



NASDAQ: HBIO
Q2'21 Earnings Presentation

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August 5, 2021



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, 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, 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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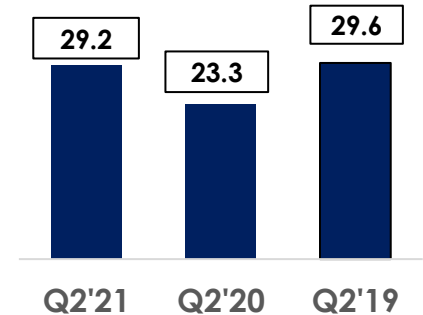
Summary

- Revenue up 25% over Q2'20, near pre-Covid levels on Pre-Clinical growth
- Pre-Clinical (DSI) revenue up 20% on strong demand, growth across all key products
- CMT revenue up 22%, continuing recovery as labs re-open, supply chain stabilizes
- Very strong order growth, however continued fulfillment delays from global supply chain disruptions
- Adjusted operating margin: 15% vs. 18% in Q2'20, and 12% in Q2'19
 - Significant COGS increases in the quarter (materials/freight/direct labor) – we will address it
 - Low operating expenses in Q2'20 due to temporary cost measures post-COVID

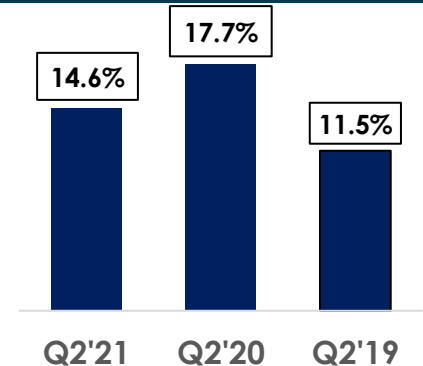
Q2 2021 Performance versus Q2 2020

- Revenue \$29.2M, up 25.3%
- Gross Margin 56.0%, down 340 bps
- Operating Income / Margin (GAAP) 0.1M / 0.2%
- Adj. Operating Income / Margin* \$4.3M / 14.6%
- Loss Per Diluted Share (GAAP) (\$0.01), up from (\$0.04)
- Adjusted Diluted EPS * \$0.06, up from \$0.05
- Cash Flow from Operations \$0.8M
- Net Debt Reduction \$0.9M in Q2'21

Revenue (\$M)



Adj. Operating Margin *



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

Q2 2021 Revenue By Customer/Product Family



(in \$M)	Q2 2021	Q2 2020	Q2 2019	△ Vs. Q2'20	△ Vs. Q2'19	Comments
Cellular & Molecular Product Lines	15.4	12.6	19.0	22.2%	-18.9%	<u>CMT Products</u> Revenue up 22% <ul style="list-style-type: none"> • Orders, backlog up significantly • Shipment delays due to global supply chain disruption • Pruning of non-strategic products (~\$1M in quarter) • European labs slowly recovering
Pre-Clinical Product Lines	12.8	10.7	10.6	19.6%	20.8%	<u>Pre-Clinical Products</u> Revenue up 20% <ul style="list-style-type: none"> • Strong order, backlog growth • Americas up 28% on expansion with academics/pharma • EMEA up 32%, back to pre-Covid levels after soft Q2'20 • Inhalation/respiratory up over 50% globally • Exceeding pre-Covid levels
Currency	1.0					
Revenue	29.2	23.3	29.6	25.3%	-1.4%	21% growth currency adjusted

Q2 2021 Business Update

- Post-Covid operating dynamics impacting global supply chain, labor sourcing/retention

- European Restructuring: 2020 Plan Complete
 - Completed move of UK engineering to Boston, 2 small sites closed

- New Product Introductions: 9 new/refreshed products announced
 - 17 in total for 2021 expected to contribute meaningfully to '22 revenue

