



Enabling discovery, safety and
production of tomorrow's therapeutics

NASDAQ: HBIO

Q4'22 Earnings Presentation

Jim Green, Chairman, President & CEO
Jennifer Cote, Interim CFO
March 9, 2023

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 supply chain disruptions and the COVID-19 pandemic 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, 2022 or described in our other filings with the Securities and Exchange Commission 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

This presentation includes non-GAAP financial information including constant currency revenue, adjusted gross margin, adjusted operating profit, adjusted operating margin, EBITDA and adjusted earnings per 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 resulting from items that we do not believe are representative of the underlying operations. Items excluded include stock-based compensation, amortization of intangibles related to acquisitions, litigation settlement, restructuring and other costs, and income taxes. They also exclude the tax impact of the reconciling items. Management believes that this non-GAAP financial information is important in comparing current results with prior period results and is useful to investors and financial analysts in assessing the Company's operating performance. Any non-GAAP financial statement information included herein is accompanied by a reconciliation to the nearest corresponding GAAP measure which are included in the appendix.

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.

CEO Summary: Q4'22 Highlights

“Organizational restructuring complete and setup for success in 2023!”

Income Statement Components	Q4' 2022	Q4' 2021
Revenue	28.4	33.1
Growth Rate	-14%	
FX Impact	1.0	
Adj. Gross Margin*	16.3	19.7
% of Revenue	57%	60%
Adj. Operating Profit*	3.4	5.3
% of Revenue	12%	16%
Adj. EBITDA*	3.7	5.7
% of Revenue	13%	17%
Adj. EPS*	0.04	0.08
Cash Flow from Operations	2.7	0.1


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

2022 Q4 Revenue by Product Family

(in \$M)	Q4 2022	Q4 2021	△ Vs. Q4'21	Comments
Cellular & Molecular	14.7*	14.9	-2%	<p>Cellular and Molecular Product Revenue adjusted for currency and a small change in discontinued products was roughly flat to prior year</p> <ul style="list-style-type: none"> ○ Solid growth in APAC was offset by slowness in the Americas ○ Cell-based testing products were up double digits globally ○ Continued rotation out of low margin products sold through distribution ○ Discontinued product sales decreased by approx. \$300K versus prior year ○ Demand growth expected going forward, augmented by new consumable driving products such as electroporation for bio-production
Pre-Clinical	14.8*	18.2	-19%	<p>Pre-Clinical revenue was down (19%) at constant currency.</p> <ul style="list-style-type: none"> ○ Globally telemetry and inhalation shipments were down in Q3 and early in Q4 ○ China lockdown further delayed shipment, with strong order demand recovering later in the quarter as lockdowns eased ○ Order demand recovery later in the quarter is expected to underpin a strong start to 2023
Currency	(1.0)		-3%	Significant currency impact on strong dollar and weakening Euro and GBP
Revenue	28.4	33.1	-14%	

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


Q4 New Product Launches Drive Growth, Expand Consumables and Services



Electroporation

Consumable Flatpack Reaction Chamber


- BTX electroporation bio-production configuration for mammalian applications and high-efficiency stem cell transfection
- Easy to use unique flow-through design
- Low- to medium-throughput
- Solution for fast-growing bioproduction electroporation needs



Spectrophotometry

Premium U7500 Spectrophotometer

- Highly-advanced, time-saving firmware functionality
- Highly-precise measurement with spectral bandwidth <2nm
- GLP/21 CFR compliant
- Ease of use and small footprint for top academic labs
- High throughput for pharma QC



Telemetry

"Exclusive" Glucose Endpoint Implantable

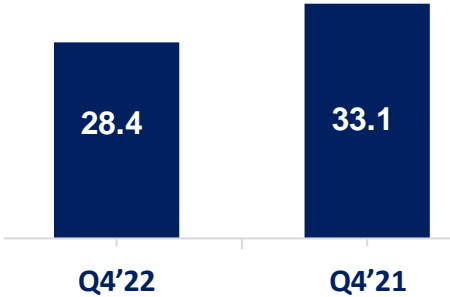
- Only continuous monitoring solution ideal for longitudinal studies
- Higher-quality data unimpeded by stress artifact
- GLP/21 CFR compliant
- Best-in-class 3x data capture rate
- Enables substantial reduction in lab techs and usage of animal models

Financial Section

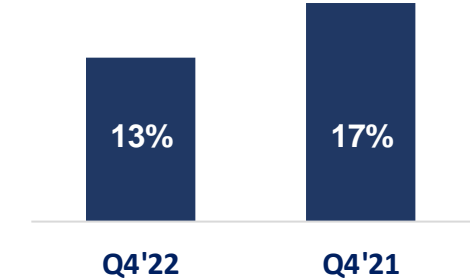
Q4'22 Performance versus Q4'21

Revenue	\$28.4M, down 14% (-\$1M Currency)
Gross Margin (GAAP)	55.7% vs. 59.2%
Adj. Gross Margin*	57.2% vs. 59.6%
Adj. Operating Income / Margin*	\$3.4M vs. \$5.3M
Adj. EBITDA*	\$3.7M vs. \$5.7M
Cash Flow from Operations	+\$2.7M vs. \$0.1M
Net Debt **	\$43.2M down from Q3 FY22

