



NASDAQ: HBIO
Q4'21 Earnings Presentation

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March 8, 2022



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 the COVID-10 pandemic and related supply chain disruptions 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, 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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Q4'21 Summary

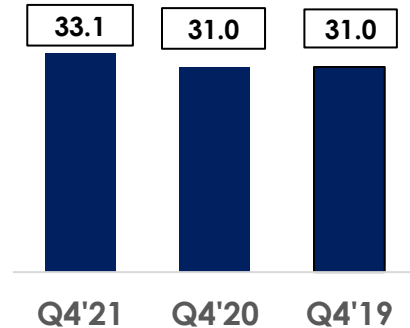
- Revenue up 7% over strong Q4'20 and up 7% over pre-Covid (Q4'19)
- Global supply chain continues to delay shipments, backlog up versus pre-Covid levels
- Pre-Clinical revenue up 6% over record Q4'20
- CMT revenue up 9%, in spite of headwinds in Europe
- Adj. Operating Margin was 16%: down from variable compensation, R&D investments
 - Adj. Gross Margin: 60% with strong, improving mix
 - COGS growth due to global freight/materials inflation, labor inefficiencies
 - Opex up YoY primarily on variable compensation and growth in R&D investment

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

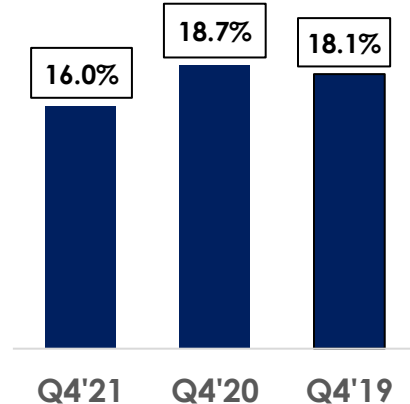
Q4'21 Performance versus Q4'20

- Revenue \$33.1M, up 7%
- Gross Margin (GAAP) 59.2%, up 200 bps
- Operating Income / Margin (GAAP) \$1.7M / 5.1%
- Adj. Operating Income / Margin* \$5.3M / 16.0%
- Earnings (Loss) Per Diluted Share (GAAP) \$0.02, up from (\$0.02)
- Adjusted Diluted EPS* \$0.08, flat vs prior year
- Cash Flow Provided by Operations \$0.1M
- Net Debt Increase \$0.8M in Q4'21
- Leverage Ratio (Debt to Adj. EBITDA) 2.7x

Revenue (\$M)



Adj. Operating Margin *



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

Q4'21 Revenue by Product Family



(in \$M)	Q4 2021	Q4 2020	Q4 2019	△ Vs. Q4'20	△ Vs. Q4'19	Comments
Cellular & Molecular Product Lines	18.4	16.9	19.4	9%	-5%	<p>Improving as Academic patterns normalizing post-Covid as anticipated</p> <p>Direct sales in Europe impacted by academic lab closures from Omicron</p> <p>Backlog up vs. Q4'20, stable vs. Q3'21 with operations improving</p> <p>Revenue down 5% vs. Q4'19 due to shipment headwinds from supply chain</p>
Pre-Clinical Product Lines	14.9	14.1	11.6	6%	28%	<p>Revenue up 6% in the quarter over strong comparable, 18% for the full year 2021</p> <p>EMEA performance very strong across products and customer groups</p> <p>APAC/Americas impacted by CRO order timing in Q4, strong trends for '22</p> <p>Pre-Clinical revenue exceeded pre-Covid levels (+28% to Q4'19)</p>
Currency	(0.3)					
Revenue	33.1	31.0	31.0	7%	7%	Solid growth in spite of global supply chain, backlog growth vs. pre-Covid times

Q4'21 Business Update

Operations

- Productivity stabilized after '21 external supply chain and labor impacts
- COO retirement announced in January, moving to flatter organization structure with focused leadership in R&D and in global manufacturing operations and supply chain

Product Line Management

- New VP of Global R&D on-board, immediate benefits on professional product development
- Ramping up investments in next generation Telemetry solution and software systems
- Brand enhancement accelerating, positive response from customers and employees

