386	(92)	(2)	(41)	-	5,251
General and administrative expenses	6,333	(834)	(17)	(846)	-	4,636
Research and development expenses	2,487	(22)	(11)	(45)	-	2,409
Amortization of intangible assets	1,464	-	(1,464)	-	-	-
Total operating expenses	15,670	(948)	(1,494)	(932)	-	12,296
Operating Expenses - % of Revenues	58.1%					45.6%
Operating (loss) income	(239)	968	1,513	985	-	3,227
Operating Margin	-0.9%					12.0%
Other expense:						
Interest expense	(411)	-	-	-	-	(411)
Other expense, net	(34)	-	-	-	-	(34)
Total other expense	(445)	-	-	-	-	(445)
(Loss) income before income taxes	(684)	968	1,513	985	-	2,782
Income tax (benefit) expense	(15)	-	-	-	744	729
Net (loss) income	\$ (669)	\$ 968	\$ 1,513	\$ 985	\$ (744)	\$ 2,053
(Loss) income per share	\$ (0.02)					\$ 0.05
Diluted weighted average common shares	39,787					42,109

GAAP to Non-GAAP Reconciliation: Adjusted EBITDA



HARVARD BIOSCIENCE, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)

(in thousands)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Operating income	\$ (6,712)	\$ (239)
Stock-based compensation expense	1,023	968
Acquired asset amortization	1,505	1,513
Settlements, restructuring and transformation costs	6,550	985
Adjusted operating income	2,366	3,227
Depreciation expense	382	445
Adjusted EBITDA	\$ 2,748	\$ 3,672