



NASDAQ: HBIO
Q4'20 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, anticipated future revenues and earnings, the strength of the our market position and business model, industry outlook; our business strategy, the positioning of the 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, 2019, and our Quarterly Reports on Form 10-Q issued in 2020 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, 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 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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Summary

Q4'20 Highlights

- Revenue recovered to Q4'19 (pre-Covid) levels
- Adjusted operating margin improved year over year and sequentially to 19%
- Pre-Clinical product revenue up 19% with strength across all markets, product lines
- CMT still down though recovering as academics labs continue to reopen
- Refinanced high-cost debt with commercial bank, saving ~\$3M annually

2021 Outlook

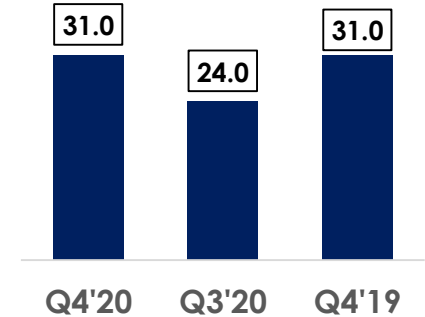
- Expect reported revenue growth of 8-to-12% over 2020
- Expect adjusted operating margin improvement to the mid-to-upper teens
- FY21 focus: high value organic growth, professional marketing, new products

Q4 2020 Performance versus Q4 2019

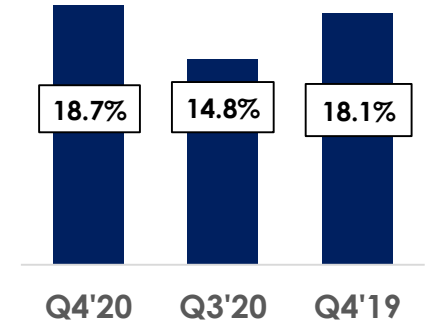


- Revenue \$31.0M, Flat
- Gross Margin 57.2%, up 160 bps
- Operating Income / Margin (GAAP) \$2.8M / 8.9%
- Adj. Operating Income / Margin* \$5.8M / 18.7%
- Loss Per Diluted Share (GAAP) (\$0.02)
- Adjusted Diluted EPS * \$0.08, Flat
- Cash Flow from Operations \$2.5M
- Net Debt Reduction \$0.5M in Q4'20

Revenue (\$M)



Adj. Operating Margin *



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

Q4 2020 Revenue By Customer/Product Family



(in \$M)	Q4 2020	Q3 2020	Q4 2019	△ vs. Q4'19	
Cellular & Molecular Product Lines	16.4	13.4	19.4	-15.5%	<p><u>CMT Products</u></p> <p>Academic Research continued to improve sequentially as labs slowly return, with minor impact of increased lockdowns in Europe. Q4 improved from down -21% in Q3 and down -33% in Q2.</p>
Preclinical Product Lines	13.8	10.3	11.6	19.0%	<p><u>Preclinical Products</u></p> <p>Strong growth globally across key customer segments: CRO/Pharma, Academic</p> <p>Growth offset by modest decline with government, distributors</p> <p><i>Overall, market demand for novel products, strong sales execution creates tailwinds supporting 2021 goals</i></p>
Currency	0.8	0.3	-	-	
Revenue	31.0	24.0	31.0	-	

Amounts subject to rounding

Q4 2020 Business Update

Growth Drivers

- Sales realignment with territory expansion, aligned along direct sales and distribution for growth
- Pre-clinical telemetry and Inhalation product lines growing fast in Pharma/CRO & Academics

Cost & Cash Flow

- Cost out from turnaround/lean initiatives delivers up to \$7-\$8M from prior run-rates
- Debt refinancing complete, ~\$3M annual cash savings with flexibility to execute growth plan
- Cost actions and increased margin on growth enables investment in new product introductions

Financial Section

2020 Q4 Non-GAAP Results Sequential & Year-over-Year



(in M, except EPS)	Q4'20	Q3'20	Q4'19
Revenue	31.0	24.0	31.0
Adj. Gross Profit <i>Adj. Gross Margin %</i>	17.8 57.5%	13.6 56.4%	17.3 55.9%
Adj. Operating Expenses <i>Adj. % of revenue</i>	12.0 38.8%	10.0 41.5%	11.7 37.8%
Adj. Operating Income <i>Adj. Operating Margin %</i>	5.8 18.7%	3.6 14.8%	5.6 18.1%
Adj. Tax Rate	25.2%	25.7%	25.0%
Adj. Net Income	3.3	1.5	3.0
Diluted Shares Outstanding	40.8	40.3	39.1
Adj. Diluted EPS	0.08	0.04	0.08