Financial Section

2021 Q2 Non-GAAP Results Year-over-Year



(in M, except EPS)	Q2'21	Q2'20
Revenue	29.2	23.3
Adj. Gross Profit <i>Adj. Gross Margin %</i>	16.5 56.5%	13.9 59.8%
Adj. Operating Expenses <i>Adj. % of revenue</i>	12.2 41.9%	9.8 42.1%
Adj. Operating Income <i>Adj. Operating Margin %</i>	4.3 14.6%	4.1 17.7%
Adj. Tax Rate	22.9%	22.7%
Adj. Net Income	2.8	2.1
Diluted Shares Outstanding	43.4	39.6
Adj. Diluted EPS	0.06	0.05

(in \$ M)	Q2'21	Q2'20
Net Debt **	38.2	42.1
Cash Flow From Operations	0.8	2.4

- **Adj. Gross Margin:** decline due to higher costs associated with global supply chain challenges. Product mix remain favorable.
- **Adj. Operating Expense:** part-time work, pay reductions in place in Q2'20. Costs down from pre-Covid levels.
- **Adj. Operating Margin:** down vs. PY due to COGS increases, unique cost measures in place due to COVID-19
 - Higher than Q2'19/pre-COVID on same revenue levels due to improvements in product mix, cost reductions
- **Interest/other expense:** Q4'20 refinancing reduces interest ~\$3M annually
- **Shares Outstanding:** share price appreciation increases diluted share count

* 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

Improving revenue growth outlook, narrowing operating margin target due to supply chain cost increases

- Revenue growth: expect improvement to 12-to-15% versus 2020 on a reported basis
 - Strong order, backlog growth will enable sustained growth in Pre-Clinical product revenue
 - Academic labs expected to continue recovery with strong order growth, backlog
 - Portfolio rationalization prunes low-quality revenue ~\$1M FY19 baseline, ~\$4M from FY20
 - Concerns remain on impact of global supply for certain materials – applying brute force where needed to ensure we continue to meet customer demand
- Adjusted operating margins: expect improvement to mid-teens versus prior year
 - Gross margin expansion on increased volume and improved mix, offset by high supply chain costs

Thank You

Appendix:

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

Revenue By Product Family

(in \$M)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021 *	Q1 2021 Reported	Q2 2021 *	Q1 2021 Reported
Cellular & Molecular Product Lines	18.4	19.0	17.0	19.4	73.8	15.4	12.6	13.7	16.9	58.6	15.8	16.5	15.4	16.1
Preclinical Product Lines	9.8	10.6	10.4	11.6	42.4	8.4	10.7	10.3	14.1	43.5	10.4	10.5	12.8	13.1
Currency	-	-	-	-	-	-	-	-	-	-	0.8	-	1.0	-
Revenue	28.2	29.6	27.4	31.0	116.2	23.8	23.3	24.0	31.0	102.1	27.0	27.0	29.2	29.2

*CMT, Preclinical amounts at 2020 FX rates

Amounts subject to rounding

GAAP Income Statements

(in \$ M, except EPS)	Q2'21 QTD	Q2'20 QTD	Q2'19 QTD	Q2'21 YTD	Q2'20 YTD	Q2'19 YTD
Revenue	29.2	23.3	29.6	56.2	47.1	57.8
Gross Profit <i>Gross Margin %</i>	16.4 56.0%	13.9 59.4%	16.0 53.9%	31.8 56.6%	26.8 57.0%	32.1 55.6%
Operating Expenses <i>% of revenue</i>	16.3 55.8%	13.3 57.1%	15.7 53.2%	32.0 56.9%	29.6 62.8%	32.0 55.4%
Operating Income (Loss) <i>Operating Margin %</i>	0.1 0.2%	0.6 2.4%	0.2 0.8%	(0.2) -0.3%	(2.7) -5.8%	0.1 0.2%
Net Loss	(0.4)	(1.6)	(0.3)	(1.1)	(6.1)	(2.6)
(Loss) Per Diluted Share	(0.01)	(0.04)	(0.01)	(0.03)	(0.16)	(0.07)

