



# Investor Presentation

**Jim Green, President and CEO**

**Mike Rossi, CFO**

**September 2020**

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# Forward-Looking Statements and Non-GAAP Financial Information

## Forward-Looking Statements

The information in this presentation or in oral statements of the management of the Company includes 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 press release or that may be made during our conference call may include, but are not limited to, statements or inferences about the Company's or management's beliefs or expectations, the Company's anticipated future revenues and earnings, the strength of the Company's market position and business model, industry outlook, the impact of the COVID-19 pandemic on the Company's business, the Company's business strategy, the positioning of the Company for growth, the market demand and opportunity for the Company's current products, or products it is developing or intends to develop, and the Company's plans, objectives and intentions that are not historical facts. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's 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 Form 10-K, including our Form 10-K for the year ended December 31, 2019, and subsequent Form 10-Q and Form 8-K filings with the Securities and Exchange Commission and as otherwise enumerated herein or therein may cause the Company's actual results to differ materially from those in the forward-looking statements. The forward-looking statements in this press release are qualified by these risk factors. The Company's results may also be affected by factors of which the Company is not currently aware. The Company may not update these forward-looking statements, even though its situation may change in the future, unless it has 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

The information in this presentation or in oral statements of the management of the Company may include non-GAAP financial information including adjusted gross profit, adjusted operating income, adjusted net income and adjusted earnings per diluted share. 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 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 activities 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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# Investment Highlights

- Global developer that engineers, manufactures and markets specialized products that enable fundamental research, discovery, and pre-clinical testing for drug development
- We are the gold standard in Pharma/CRO pre-clinical testing technologies and a respected name in cell & gene therapy products
- High margin portfolio of products to Pharmaceutical/CRO, Academic Labs, & Distribution/OEM customer segments
- Seasoned leadership team possesses the right experience and skillsets to drive shareholder value
- Executing the strategic action plan announced in Sept. 2019 to transform company into a profitable growth platform
- Aggressive actions through COVID-19 to build a leaner, more profitable business to support our 2021 financial targets

# Company Overview



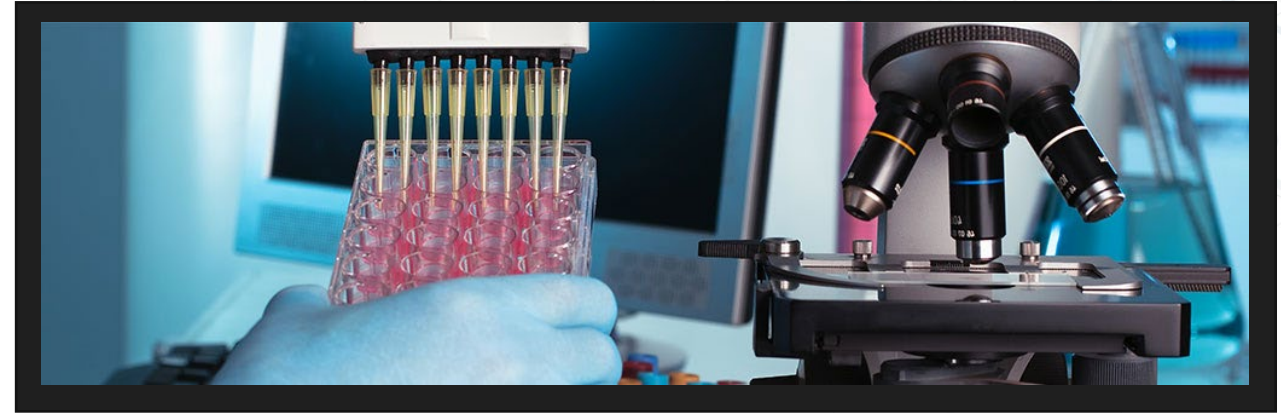
- HQ: Greater Boston, Massachusetts
- Employees: ~450



- Ticker: HBIO (NASDAQ)
- Market Cap: ~\$130M
- FY19 Revenue: \$116M
- FY19 Operating Income: \$0.4M, 0.3% of revenue
- FY19 Adjusted Op Inc\*: \$14.9M, 12.8% of revenue



- Strong brands
- Blue chip recurring customers
- Gold standard in pre-clinical testing



