



NASDAQ: HBIO  
Q1 '21 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, 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

## Q1 '21 Highlights

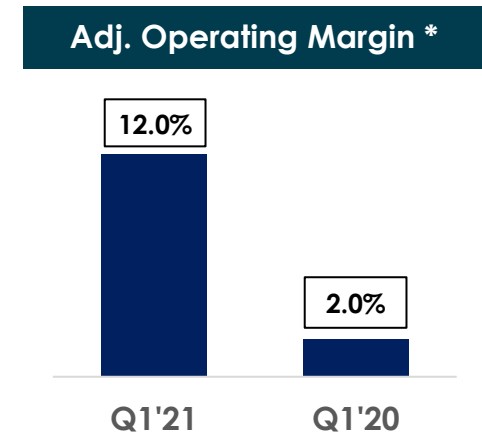
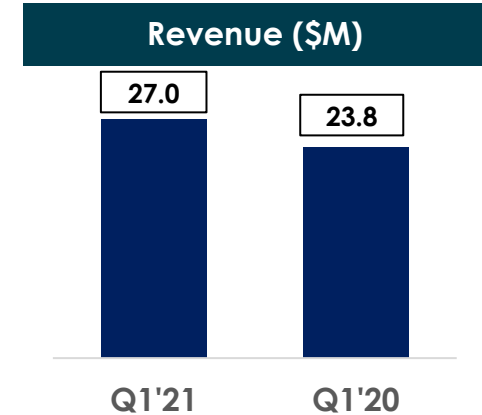
- Revenue up 14% year over year on strong order growth
- Adjusted operating margin improved to 12% vs. 2% Q1 '20
- Pre-Clinical revenue up 24% driven by North America and Asia
- CMT revenue up 3%, strong order growth though revenue impacted by global supply chain
- Net debt reduced \$2M from Q4'20, with leverage now below 2.5x

## 2021 Outlook

- Expect reported revenue growth of 10-to-14% over 2020, up from prior outlook of 8-to-12%
- Expect adjusted operating margin improvement to the mid-to-upper teens
- FY21 focus: high value organic growth, professional marketing and new products

# Q1 2021 Performance versus Q1 2020

- Revenue \$27.0M, up 13.5%
- Gross Margin 57.2%, up 260 bps
- Operating Loss / Margin (GAAP) (\$0.2M) / -0.9%
- Adj. Operating Income / Margin\* \$3.2M / 12.0%
- Loss Per Diluted Share (GAAP) (\$0.02), up from (\$0.12)
- Adjusted Diluted EPS \* \$0.05, up from (\$0.01)
- Cash Flow from Operations \$1.0M
- Net Debt Reduction \$2.0M in Q1'21



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

# Q1 2021 Revenue By Customer/Product Family

(in \$M)	Q1 2021	Q1 2020	△ vs. Q1'20	
Cellular & Molecular Product Lines	15.8	15.4	2.6%	<u>CMT Products</u>  Sales improve with Academic Research recovering, impacted by shipment delays due to global supply chain disruptions
Preclinical Product Lines	10.4	8.4	23.8%	<u>Pre-Clinical Products</u>  Growth across all product lines, exceeding Q1'19 (pre-Covid) <ul style="list-style-type: none"> <li>• Americas up strong, significant expansion with academics</li> <li>• APAC up significantly, direct sales with CROs growing</li> <li>• Inhalation/respiratory up globally</li> </ul>
Currency	0.8		-	
Revenue	27.0	23.8	13.5%	10% growth currency adjusted

Amounts subject to rounding

# Q1 2021 Business Update

- North American Sales realignment complete, territories expanded, cross-selling gaining momentum
- Introduced 9 new or improved/refreshed products in January
- Backlog increased significantly, managing global supply chain challenges to maintain growth
- Communicated final actions in Europe to complete turnaround/lean initiatives in 1<sup>st</sup> half 2021
- Leverage reduced to under 2.5x due to significant improvement in adjusted earnings, ongoing positive cash flows and debt reduction

# Financial Section



# 2021 Q1 Non-GAAP Results Year-over-Year



(in M, except EPS)	Q1'21	Q1'20
Revenue	27.0	23.8
Adj. Gross Profit <i>Adj. Gross Margin %</i>	15.5 57.5%	13.0 54.6%
Adj. Operating Expenses <i>Adj. % of revenue</i>	12.3 45.6%	12.5 52.6%
Adj. Operating Income <i>Adj. Operating Margin %</i>	3.2 12.0%	0.5 2.0%
Adj. Tax Rate	26.2%	32.6%
Adj. Net Income / (Loss)	2.1	(0.5)
Diluted Shares Outstanding	42.1	38.3
Adj. Diluted EPS / (Loss Per Share)	0.05	(0.01)

(in \$ M)	Q1'21	Q1'20
Net Debt **	39.1	44.3
Cash Flow From Operations	1.0	2.9

- Adj. Gross Margin: YoY improvement on volume, product mix driven by sales focus on top products, portfolio actions
- Adj. Operating Expense: higher variable compensation offset by cost reductions implemented in 2020
- Adj. Operating Margin: up significantly due to negative impact of Covid in March 2020, plus improvements in product mix, cost
- Net Debt: Reduced \$12M 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