(in \$ M)	Q4'20	Q3'20	Q4'19
Net Debt **	41.1	41.6	46.7
Cash Flow From Operations	2.5	1.6	2.2

- Adj. Gross Margin: YoY improvement on product mix, cost reductions. Up sequentially on mix, seasonality
- Adj. Operating Expense: Controls remain tight with sequential increase on variable compensation
- Adj. Operating Margin: Year-over-year growth on product mix improvements, cost actions
- Net Debt: Reduced \$10M since Q2'19 on positive cash flows, net of \$1.4M cost of refinancing

* 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

2021 Outlook

2021 Outlook

Sales, marketing effectiveness, academic lab recoveries delivers strong organic growth, profit improvement with investments for long-term value creation

- Revenue growth: expect 8-to-12% versus 2020 on a reported basis
 - Pre-Clinical tailwinds and overall sales execution on track to provide sustainable growth foundation
 - Academic labs expected to continue recovery throughout the year
 - Portfolio rationalization prunes low-quality revenue approx. \$1M FY19 baseline, approx. \$4M from FY20
- Adjusted operating margins: expect mid-to-upper teens
 - Gross margin expansion on increased volume and improved mix
 - Reinvestment in sales, marketing, R&D in support of long-term profitable growth

Thank You

Appendix:

- **Revenue by Product Family
2020 vs. 2019**
- **GAAP to Non-GAAP
Reconciliations**

Revenue By Customer/Product Family



(in \$M)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Cellular & Molecular Product Lines	18.4	19.0	17.0	19.4	73.8	15.5	12.8	13.4	16.4	58.1
Preclinical Product Lines	9.8	10.6	10.4	11.6	42.4	8.5	10.7	10.3	13.8	43.3
Currency	-	-	-	-	-	(0.2)	(0.2)	0.3	0.8	0.7
Revenue	28.2	29.6	27.4	31.0	116.2	23.8	23.3	24.0	31.0	102.1

Amounts subject to rounding

GAAP Income Statements

(in \$ M, except EPS)	Quarterly			Year-to-Date	
	Q4'20	Q3'20	Q4'19	Q4'20	Q4'19
Revenue	31.0	24.0	31.0	102.1	116.2
Gross Profit <i>Gross Margin %</i>	17.7 57.2%	13.5 56.1%	17.2 55.6%	58.0 56.8%	64.3 55.4%
Operating Expenses <i>% of revenue</i>	15.0 48.3%	13.3 55.4%	15.6 50.4%	57.8 56.6%	63.9 55.0%
Operating Income <i>Operating Margin %</i>	2.8 8.9%	0.2 0.8%	1.6 5.3%	0.2 0.2%	0.4 0.3%
Net Income / (Loss)	(0.6)	(1.1)	0.6	(7.8)	(4.7)
Earnings / (Loss) Per Diluted Share	(0.02)	(0.03)	0.01	(0.20)	(0.12)

Amounts subject to rounding

Balance Sheets

(in \$ M)	Q4'20	Q4'19
<u>Assets</u>		
Cash & Cash Equivalents	8.3	8.3
Accounts Receivable	17.8	20.7
Inventories	22.3	22.1
Other Current Assets	3.4	2.5
Total Current Assets	51.7	53.6
Property, Plant, Equipment	4.0	4.8
Goodwill & Other Intangibles	91.7	95.8
Other Assets	8.9	10.7
Total Assets	156.3	164.9
<u>Liabilities & Stockholders' Equity</u>		
Current Portion, Lt Debt	1.7	6.9
Other Current Liabilities	19.3	18.4
Total Current Liabilities	21.1	25.3
Long-Term Debt	46.3	46.9
Other Long-Term Liabilities	12.2	11.0
Stockholders' Equity	76.7	81.7
Total Liabilities & Stockholders' Equity	156.3	164.9