Revenue (\$M)



Adj. EBITDA *



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

** Net debt = Debt outstanding less cash and cash equivalents

2023 Outlook

2023 Outlook: Looking Forward

New product introductions, focus on consumables and services drive new growth

For FY2023, we expect:

- Reported revenue growth low-to-mid single digit range, includes ~4 percentage points of discontinued products
- Improved gross margins with significant expansion of adjusted EBITDA margins
- Expanded EBITDA combined with improved working capital cash flow allows us to significantly pay down debt
- Reduce debt leverage to ~ 2X level by end of '23



Appendix

Revenue By Product Family

-Including GAAP to Non-GAAP constant currency reconciliation

(in \$M)	Q1'21	Q2'21	Q3'21	Q4'21	FY'21	Q1'22*	Q2'22*	Q3'22*	Q4'22*	FY'22*
Cellular & Molecular Product Lines - constant currency*	13.6	13.6	14.1	14.9	56.2	14.5	16.0	15.0	14.7	60.2
Currency ADJ						(0.3)	(0.7)	(0.8)	(0.6)	(2.4)
Cellular & Molecular Product Lines - GAAP						14.2	15.3	14.2	14.1	57.8
Pre-Clinical Product Lines - constant currency*	13.4	15.6	15.6	18.1	62.7	14.7	14.1	12.9	14.8	56.5
Currency ADJ						(0.1)	(0.2)	(0.2)	(0.4)	(0.9)
Pre-Clinical Product Lines - GAAP						14.6	13.9	12.7	14.4	55.6
Total HBIO - constant currency*						29.2	30.1	27.9	29.5	116.7
Currency ADJ						(0.4)	(0.9)	(1.0)	(1.0)	(3.3)
Total HBIO- GAAP	27.0	29.2	29.7	33.0	118.9	28.8	29.2	26.9	28.4	113.3

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.

* Constant currency shown at 2021 FX rates subject to rounding. We believe that referring to comparable constant currency revenue and growth rates is a useful way to evaluate the underlying performance of our business. Constant currency amounts, a non-GAAP financial measure, adjust for the impact of foreign currency exchange rate in the current period relative to the prior year period, and more closely reflect the change in sales between the relevant periods.

GAAP to Non-GAAP Reconciliation: Three Months and Full Year Ended December 2022

HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)
(in thousands, except per share data)

Statement of Operations	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
GAAP gross profit	\$ 15,833	\$ 19,560	\$ 60,819	\$ 67,652
Stock-based compensation	33	35	121	118
Acquired asset amortization	6	12	33	63
Settlement, restructuring, & other	386	80	1,984	327
Adjusted gross profit	\$ 16,258	\$ 19,687	\$ 62,957	\$ 68,160
Gross margin	55.7%	59.2%	53.7%	56.9%
Adjusted gross margin	57.2%	59.6%	55.5%	57.3%
GAAP operating (loss) income	\$ (457)	\$ 1,699	\$ (6,933)	\$ 2,066
Stock-based compensation	1,010	1,033	4,411	4,169
Acquired asset amortization	1,648	1,492	6,236	6,018
Settlement, restructuring, & other	1,168	1,054	5,783	4,462
Adjusted operating income	\$ 3,369	\$ 5,278	\$ 9,497	\$ 16,715
Operating margin	-1.6%	5.1%	-6.1%	1.7%
Adjusted operating margin	11.9%	16.0%	8.4%	14.1%
GAAP net (loss) income	\$ (1,666)	\$ 961	\$ (9,516)	\$ (288)
Stock-based compensation	1,010	1,033	4,411	4,169
Acquired asset amortization	1,648	1,492	6,236	6,018
Settlement, restructuring, & other	1,068	1,054	5,603	4,462
Income taxes	(281)	(1,022)	(1,689)	(3,387)
Adjusted net income	1,779	3,518	5,045	10,974
Depreciation	314	432	1,338	1,603
Interest	536	569	2,426	2,207
Adjusted income taxes (1)	1,054	1,191	2,026	3,534
Adjusted EBITDA	\$ 3,683	\$ 5,710	\$ 10,835	\$ 18,318
Adjusted EBITDA margin	13.0%	17.3%	9.6%	15.4%
Diluted (loss) income per share (GAAP)	\$ (0.04)	\$ 0.02	\$ (0.23)	\$ (0.01)
Stock-based compensation	0.02	0.03	0.11	0.12
Acquired asset amortization	0.04	0.04	0.15	0.18
Settlement, restructuring, transformation & other	0.03	0.03	0.14	0.13
Income taxes	(0.01)	(0.03)	(0.04)	(0.10)
Diluted adjusted earnings per share	\$ 0.04	\$ 0.08	\$ 0.12	\$ 0.25
Weighted-average common shares:				
Diluted GAAP	42,102	43,372	41,413	40,343
Diluted Adjusted	42,740	43,372	42,682	43,153

(1) Adjusted income taxes includes the tax effect of adjusting for the reconciling items using the calculated effective tax rate in the jurisdictions in which