



Enabling discovery, safety and  
production of tomorrow's therapeutics

# NASDAQ: HBIO Q2'23 Earnings Presentation

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# Forward-Looking Statements and Non-GAAP Financial Information

## Forward-Looking Statements

This document contains forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “may,” “will,” “expect,” “plan,” “anticipate,” “estimate,” “intend” and similar expressions or statements that do not relate to historical matters. Forward-looking statements include, but are not limited to, information concerning expected future financial and operational performance including revenues, gross margins, earnings, cash and debt position, growth and the introduction of new products, and the strength of the Company’s market position and business model. Forward-looking statements are not guarantees of future performance and involve known and unknown uncertainties, risks, assumptions, and contingencies, many of which are outside the Company’s control. Risks and other factors that could cause the Company’s actual results to differ materially from those described in its forward-looking statements include those described in the “Risk Factors” section of the Company’s most recently filed Annual Report on Form 10-K as well as in the Company’s other filings with the Securities and Exchange Commission. Forward-looking statements are based on the Company’s expectations and assumptions as of the date of this document. Except as required by law, the Company assumes no obligation to update forward-looking statements to reflect any change in expectations, even as new information becomes available.

## Management’s Use of Non-GAAP Financial Information

This document includes non-GAAP financial information, including adjusted operating income (loss), adjusted net income (loss), adjusted EBITDA, adjusted EBITDA margin, adjusted diluted earnings (loss) per share and net leverage ratio. 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 of the business. Items excluded include stock-based compensation, amortization of intangibles related to acquisitions, litigation settlement, restructuring and other costs, unrealized gain/loss on equity securities 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. Non-GAAP historical financial statement information included herein is accompanied by a reconciliation to the nearest corresponding GAAP measure which is included as exhibits below.

With respect to forward-looking measures, we provide an outlook for adjusted EBITDA margin, and net leverage ratio. Many of the items that we exclude from these forward-looking measure calculations are less capable of being controlled or reliably predicted by management. These items could cause the forward-looking measures presented in our outlook statements to vary materially from our reported net income and other GAAP results.

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: Q2'23 Highlights



*Continuing our strong start to the year*

Income Statement Components	Q2' 2023	Q2' 2022
<b>Revenue (GAAP)</b>	<b>28.8</b>	<b>29.2</b>
Growth Rate	(1.5%)	
<b>Favorable FX Impact</b>	<b>0.1</b>	
<b>Net Reduction in Discontinued Products vs Q2'22</b>	<b>1.6</b>	
<b>Gross Margin</b>	<b>16.7</b>	<b>16.6</b>
% of Revenue	58.0%	57.0%
<b>Adj. Operating Profit*</b>	<b>3.6</b>	<b>3.1</b>
% of Revenue	12.4%	10.5%
<b>Adj. EBITDA*</b>	<b>3.9</b>	<b>3.4</b>
% of Revenue	13.6%	11.6%
<b>Diluted (Loss) Earnings per Share</b>	<b>(0.02)</b>	<b>0.06</b>
<b>Adj. Diluted Earnings per Share*</b>	<b>0.04</b>	<b>0.05</b>
<b>Cash Flows from Operations (GAAP)</b>	<b>3.6</b>	<b>(0.2)</b>