Amounts subject to rounding

Cash Flow Statements: Annual

(in \$ M)	2020	2019
Net Cash Provided by Operating Activities	9.3	8.0
Additions to PP&E	(1.2)	(1.2)
Other Investing Activities	(0.2)	-
Disposition of Business	-	1.0
Net Cash Used in Investing Activities	(1.4)	(0.2)
Repayments of Debt, Net	(7.5)	(7.4)
Other Financing Activities	(0.5)	(0.2)
Net Cash Used in Financing Activities	(8.0)	(7.6)
Effects of Exchange Rate Changes on Cash	-	-
Cash at Beginning of Period	8.3	8.2
Cash at End of Period	8.3	8.3
Increase in Cash	-	0.2

Amounts subject to rounding

GAAP to Non-GAAP Reconciliation



(in thousands)

	Three Months Ended			Year Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP gross profit	\$ 17,708	\$ 13,495	\$ 17,234	\$ 58,041	\$ 64,322
Stock-based compensation expense	22	19	9	66	45
Severance, restructuring and transformation costs	59	19	45	80	366
Acquired assets amortization	19	19	20	78	117
Adjusted gross profit	<u>\$ 17,808</u>	<u>\$ 13,552</u>	<u>\$ 17,308</u>	<u>\$ 58,265</u>	<u>\$ 64,850</u>
GAAP gross profit % of revenue	57.2%	56.1%	55.6%	56.8%	55.4%
Adjusted gross profit % of revenue	57.5%	56.4%	55.9%	57.1%	55.8%
GAAP operating expenses	\$ 14,952	\$ 13,313	\$ 15,600	\$ 57,820	\$ 63,945
Stock-based compensation expense	(984)	(1,060)	(832)	(3,581)	(2,985)
Severance, restructuring and transformation costs	(473)	(858)	(1,506)	(4,086)	(3,577)
Acquired assets amortization and impairments	(1,484)	(1,409)	(1,555)	(5,843)	(7,386)
Adjusted operating expenses	<u>\$ 12,011</u>	<u>\$ 9,986</u>	<u>\$ 11,707</u>	<u>\$ 44,310</u>	<u>\$ 49,997</u>
GAAP operating expenses % of revenue	48.3%	55.4%	50.4%	56.6%	55.0%
Adjusted operating expenses % of revenue	38.8%	41.5%	37.8%	43.4%	43.0%

GAAP to Non-GAAP Reconciliation



(in thousands, except per share data)

	Three Months Ended			Year Ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP operating income	\$ 2,756	\$ 182	\$ 1,634	\$ 221	\$ 377
Stock-based compensation expense	1,006	1,079	841	3,647	3,030
Severance, restructuring and transformation costs	532	876	1,551	4,166	3,943
Acquired assets amortization and impairments	1,503	1,428	1,575	5,920	7,503
Adjusted operating income	\$ 5,797	\$ 3,565	\$ 5,601	\$ 13,954	\$ 14,853
GAAP operating margin	8.9%	0.8%	5.3%	0.2%	0.3%
Adjusted operating margin	18.7%	14.8%	18.1%	13.7%	12.8%
GAAP net (loss) income	\$ (615)	\$ (1,098)	\$ 550	\$ (7,810)	\$ (4,687)
Stock-based compensation expense	1,006	1,079	841	3,647	3,030
Severance, restructuring and transformation costs	532	876	1,551	4,166	3,943
Debt extinguishment costs	1,876	-	-	1,876	-
Acquired assets amortization and impairments	1,503	1,428	1,575	5,920	7,503
Income taxes (A)	(1,034)	(823)	(1,472)	(1,469)	(2,766)
Adjusted net income	\$ 3,268	\$ 1,462	\$ 3,045	\$ 6,330	\$ 7,023
GAAP (loss) earnings per diluted share	\$ (0.02)	\$ (0.03)	\$ 0.01	\$ (0.20)	\$ (0.12)
Adjusted items after tax per share assuming dilution	0.10	0.07	0.07	0.36	0.30
Adjusted earnings per diluted share	\$ 0.08	\$ 0.04	\$ 0.08	\$ 0.16	\$ 0.18
Weighted average diluted common shares:					
GAAP	39,021	38,920	38,068	38,640	37,814
Adjusted	40,810	40,307	39,070	39,985	38,373

(A) Income taxes includes the tax effect of the adjustments to GAAP results.