Financial Section

2021 Q4 Non-GAAP Results Year-over-Year



(in M, except EPS)	Q4'21	Q4'20
Revenue	33.1	31.0
Adj. Gross Profit Adj. Gross Margin %	19.7 59.6%	17.8 57.5%
Adj. Operating Expenses Adj. % of revenue	14.4 43.6%	12.0 38.8%
Adj. Operating Income Adj. Operating Margin %	5.3 16.0%	5.8 18.7%
Adj. Tax Rate	25.3%	25.2%
Adj. Net Income	3.5	3.3
Diluted Shares Outstanding	43.4	40.8
Adj. Diluted EPS	0.08	0.08
(in \$ M)	Q4'21	Q4'20
Net Debt **	41.6	41.1
Cash Flow From Operations	0.1	2.5

- **Adj. Gross Margin:** product mix improvement continue offset by supply chain/cost inflation
- **Adj. Operating Expense:** increased R&D expenses for next gen telemetry product, variable compensation significantly higher on sales performance, improved adjusted earnings over 2021
- **Adj. Operating Income:** down vs. PY due to operating expense factors noted, overall inflation
- **Interest Expense:** Q4'20 refinancing reduces interest ~\$3M annually
- **Net Debt:** up vs Q4'20 due to inventory growth to support order growth, backlog reduction, manage supply chain volatility
 - Leverage (debt-to-Adj. EBITDA): down from 3.2x at Q4'20 to 2.7x due to earnings growth

* 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

2022 Outlook

2022 Outlook

Sales effectiveness, new products deliver strong organic growth, profit improvement with investments in sales coverage and R&D for long-term value creation

- Revenue growth: expect 10-to-13% versus 2021 on a reported basis
 - Order growth, solid backlog support sustained double digit growth for both Pre-Clinical and CMT products
 - Tailwinds in Americas, APAC and steps implemented to improve EMEA sales across portfolio underpins growth
 - Reported growth expectation is net of further portfolio rationalization of \$2-to-\$4M
 - *Risks remain with global supply chain and could be exacerbated by the hostilities in the Ukraine*

- Adjusted operating margins: expect 15-to-16%
 - Gross margin expansion of 1 percentage point on increased volume and improved mix expectations
 - Reinvestment in sales coverage and support plus key R&D programs in support of long-term profitable growth

Thank You

Appendix:

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

Revenue By Product Family: As Reported

(in \$M)	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20	Q1 21	Q2 21	Q3 21	Q4 21	FY 21
Cellular & Molecular Product Lines	18.4	19.0	17.0	19.4	73.8	15.4	12.6	13.7	16.9	58.6	16.5	16.1	16.4	18.2	67.2
Preclinical Product Lines	9.8	10.6	10.4	11.6	42.4	8.4	10.7	10.3	14.1	43.5	10.5	13.1	13.3	14.8	51.7
Revenue	28.2	29.6	27.4	31.0	116.2	23.8	23.3	24.0	31.0	102.1	27.0	29.2	29.7	33.1	118.9

Amounts subject to rounding

Revenue By Product Family: Constant Currency

(in \$M)	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20	Q1 21 *	Q2 21 *	Q3 21 *	Q4 21 *	FY 21 *
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	15.4	16.3	18.4	65.9
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	12.8	13.2	14.9	51.3
Currency	-	-	-	-	-	-	-	-	-	-	0.8	1.0	0.2	(0.3)	1.7
Revenue	28.2	29.6	27.4	31.0	116.2	23.8	23.3	24.0	31.0	102.1	27.0	29.2	29.7	33.1	118.9

*CMT, Preclinical amounts at 2020 FX rates

Amounts subject to rounding

GAAP Income Statements

(in \$ M, except EPS)	Q4'21 QTD	Q4'20 QTD	Q4'19 QTD	2021	2020	2019
Revenue	33.1	31.0	31.0	118.9	102.1	116.2
Gross Profit <i>Gross Margin %</i>	19.6 59.2%	17.7 57.2%	17.2 55.6%	67.7 56.9%	58.0 56.8%	64.3 55.4%
Operating Expenses <i>% of revenue</i>	17.9 54.0%	15.0 48.3%	15.6 50.4%	65.6 55.2%	57.8 56.6%	63.9 55.0%
Operating Income <i>Operating Margin %</i>	1.7 5.1%	2.8 8.9%	1.6 5.3%	2.1 1.7%	0.2 0.2%	0.4 0.3%
Net Income (Loss)	1.0	(0.6)	0.6	(0.3)	(7.8)	(4.7)
Income (Loss) Per Diluted Share	0.02	(0.02)	0.01	(0.01)	(0.20)	(0.12)