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

# 2023 Q2 Revenue by Product Family



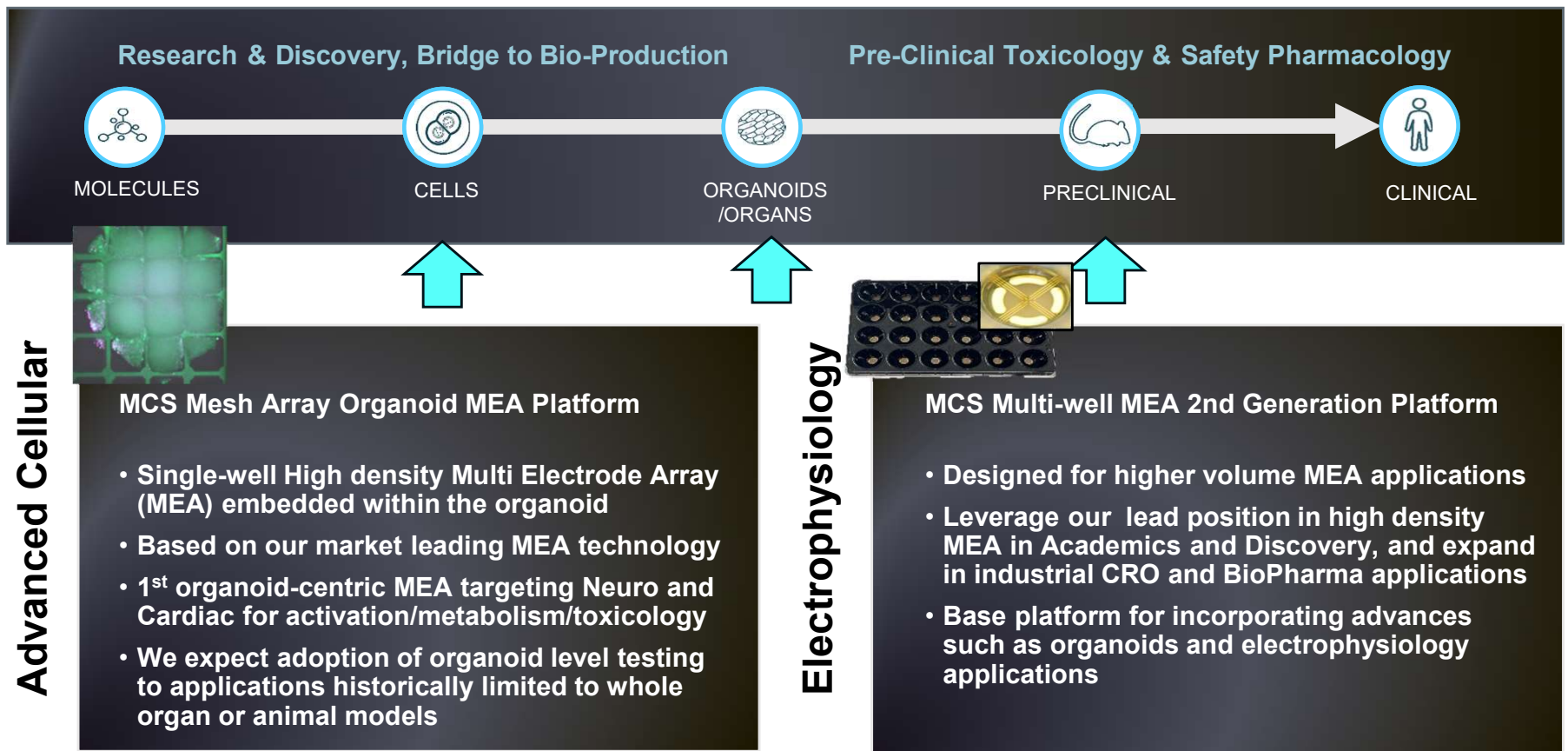
(in \$M)	Q2 2023	Q2 2022	▲ Vs. Q2'22**	Comments
Cellular & Molecular	13.5*	15.3	-12.3%	<p>Cellular and Molecular Product Revenue were down (12.0%) as reported, down (12.3%) adjusted for currency and down (3.6%) when also adjusted for discontinued products</p> <ul style="list-style-type: none"> <li>○ Strong growth in APAC, EMEA was flat, offset by slowness in the Americas</li> <li>○ Continued rotation out of low margin products sold through distribution</li> <li>○ Revenue includes a net reduction of \$1.6 million from discontinued products predominantly in CMT compared to last year</li> </ul>
Pre-Clinical	15.2*	13.9	9.5%	<p>Pre-Clinical revenue up 10.0% as reported, up 9.5% at constant currency and up 11.5% adjusted for discontinued products</p> <ul style="list-style-type: none"> <li>○ Asia had strong growth, driven by Inhalation &amp; respiratory related products</li> <li>○ EMEA had very strong growth across the Pre-Clinical Portfolio</li> <li>○ Americas down modestly on slower sales of Inhalation &amp; respiratory related products</li> </ul>
Currency	0.1		0.4%	Currency impacted by favorable Euro FX
Revenue	28.8	29.2	-1.5%	-1.5% growth as reported, 3.9% adjusted for FX impact and discontinued products

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

\*\*Percentages above are subject to rounding

# NPI: Leading MEA Technology Academic Labs / Discovery

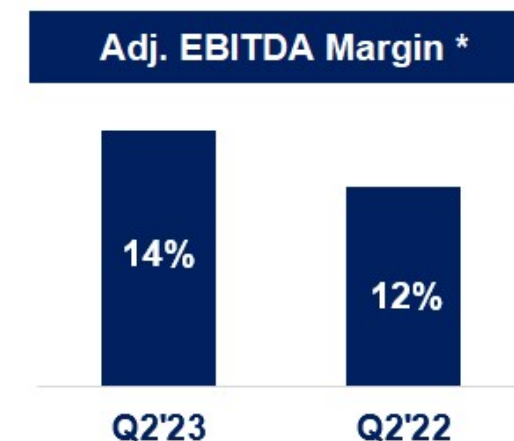
*Advanced cell-based testing supports penetration of CROs & BioPharma applications*



# Financial Section

# Q2'23 Performance versus Q2'22

Revenue	\$28.8, down 1.5% (+\$0.1M Currency)
Gross Margin (GAAP)	58.0% vs. 57.0%
Adj. Operating Income*	\$3.6M vs. \$3.1M
Adj. EBITDA*	\$3.9M vs. \$3.4M
Cash Flow from Operations	+\$3.6M vs. (\$0.2M)
Net Debt **	\$37.8M improved from \$43.2M in Q4'22
Diluted (Loss) Earnings per Share	(\$0.02) vs. \$0.06
Adj. Diluted Earning per Share*	\$0.04 vs \$0.05