*\*Non-GAAP measurement – see appendix for reconciliation to GAAP results*



# What We Do

- Harvard Bioscience engineers and sells enabling technologies, products and services to Academic labs, CROs and Pharmaceutical customers for discovery through pre-clinical phases of drug development
- Many of our products are used in the research and drug development efforts to combat COVID-19, including our:
  - BTX Electroporation gene splicing products,
  - multi-well plates for antibody detection,
  - recently launched innovative inhalation product,
  - majority of our pre-clinical products

## **Cellular & Molecular Technologies:**

- Cell and Gene Therapy
- Cellular and Molecular Biology
- CRISPR / Gene Splicing related tech
- Electrophysiology & Electro-Chem

## **Pre-Clinical Systems:**

- Physiological Monitoring & Telemetry
- Data Acquisition & Analysis
- Behavioral Research
- Scientific Services

# Evolution of Harvard Bioscience

Company transitioned to a targeted portfolio of specialized products aligned to customer segments

**1950s:** Invented the precision syringe pump for drug infusion

**1980s:** First micro-processor controlled infusion pump

**1983: BTX** First commercial electroporation system, CRISPR related Gene Editing

**2014: DSI Physiotel HD** First implantable device for 'chronic' glucose monitoring

**July 2019:** Announced new CEO and CFO

**April 2020:** Optimized sales organization along customer segments

**1901:** Founded by Dr. William T. Porter as Harvard Apparatus

**1967: The BioChrom** First fully automated clinical amino acid analyzer using HPLC technology

**1989: DSI Physiotel** First implantable telemetry device for rodent blood pressure monitoring

**2000:** IPO and NASDAQ listed

**2010: DSI Physiotel** First implantable cardio-pulmonary for safety pharmacology & toxicology

**January 2018:** Acquired Data Sciences International and divested Denville Distribution Business

**Sept. 2019:** Announced Strategic Action Plan

# Key Customer Segments

Reenergized and refocused our sales organization to focus around key customer segments



## Academic Research

- Research labs primarily government & grant funded
- Scientific Research & Teaching
- Early discovery of new drug molecules and compounds for therapies and vaccines



## Contract Research Organizations

- Pre-clinical studies to determine safety and efficacy of new pharmaceuticals
- Pharmaceutical companies are outsourcing significant pre-clinical activities to CRO



## Pharmaceutical

- Perform early discovery and then transition from discovery through pre-clinical and then human clinical trials and on to commercialization
- Often leverage discoveries from Academics & Bio-techs



## Distribution/OEMs

- Leverage large distributor relationships to expand access / sales coverage
- Blue chip medical device and services companies that utilizes our products within their products or services

*Subset of blue-chip recurring customers*





# Experienced Leadership Team

**James Green**

Chairman, President & CEO



**Joined as CEO** July 2019

**Years of Experience** 30+

**Michael Rossi**

Chief Financial Officer



**Joined** July 2019

**Years of Experience** 20+

**Ken Olson**

SVP, Global Operations & Engineering



**Joined** October 2019

**Years of Experience** 30+

**Henrik Schmidt**

VP EMEA, General Manager,  
Cellular and Molecular



**Joined** March 2020

**Years of Experience** 25+

- Focusing on driving sales to Academic Research Customers

**Don Stewart**

VP North America & APAC  
Sales, Cellular and Molecular



**Joined** February 2020

**Years of Experience** 20+

- Focusing on driving sales to Academic Research Customers

**Ryan Wallace**

VP Global Sales, Preclinical  
Systems



**Joined** January 2020

**Years of Experience** 15+

- Focusing on direct sales to CROs, Pharmaceutical and certain large Academic customer accounts

**Jacques Coumans**

Chief Marketing Officer



**Joined** September 2020

**Years of Experience** 35+

- New product introductions, portfolio management, branding, digital marketing

# Strategic Action Plan

## Strategic Action Plan Announced September 2019

Strategic Actions for 2019 and 2020	Status
Stabilize business and complete leadership team	Complete
Refinance debt and reduce interest expense	Delayed by Covid-19: in process of evaluating commercial debt
Improve margins through consolidations, reduced COGS and operating expenses	On track: '19 restructure delivers \$4-\$5M annualized savings, additional \$1M in Q2
Optimize manufacturing and supply chain	On track: '19 site actions essentially complete (UK, US)
Reenergize and refocus sales operations	Complete: Sales team alignment to CROs/Pharma, Academic, Distributors/OEM
Rationalize product portfolio and pricing	On track: To be completed by year end
Pay down debt and reduce leverage ratio to < 3x by Dec '20	On track: net debt down \$9 million since July '19