Amounts subject to rounding

Balance Sheets

(in \$ M)	Q2'21	Q4'20
<u>Assets</u>		
Cash & Cash Equivalents	6.2	8.3
Accounts Receivable	17.4	17.8
Inventories	24.7	22.3
Other Current Assets	5.2	3.4
Total Current Assets	53.6	51.7
Property, Plant, Equipment	3.4	4.0
Goodwill & Other Intangibles	88.9	91.7
Other Assets	8.1	8.9
Total Assets	154.0	156.3
<u>Liabilities & Stockholders' Equity</u>		
Current Portion, Lt Debt	2.2	1.7
Other Current Liabilities	21.0	19.3
Total Current Liabilities	23.3	21.1
Long-Term Debt	40.9	46.3
Other Long-Term Liabilities	11.1	12.2
Stockholders' Equity	78.7	76.7
Total Liabilities & Stockholders' Equity	154.0	156.3

Amounts subject to rounding

Cash Flow Statements: Six Months Ended

(in \$ M)	Q2'21	Q2'20
Net Cash Provided by Operating Activities	1.8	5.2
Additions to PP&E	(0.4)	(0.5)
Other Investing Activities	(0.2)	-
Net Cash (Used in) Provided by Investing Activities	(0.5)	(0.5)
Repayments of Debt, Net	(5.1)	(10.3)
Other Financing Activities	1.8	(0.1)
Net Cash Used in Financing Activities	(3.3)	(10.4)
Effects of Exchange Rate Changes on Cash	-	(0.1)
Cash at Beginning of Period	8.3	8.3
Cash at End of Period	6.2	2.6
Decrease in Cash	(2.1)	(5.7)

Amounts subject to rounding

GAAP to Non-GAAP Reconciliation: Three Months Ended June 30, 2021



(in thousands, except per share data)

Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets	Severance,	Income Taxes	ADJUSTED
			Amortization & Impairments	Restructuring, Transformation		
Revenues	\$ 29,197	-	-	-	-	\$ 29,197
Cost of revenues	12,844	(31)	(17)	(100)	-	12,696
Gross profit	16,353	31	17	100	-	16,501
Gross Margin	56.0%					56.5%
Operating expenses:						
Sales and marketing expenses	5,730	(131)	(2)	(73)	-	5,524
General and administrative expenses	6,399	(969)	(16)	(1,108)	-	4,306
Research and development expenses	2,701	(33)	(11)	(249)	-	2,408
Amortization of intangible assets	1,465	-	(1,465)	-	-	-
Total operating expenses	16,295	(1,133)	(1,494)	(1,430)	-	12,238
Operating Expenses - % of Revenue	55.8%					41.9%
Operating income	58	1,164	1,511	1,530	-	4,263
Operating Margin	0.2%					14.6%
Other expense:						
Interest expense	(377)	-	-	-	-	(377)
Other expense, net	(313)	-	-	-	-	(313)
Total other expense	(690)	-	-	-	-	(690)
(Loss) income before income taxes	(632)	1,164	1,511	1,530	-	3,573
Income tax (benefit) expense	(222)	-	-	-	1,040	818
Net (loss) income	<u>\$ (410)</u>	<u>\$ 1,164</u>	<u>\$ 1,511</u>	<u>\$ 1,530</u>	<u>\$ (1,040)</u>	<u>\$ 2,755</u>
(Loss) income per share	<u>\$ (0.01)</u>					<u>\$ 0.06</u>
Diluted weighted average common shares	<u>40,152</u>					<u>43,425</u>

GAAP to Non-GAAP Reconciliation: Three Months Ended June 30, 2020



(in thousands, except per share data)