## *Improvement to prior outlook in revenue, maintain improved operating margin*

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- Revenue growth: expect improvement to 10-to-14% 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 ~\$1M FY19 baseline, ~\$4M from FY20
  - Risks remain on impact of global supply for certain materials
- Adjusted operating margins: maintain expected improvement to 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**
- **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
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
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
Currency	-	-	-	-	-	-	-	-	-	-	0.8	-
<b>Revenue</b>	<b>28.2</b>	<b>29.6</b>	<b>27.4</b>	<b>31.0</b>	<b>116.2</b>	<b>23.8</b>	<b>23.3</b>	<b>24.0</b>	<b>31.0</b>	<b>102.1</b>	<b>27.0</b>	<b>27.0</b>

\*CMT, Preclinical amounts at Q1 2020 FX rates

Amounts subject to rounding

# GAAP Income Statements

(in \$ M, except EPS)	Q1'21	Q1'20
Revenue	27.0	23.8
Gross Profit <i>Gross Margin %</i>	15.4 57.2%	13.0 54.6%
Operating Expenses <i>% of revenue</i>	15.7 58.1%	16.3 68.4%
Operating Loss <i>Operating Margin %</i>	(0.2) (0.9%)	(3.3) (13.8%)
Net Loss	(0.7)	(4.5)
(Loss) Per Diluted Share	(0.02)	(0.12)

Amounts subject to rounding

# Balance Sheets

(in \$ M)	Q1'21	Q4'20
<b><u>Assets</u></b>		
Cash & Cash Equivalents	5.8	8.3
Accounts Receivable	17.1	17.8
Inventories	22.7	22.3
Other Current Assets	3.7	3.4
<b>Total Current Assets</b>	<b>49.2</b>	<b>51.7</b>
Property, Plant, Equipment	3.7	4.0
Goodwill & Other Intangibles	90.1	91.7
Other Assets	8.2	8.9
<b>Total Assets</b>	<b>151.2</b>	<b>156.3</b>
<b><u>Liabilities &amp; Stockholders' Equity</u></b>		
Current Portion, Lt Debt	2.0	1.7
Other Current Liabilities	18.7	19.3
<b>Total Current Liabilities</b>	<b>20.7</b>	<b>21.1</b>
Long-Term Debt	41.6	46.3
Other Long-Term Liabilities	11.8	12.2
Stockholders' Equity	77.1	76.7
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>151.2</b>	<b>156.3</b>

Amounts subject to rounding

# Cash Flow Statements

(in \$ M)	Q1'21	Q1'20
<b>Net Cash Provided by Operating Activities</b>	<b>1.0</b>	<b>2.9</b>
Additions to PP&E	(0.2)	(0.2)
Other Investing Activities	(0.2)	-
<b>Net Cash Used in Investing Activities</b>	<b>(0.3)</b>	<b>(0.2)</b>
Repayments of Debt, Net	(4.5)	(4.8)
Other Financing Activities	1.4	(0.2)
<b>Net Cash Used in Financing Activities</b>	<b>(3.1)</b>	<b>(5.1)</b>
Effects of Exchange Rate Changes on Cash	(0.1)	-
Cash at Beginning of Period	8.3	8.3
Cash at End of Period	5.8	5.9
<b>Decrease in Cash</b>	<b>(2.5)</b>	<b>(2.5)</b>

Amounts subject to rounding



# GAAP to Non-GAAP Reconciliation



(in thousands)

	Three Months Ended	
	March 31, 2021	March 31, 2020
<b>GAAP gross profit</b>	\$ 15,431	\$ 12,982
Stock-based compensation expense	20	10
Severance, restructuring and transformation costs	53	(41)
Acquired assets amortization	19	20
<b>Adjusted gross profit</b>	<b>\$ 15,523</b>	<b>\$ 12,971</b>
<b>GAAP gross profit % of revenue</b>	<b>57.2%</b>	<b>54.6%</b>
<b>Adjusted gross profit % of revenue</b>	<b>57.5%</b>	<b>54.6%</b>
<b>GAAP operating expenses</b>	\$ 15,670	\$ 16,255
Stock-based compensation expense	(948)	(783)
Severance, restructuring and transformation costs	(932)	(1,512)
Acquired assets amortization and impairments	(1,494)	(1,463)
<b>Adjusted operating expenses</b>	<b>\$ 12,296</b>	<b>\$ 12,497</b>
<b>GAAP operating expenses % of revenue</b>	<b>58.1%</b>	<b>68.4%</b>
<b>Adjusted operating expenses % of revenue</b>	<b>45.6%</b>	<b>52.6%</b>

# GAAP to Non-GAAP Reconciliation



(in thousands, except per share data)

	Three Months Ended	
	March 31, 2021	March 31, 2020
<b>GAAP operating (loss) income</b>	\$ (239)	\$ (3,273)
Stock-based compensation expense	968	793
Severance, restructuring and transformation costs	985	1,471
Acquired assets amortization and impairments	1,513	1,484
<b>Adjusted operating income</b>	\$ 3,227	\$ 475
<b>GAAP operating margin</b>	-0.9%	-13.8%
<b>Adjusted operating margin</b>	12.0%	2.0%
<b>GAAP net loss</b>	\$ (669)	\$ (4,516)
Stock-based compensation expense	968	793
Severance, restructuring and transformation costs	985	1,471
Acquired assets amortization and impairments	1,513	1,484
Income taxes (A)	(744)	287
<b>Adjusted net income (loss)</b>	\$ 2,053	\$ (481)
<b>GAAP loss per diluted share</b>	\$ (0.02)	\$ (0.12)
Adjusted items after tax per share assuming dilution	0.07	0.11
<b>Adjusted earnings (loss) per diluted share</b>	\$ 0.05	\$ (0.01)
<b>Weighted average diluted common shares:</b>		
GAAP	39,787	38,329
Adjusted	42,109	38,329

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