# Financial Trends & Growth Drivers

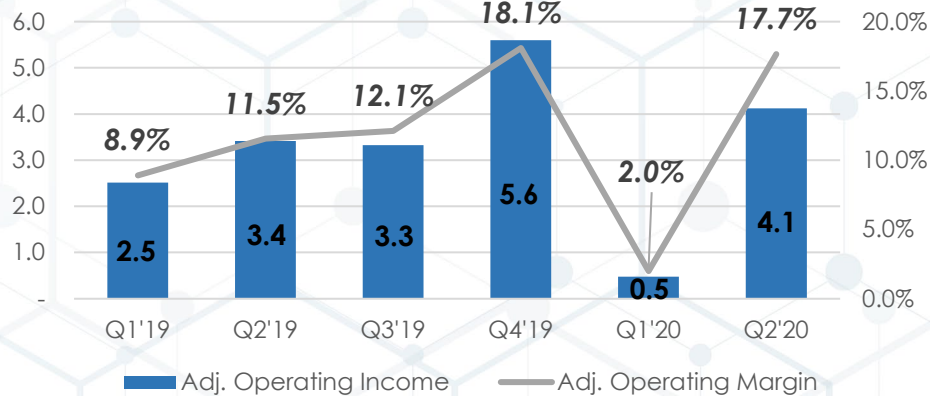
Covid-19



Revenue (in millions)



Adj. Operating Income\*  
Adj. Operating Margin



## Q1/Q2 Headwinds & Actions

- Revenues down ~16%, ~21% YoY in Q1, Q2, respectively due to Academic lab closures
- Actions taken to manage cost base with revenue in Q2 and beyond

## Q3/Q4 Growth Drivers

- Combined CROs/Pharma product family growth in 1<sup>st</sup> half, continuing throughout the year
- Academic labs progressively re-open over upcoming quarters
- Sales effectiveness improvements
- New product introductions in strategic growth areas

# 2020 Looking Forward

## ***Covid-19 Pandemic Actions and Improved Business Structure put us back on Target***

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- Expect combined CROs and Pharma revenues to continue to grow
- Expect sequential growth as academic labs reopen over the coming few quarters
- Maintaining leaner organization with targeted product investments
- Maintain cash flows and continue to pay down debt

***We expect the second half of 2020 to be on track to our original Sept '19 margin targets***

Thank You



# Appendix



# Non-GAAP Reconciliation

(In thousands)

	Three Months Ended						Year Ended
	June 30, 2020	March 31, 2020	Dec 31, 2019	Sept 30, 2019	June 30, 2019	March 31, 2019	Dec 31, 2019
<b>GAAP operating income (loss)</b>	<b>\$ 556</b>	<b>\$ (3,273)</b>	<b>\$ 1,634</b>	<b>\$ (1,365)</b>	<b>\$ 228</b>	<b>\$ (119)</b>	<b>\$ 377</b>
Stock-based compensation expense	769	793	841	987	615	587	3,030
Severance, restructuring and acquisition costs	1,287	1,471	1,551	1,759	138	495	3,943
Acquired intangible assets amortization and impairments	1,455	1,427	1,517	1,882	2,378	1,430	7,207
Non-cash expense - acquisition accounting	53	57	58	59	57	119	296
<b>Adjusted operating income</b>	<b>\$ 4,120</b>	<b>\$ 475</b>	<b>\$ 5,601</b>	<b>\$ 3,322</b>	<b>\$ 3,416</b>	<b>\$ 2,512</b>	<b>\$ 14,853</b>
<b>GAAP operating margin</b>	<b>2.4%</b>	<b>-13.8%</b>	<b>5.3%</b>	<b>-5.0%</b>	<b>0.8%</b>	<b>-0.4%</b>	<b>0.3%</b>
<b>Adjusted operating margin</b>	<b>17.7%</b>	<b>2.0%</b>	<b>18.1%</b>	<b>12.1%</b>	<b>11.5%</b>	<b>8.9%</b>	<b>12.8%</b>