Statement of Operations	GAAP	Acquired Assets		Severance,	Income	ADJUSTED
		Stock-Based Compensation	Amortization & Impairments	Restructuring, Transformation		
Revenues	\$ 23,308	-	-	-	-	\$ 23,308
Cost of revenues	9,452	(14)	(20)	(43)	-	9,375
Gross profit	13,856	14	20	43	-	13,933
Gross Margin	59.4%					59.8%
Operating expenses:						
Sales and marketing expenses	4,279	(62)	(2)	16	-	4,231
General and administrative expenses	5,670	(645)	(18)	(1,260)	-	3,747
Research and development expenses	1,897	(48)	(14)	-	-	1,835
Amortization of intangible assets	1,454	-	(1,454)	-	-	-
Total operating expenses	13,300	(755)	(1,488)	(1,244)	-	9,813
Operating Expenses - % of Revenue	57.1%					42.1%
Operating income	556	769	1,508	1,287	-	4,120
Operating Margin	2.4%					17.7%
Other expense:						
Interest expense	(1,233)	-	-	-	-	(1,233)
Other expense, net	(191)	-	-	-	-	(191)
Total other expense	(1,424)	-	-	-	-	(1,424)
(Loss) income before income taxes	(868)	769	1,508	1,287	-	2,696
Income tax (benefit) expense	713	-	-	-	(103)	610
Net (loss) income	<u>\$ (1,581)</u>	<u>\$ 769</u>	<u>\$ 1,508</u>	<u>\$ 1,287</u>	<u>\$ 103</u>	<u>\$ 2,086</u>
(Loss) income per share	<u>\$ (0.04)</u>					<u>\$ 0.05</u>
Diluted weighted average common shares	<u>38,468</u>					<u>39,593</u>

GAAP to Non-GAAP Reconciliation: Three Months Ended June 30, 2019



(in thousands, except per share data)

Statement of Operations	GAAP	Acquired Assets		Severance,	Income	ADJUSTED
		Stock-Based Compensation	Amortization & Impairments	Restructuring, Transformation		
Revenues	\$ 29,584	-	-	-	-	\$ 29,584
Cost of revenues	13,629	(8)	(20)	(84)	-	13,517
Gross profit	15,954	8	20	84	-	16,066
Gross Margin	53.9%					54.3%
Operating expenses:						
Sales and marketing expenses	5,770	(36)	(3)	(7)	-	5,724
General and administrative expenses	4,809	(529)	(18)	3	-	4,265
Research and development expenses	2,771	(42)	(20)	(26)	-	2,683
Amortization of intangible assets	1,436	-	(1,436)	-	-	(0)
Impairment charges	941	-	(941)	-	-	-
Total operating expenses	15,727	(607)	(2,418)	(30)	-	12,672
Operating Expenses - % of Revenue	53.2%					42.8%
Operating income	228	615	2,438	114	-	3,395
Operating Margin	0.8%					11.5%
Other expense:						
Interest expense	(1,376)	-	-	-	-	(1,376)
Other expense, net	16	-	-	-	-	16
Total other expense	(1,360)	-	-	-	-	(1,360)
(Loss) income before income taxes	(1,132)	615	2,438	114	-	2,035
Income tax (benefit) expense	(885)	-	-	-	1,352	467
Net (loss) income	<u>\$ (247)</u>	<u>\$ 615</u>	<u>\$ 2,438</u>	<u>\$ 114</u>	<u>\$ (1,352)</u>	<u>\$ 1,568</u>
(Loss) income per share	<u>\$ (0.01)</u>					<u>\$ 0.04</u>
Diluted weighted average common shares	<u>37,736</u>					<u>37,928</u>

GAAP to Non-GAAP Reconciliation: Adjusted EBITDA

(in thousands)



	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net loss	\$ (410)	\$ (1,581)	\$ (1,079)	\$ (6,097)
Amortization of intangible assets	1,465	1,454	2,929	2,881
Depreciation expense	446	498	891	982
Interest expense	377	1,233	788	2,532
Income taxes	(222)	713	(237)	768
Stock-based compensation expense	1,164	769	2,132	1,562
Severance, restructuring and transformation costs	1,530	1,287	2,515	2,758
Adjusted EBITDA	\$ 4,350	\$ 4,373	\$ 7,939	\$ 5,386