



Enabling discovery, safety and  
production of tomorrow's therapeutics

# NASDAQ: HBIO

## Q1'23 Earnings Presentation

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Jennifer Cote, Interim CFO  
April 25, 2023

# 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 revenues, earnings, cash position, growth, operational performance, 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 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 presentation includes non-GAAP financial information including constant currency revenue, adjusted operating income, adjusted operating margin, adjusted EBITDA and EBITDA margin and adjusted diluted earnings (loss) 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: Q1'23 Highlights

*“A Strong Start to Realizing Our Profitable Growth Platform”*

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Income Statement Components	Q1' 2023	Q1' 2022
Revenue (GAAP)	30.0	28.8
Growth Rate	4%	
Unfavorable FX Impact	0.5	
Net Reduction in Discontinued Products vs Q1'22	1.1	
<b>Gross Margin</b>	<b>18.3</b>	<b>16.2</b>
% of Revenue	61%	56%
<b>Adj. Operating Profit*</b>	<b>4.4</b>	<b>2.4</b>
% of Revenue	15%	8%
<b>Adj. EBITDA*</b>	<b>4.8</b>	<b>2.7</b>
% of Revenue	16%	9%
<b>Diluted Earnings (Loss) per Share</b>	<b>0.01</b>	<b>(0.17)</b>
<b>Diluted Adj. EPS*</b>	<b>0.06</b>	<b>0.04</b>
<b>Cash Flow from Operations (GAAP)</b>	<b>1.8</b>	<b>(2.0)</b>

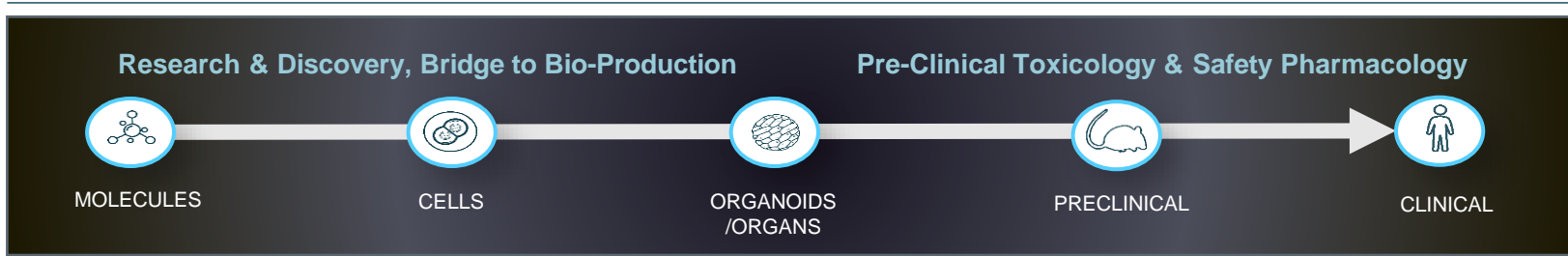
\* Non-GAAP measure, reconciliations to GAAP financial measures are available in the appendix

# 2023 Q1 Revenue by Product Family

(in \$M)	Q1 2023	Q1 2022	△ Vs. Q1'22	Comments
Cellular & Molecular	14.2*	14.2	flat	<p>Cellular and Molecular Product Revenue were down (2%) as reported, flat when adjusted for currency and includes impact from discontinued products</p> <ul style="list-style-type: none"> <li>○ Solid growth in APAC offset by slowness in Americas &amp; EMEA</li> <li>○ BTX electroporation growth driven by bioproduction application</li> <li>○ Cell-based testing products were up strong</li> <li>○ Continued rotation out of low margin products sold through distribution</li> <li>○ Discontinued product sales decreased by approx. \$1.1M versus prior year</li> </ul>
Pre-Clinical	16.3*	14.6	12%	<p>Pre-Clinical revenue up 10.3% as reported, up 11.6% at constant currency</p> <ul style="list-style-type: none"> <li>○ Asia had strong growth in Enterprise Software, Telemetry and Respiratory</li> <li>○ Americas had strong growth in Respiratory</li> <li>○ EMEA had strong growth in Enterprise Software and Telemetry</li> </ul>
Currency	(0.5)		-2%	Currency impact
Revenue	30.0	28.8	4%	4% growth as reported, included FX impact and discontinued products

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

# New Product Launches



## SmartUssing™ Epithelial System

Electrophysiology



- Builds on our proven Ussing technology to improve efficiency and ease of use
- Expands reach from academic research to CRO/pharma
- Installed and in use at leading pharma research lab