Amounts subject to rounding

Balance Sheets



(in \$ M)	Q4'21	Q4'20
<u>Assets</u>		
Cash & Cash Equivalents	7.8	8.3
Accounts Receivable	21.8	17.8
Inventories	27.6	22.3
Other Current Assets	4.3	3.4
Total Current Assets	61.6	51.7
Property, Plant, Equipment	3.4	4.0
Goodwill & Other Intangibles	85.1	91.7
Other Assets	12.3	8.9
Total Assets	162.3	156.3
<u>Liabilities & Stockholders' Equity</u>		
Current Portion, Lt Debt	3.2	1.7
Other Current Liabilities	22.1	19.3
Total Current Liabilities	25.3	21.1
Long-Term Debt	45.1	46.3
Other Long-Term Liabilities	8.5	12.2
Stockholders' Equity	83.4	76.7
Total Liabilities & Stockholders' Equity	162.3	156.3

Amounts subject to rounding

Cash Flow Statements: Twelve Months Ended

(in \$ M)	2021	2020
Net Cash Provided by Operating Activities	1.3	9.3
Additions to PP&E	(1.2)	(1.2)
Other Investing Activities	(0.2)	(0.2)
Net Cash Used in Investing Activities	(1.3)	(1.4)
Net Debt Activity	0.1	(5.6)
Other Financing Activities	(0.3)	(2.4)
Net Cash Used in Financing Activities	(0.3)	(8.0)
Effects of Exchange Rate Changes on Cash	(0.2)	-
Cash at Beginning of Period	8.3	8.3
Cash at End of Period	7.8	8.3
Decrease in Cash	(0.5)	-

Amounts subject to rounding

GAAP to Non-GAAP Reconciliation: Three Months Ended December 31, 2021



HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)
Three Months Ended December 31, 2021
(in thousands, except per share data)

Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets Amortization	Restructuring, Transformation	Income Taxes	ADJUSTED
Revenues	\$ 33,055	-	-	-	-	\$ 33,055
Cost of revenues	13,495	(35)	(12)	(80)	-	13,368
Gross profit	19,560	35	12	80	-	19,687
Gross Margin	59.2%					59.6%
Operating expenses:						
Sales and marketing expenses	7,343	(134)	(2)	(277)	-	6,930
General and administrative expenses	6,115	(823)	(16)	(648)	-	4,628
Research and development expenses	2,951	(41)	(10)	(49)	-	2,851
Amortization of intangible assets	1,452	-	(1,452)	-	-	-
Total operating expenses	17,861	(998)	(1,480)	(974)	-	14,409
Operating Expenses - % of Revenues	54.0%					43.6%
Operating income	1,699	1,033	1,492	1,054	-	5,278
Operating Margin	5.1%					16.0%
Other (expense) income:						
Interest expense	(379)	-	-	-	-	(379)
Other expense, net	(189)	-	-	-	-	(189)
Total other expense	(568)	-	-	-	-	(568)
Income before income taxes	1,131	1,033	1,492	1,054	-	4,710
Income tax expense	170	-	-	-	1,022	1,192
Net income	\$ 961	\$ 1,033	\$ 1,492	\$ 1,054	\$ (1,022)	\$ 3,518
Earnings per common share:						
Basic earnings per common share	\$ 0.02					\$ 0.09
Diluted earnings per common share	\$ 0.02					\$ 0.08
Weighted-average common shares:						
Basic	40,840					40,840
Diluted	43,372					43,372

GAAP to Non-GAAP Reconciliation: Three Months Ended December 31, 2020



HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)
Three Months Ended December 31, 2020
(in thousands, except per share data)

Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets Amortization	Restructuring, Transformation	Income Taxes	ADJUSTED
Revenues	\$ 30,984	-	-	-	-	\$ 30,984
Cost of revenues	13,276	(22)	(19)	(59)	-	13,176
Gross profit	17,708	22	19	59	-	17,808
Gross Margin	57.2%					57.5%
Operating expenses:						
Sales and marketing expenses	5,470	(57)	(2)	(15)	-	5,396
General and administrative expenses	5,681	(873)	(18)	(478)	-	4,312
Research and development expenses	2,349	(54)	(12)	20	-	2,303
Amortization of intangible assets	1,452	-	(1,452)	-	-	-
Total operating expenses	14,952	(984)	(1,484)	(473)	-	12,011
Operating Expenses - % of Revenues	48.3%					38.8%
Operating income	2,756	1,006	1,503	532	-	5,797
Operating Margin	8.9%					18.7%
Other (expense) income:						
Interest expense	(1,094)	-	-	-	-	(1,094)
Debt extinguishment and related costs	(1,876)	-	-	1,876	-	-
Other expense, net	(334)	-	-	-	-	(334)
Total other expense	(3,304)	-	-	1,876	-	(1,428)
(Loss) income before income taxes	(548)	1,006	1,503	2,408	-	4,369
Income tax (benefit) expense	67	-	-	-	1,034	1,101
Net (loss) income	\$ (615)	\$ 1,006	\$ 1,503	\$ 2,408	\$ (1,034)	\$ 3,268
(Loss) Earnings per common share:						
Basic (loss) earnings per common share	\$ (0.02)					\$ 0.08
Diluted (loss) earnings per common share	\$ (0.02)					\$ 0.08
Weighted-average common shares:						
Basic	39,021					39,021
Diluted	39,021					40,810

GAAP to Non-GAAP Reconciliation: Three Months Ended December 31, 2019



HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)
Three Months Ended December 31, 2019
(in thousands, except per share data)

Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets Amortization	Restructuring, Transformation	Income Taxes	ADJUSTED
Revenues	\$ 30,972	-	-	-	-	\$ 30,972
Cost of revenues	13,738	(9)	(20)	(45)	-	13,664
Gross profit	17,234	9	20	45	-	17,308
Gross Margin	55.6%					55.9%
Operating expenses:						
Sales and marketing expenses	5,894	(51)	-	-	-	5,843
General and administrative expenses	5,545	(736)	(38)	(1,506)	-	3,265
Research and development expenses	2,645	(45)	-	-	-	2,600
Amortization of intangible assets	1,457	-	(1,458)	-	-	(1)
Impairment charges	59	-	(59)	-	-	-
Total operating expenses	15,600	(832)	(1,555)	(1,506)	-	11,707
Operating Expenses - % of Revenues	50.4%					37.8%
Operating (loss) income	1,634	841	1,575	1,551	-	5,601
Operating Margin	5.3%					18.1%
Other (expense) income:						
Interest expense	(1,281)	-	-	-	-	(1,281)
Other expense, net	(255)	-	-	-	-	(255)
Total other expense	(1,536)	-	-	-	-	(1,536)
Income before income taxes	98	841	1,575	1,551	-	4,065
Income tax (benefit) expense	(452)	-	-	-	1,472	1,020
Net income	\$ 550	\$ 841	\$ 1,575	\$ 1,551	\$ (1,472)	\$ 3,045
Earnings per common share:						
Basic earnings per common share	\$ 0.01					\$ 0.08
Diluted earnings per common share	\$ 0.01					\$ 0.08
Weighted-average common shares:						
Basic	38,068					38,068
Diluted	39,070					39,070

GAAP to Non-GAAP Reconciliation: Adjusted EBITDA



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

	Three Months Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Operating income	\$ 1,699	\$ 2,756	\$ 2,066	\$ 221
Stock-based compensation expense	1,033	1,006	4,169	3,647
Acquired asset amortization	1,492	1,503	6,018	5,920
Restructuring and transformation costs	1,054	532	4,462	4,166
Adjusted operating income	5,278	5,797	16,715	13,954
Depreciation expense	470	469	1,781	1,922
Adjusted EBITDA	\$ 5,748	\$ 6,266	\$ 18,496	\$ 15,876