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

\*\* Net debt = Debt outstanding plus unamortized deferred financing costs, less cash and cash equivalents as of period end

# 2023 Outlook



# 2023 Outlook: Looking Forward

*New Products Introductions and Service Offerings to Drive Future Growth*



For FY2023, we expect:

- Reported revenue in the \$116 to \$120 million range, includes approx. 4 percentage points of discontinued products compared to 2022
- Gross Margins to remain strong in the 60% range
- Adjusted EBITDA margins expanding to 15% to 17% range
- Expanded EBITDA combined with improving working capital drives strong cash flow that supports significant debt pay down
- Reduce net leverage to ~2X level by end of 2023



# Appendix

# Revenue By Product Family

*-Including GAAP to Non-GAAP constant currency reconciliation*

(in \$M)	Q1'22	Q2'22	Q3'22	Q4'22	FY'22	Q1'23*	Q2'23*
Cellular & Molecular Product Lines - constant currency*	14.2	15.3	14.2	14.1	57.8	14.2	13.5
Currency ADJ						(0.3)	0.0
<b>Cellular &amp; Molecular Product Lines - GAAP</b>	<b>14.2</b>	<b>15.3</b>	<b>14.2</b>	<b>14.1</b>	<b>57.8</b>	<b>13.9</b>	<b>13.5</b>
Pre-Clinical Product Lines - constant currency*	14.6	13.9	12.7	14.4	55.6	16.3	15.2
Currency ADJ						(0.2)	0.1
<b>Pre-Clinical Product Lines - GAAP</b>	<b>14.6</b>	<b>13.9</b>	<b>12.7</b>	<b>14.4</b>	<b>55.6</b>	<b>16.1</b>	<b>15.3</b>
Total HBIO - constant currency*	28.8	29.2	26.9	28.4	113.3	30.5	28.7
Currency ADJ						(0.5)	0.1
<b>Total HBIO - GAAP</b>	<b>28.8</b>	<b>29.2</b>	<b>26.9</b>	<b>28.4</b>	<b>113.3</b>	<b>30.0</b>	<b>28.8</b>

*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 2022 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 Six Months Ended June 2023

(in thousands, except per share data)	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>GAAP operating income (loss)</b>	\$ 796	\$ 3,998	\$ 2,545	\$ (2,714)
Stock-based compensation	1,102	1,239	2,255	2,262
Acquired asset amortization	1,398	1,488	2,798	2,992
Restructuring & other	276	1,212	408	2,573
Settlement	-	(4,880)	-	311
<b>Adjusted operating income</b>	<b>\$ 3,572</b>	<b>\$ 3,057</b>	<b>\$ 8,006</b>	<b>\$ 5,424</b>
Operating margin	2.8%	13.7%	4.3%	-4.7%
Adjusted operating margin	12.4%	10.5%	13.6%	9.4%
<b>GAAP net (loss) income</b>	\$ (980)	\$ 2,435	\$ (358)	\$ (4,445)
Stock-based compensation	1,102	1,239	2,255	2,262
Acquired asset amortization	1,398	1,488	2,798	2,992
Restructuring & other	367	1,212	4	2,573
Settlement	-	(4,880)	-	311
Unrealized loss on equity securities	1,581	-	1,581	-
Income taxes	(1,776)	517	(2,115)	(165)
<b>Adjusted net income</b>	<b>1,692</b>	<b>2,011</b>	<b>4,165</b>	<b>3,528</b>
Depreciation	328	340	649	683
Interest and other expense, net	1,222	576	2,258	882
Adjusted income taxes (1)	658	469	1,582	1,013
<b>Adjusted EBITDA</b>	<b>\$ 3,900</b>	<b>\$ 3,396</b>	<b>\$ 8,654</b>	<b>\$ 6,106</b>
Adjusted EBITDA margin	13.6%	11.6%	14.7%	10.5%
<b>Diluted (loss) earnings per share (GAAP)</b>	\$ (0.02)	\$ 0.06	\$ (0.01)	\$ (0.11)
<b>Diluted adjusted earnings per share</b>	<b>\$ 0.04</b>	<b>\$ 0.05</b>	<b>\$ 0.09</b>	<b>\$ 0.08</b>
Weighted-average common shares:				
Diluted GAAP	42,354	41,304	42,204	41,256
Diluted Adjusted	44,656	42,560	44,020	42,696
<b>Total debt</b>	\$ 41,423	\$ 46,824	\$ 48,485	
Unamortized deferred financing costs	700	840	979	
Cash and cash equivalents	(4,324)	(4,508)	(4,259)	
<b>Net Debt</b>	<b>\$ 37,799</b>	<b>\$ 43,156</b>	<b>\$ 45,205</b>	

(1) Adjusted income taxes includes the tax effect of adjusting for the reconciling items using the tax rates in the jurisdictions in which the reconciling items arise.