## STG5 Stimulation Generator

Electrophysiology



- Leader in cell stimulation, STG5 replaces nine previous models
- Digital/software control ideal for controlled environments and pharma/biotech
- Ideal for precision cellular stimulation in neuroscience studies

## High-Capacity Behavior Monitoring System

Behavior

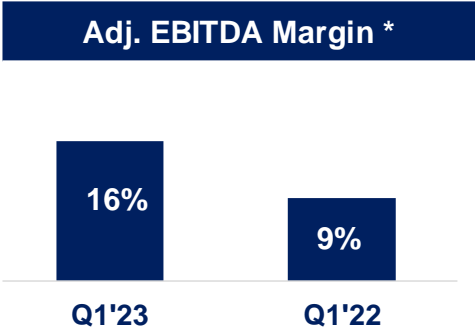
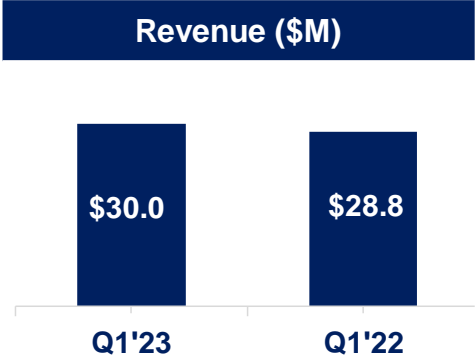


- Integrates Panlab® activity technology and Ponemah™ enterprise software
- Scalable, GLP-compliant solution for research labs/CROs/pharma
- Received initial order from leading CRO customer for delivery in 2023

# Financial Section

# Q1'23 Performance versus Q1'22

Revenue	\$30M, up 4% (-\$0.5M Currency)
Gross Margin (GAAP)	61.2% vs. 56.2%
Adj. Operating Income*	\$4.4M vs. \$2.4M
Adj. EBITDA*	\$4.8M vs. \$2.7M
Cash Flow from Operations	+\$1.8M (3 <sup>rd</sup> consecutive +Q)
Net Debt **	\$41.0M improved from \$43.2M in Q4'22



\* 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 Products and Services Expand Pharma, CROs and Research Growth*

For FY2023, we now expect:

- Reported revenue growth in the mid-single digits, includes approx. 4 percentage points of discontinued products compared to 2022
- Gross Margins to remain strong in the 60% range
- Adjusted EBITDA margins to the 16% to 17% range
- Expanded EBITDA combined with improving working capital drives strong cash flow that supports significant debt pay down
- Reduce debt 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*
Cellular & Molecular Product Lines - constant currency*	14.2	15.3	14.2	14.1	57.8	14.2
Currency ADJ						(0.3)
<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>
Pre-Clinical Product Lines - constant currency*	14.6	13.9	12.7	14.4	55.6	16.3
Currency ADJ						(0.2)
<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>
Total HBIO - constant currency*	28.8	29.2	26.9	28.4	113.3	30.5
Currency ADJ						(0.5)
<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>

*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 Ended March 2023

	Three Months Ended	
	March 31, 2023	March 31, 2022
<b>GAAP operating income (loss)</b>	\$ 1,749	\$ (6,712)
Stock-based compensation	1,153	1,023
Acquired asset amortization	1,401	1,505
Settlement, restructuring, & other	131	6,550
<b>Adjusted operating income</b>	<b>\$ 4,434</b>	<b>\$ 2,366</b>
Operating margin	5.8%	-23.3%
Adjusted operating margin	14.8%	8.2%

<b>GAAP net income (loss)</b>	\$ 622	\$ (6,880)
Stock-based compensation	1,153	1,023
Acquired asset amortization	1,401	1,505
Settlement, restructuring, & other	(362)	6,550
Income taxes	(340)	(682)
<b>Adjusted net income</b>	<b>2,474</b>	<b>1,516</b>
Depreciation	321	342
Interest and other expense, net	1,036	305
Adjusted income taxes (1)	924	544
<b>Adjusted EBITDA</b>	<b>\$ 4,755</b>	<b>\$ 2,707</b>
Adjusted EBITDA margin	15.9%	9.4%

<b>Diluted income (loss) per share (GAAP)</b>	<b>\$ 0.01</b>	<b>\$ (0.17)</b>
<b>Diluted adjusted earnings per share</b>	<b>\$ 0.06</b>	<b>\$ 0.04</b>
Weighted-average common shares:		
Diluted GAAP	42,783	41,219
Diluted Adjusted	42,783	42,977

(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.