



NASDAQ: HBIO
Q3'21 Earnings Presentation

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November 3, 2021



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, 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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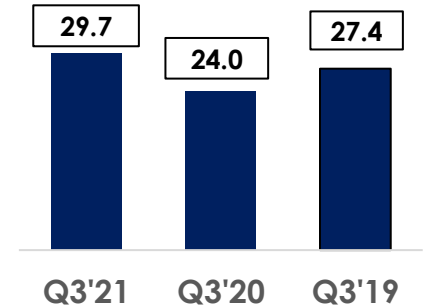
Summary

- Revenue up 23% over Q3'20, up 8% over pre-Covid (Q3'19) levels
- Pre-Clinical revenue up 28% on strong global demand
- CMT revenue up 19% with academic labs continuing to return from lockdowns
- Adjusted Operating Margin: 13% vs. 15% in Q3'20, and 12% in Q3'19
 - Adjusted Gross Margin of 56% includes ~3 percentage point impact from higher COGS
 - COGS growth continues from Q2 on global freight/materials inflation, labor inefficiencies
 - Opex up YoY due to dramatic 1x cost reduction measures we took last year during Covid

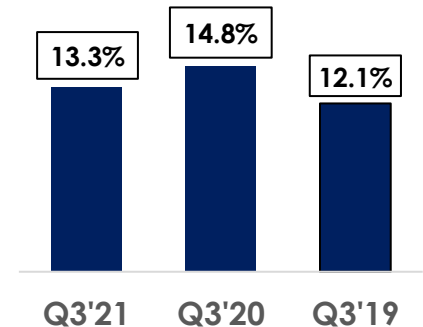
Q3 2021 Performance versus Q3 2020

- Revenue \$29.7M, up 23%
- Gross Margin 55.0%, down 110 bps
- Operating Income / Margin (GAAP) \$0.5M / 1.8%
- Adj. Operating Income / Margin* \$3.9M / 13.3%
- Loss Per Diluted Share (GAAP) (\$0.00), up from (\$0.03)
- Adjusted Diluted EPS * \$0.06, up from \$0.04
- Cash Flow Used In Operations (\$0.7M)
- Net Debt Increase \$2.7M in Q3'21
- Leverage Ratio (Debt to Adj. EBITDA) 2.5x

Revenue (\$M)



Adj. Operating Margin *



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

2021 Q3 Revenue by Product Family



(in \$M)	Q3 2021	Q3 2020	Q3 2019	△ Vs. Q3'20	△ Vs. Q3'19	Comments
Cellular & Molecular Product Lines	16.3	13.7	17.0	19%	-4%	Revenue up 19% <ul style="list-style-type: none"> • Strong orders and backlog up significantly • Global supply chain disruption continues • Fulfillment improving with accelerated rehiring, retraining in Q3 • Pruning of non-strategic products continues • European labs improved sequentially
Pre-Clinical Product Lines	13.2	10.3	10.4	28%	27%	Revenue up 28% over prior year <ul style="list-style-type: none"> • Strong order growth across global markets • APAC: very strong growth • EMEA: improving CRO and Academic trends • Americas: strong Pharma growth offset by U.S. Gov't contract reductions, CRO timing • Exceeding pre-Covid levels (+27% to Q3'19)
Currency	0.2					
Revenue	29.7	24.0	27.4	23%	8%	

Amounts subject to rounding

Q3'21 Business Update

Post-Covid Operating Environment

- Global supply chain, labor sourcing/retention challenges continue, similar to Q2
- Operations stabilizing, improving after hiring back up, higher labor costs continues
- Pricing actions taken to help combat materials inflation

Europe Sales Org Design Completed for 2022 Growth

- Pre-Clinical Sales Team will rep Behavior products (same as NA channel strategy successfully adopted in '21)

Financial Section

2021 Q3 Non-GAAP Results Year-over-Year



(in M, except EPS)	Q3'21	Q3'20
Revenue	29.7	24.0
Adj. Gross Profit <i>Adj. Gross Margin %</i>	16.4 55.5%	13.6 56.4%
Adj. Operating Expenses <i>Adj. % of revenue</i>	12.5 42.1%	10.0 41.5%
Adj. Operating Income <i>Adj. Operating Margin %</i>	3.9 13.3%	3.6 14.8%
Adj. Tax Rate	23.1%	25.7%
Adj. Net Income	2.7	1.5
Diluted Shares Outstanding	43.5	40.3
Adj. Diluted EPS	0.06	0.04
(in \$ M)	Q3'21	Q3'20
Net Debt **	40.9	41.6
Cash Flow From Operations	(0.7)	1.6

- **Adj. Gross Margin:** supply chain, labor cost increases offset positive impact of volume, significant product mix improvements
- **Adj. Operating Expense:** part-time work, other temporary cost reduction measures in place in Q3'20, plus reinvestments in S&M, higher variable compensation
- **Adj. Operating Income:** up due to higher sales, offset by opex normalized for post-Covid operations, COGS increases
 - Margin decline due to gross margin, opex factors noted
- **Interest Expense:** Q4'20 refinancing reduces interest ~\$3M annually
- **Net Debt:** flat to 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 2.5x 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

2021 Outlook

2021 Outlook: Q3 Earnings Call

Revenue: revenue growth outlook increase to 15-to-17% from 12-to-15%

Adj. Operating Margin: actions taken to maintain mid-teens (no change from Q2)

- Revenue growth: expect improvement to 15-to-17% versus 2020 on a reported basis
 - Pre-Clinical & APAC tailwinds, overall sales execution supports sustainable growth foundation
 - Academic labs continue to improve
 - Portfolio rationalization continues, pruning low-quality revenue
 - Concerns remain on impact of global supply for certain materials and freight costs
- Adjusted operating margins: expect improvement to mid-teens versus prior year
 - Gross margin expansion in Q4 on increased volume and improved mix, includes higher supply chain costs

Appendix:

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

Revenue By Product Family

(in \$M)	Q1 19	Q2 19	Q3 19	Q4 19	FY 19	Q1 20	Q2 20	Q3 20	Q4 20	FY 20	Q1 21*	Q1 21 Reported	Q2 21*	Q2 21 Reported	Q3 21*	Q3 21 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	15.4	16.1	16.3	16.4
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	12.8	13.1	13.2	13.3
Currency	-	-	-	-	-	-	-	-	-	-	0.8	-	1.0	-	0.2	-
Revenue	28.2	29.6	27.4	31.0	116.2	23.8	23.3	24.0	31.0	102.1	27.0	27.0	29.2	29.2	29.7	29.7

*CMT, Preclinical amounts at 2020 FX rates

Amounts subject to rounding

GAAP Income Statements

(in \$ M, except EPS)	Q3'21 QTD	Q3'20 QTD	Q3'19 QTD	Q3'21 YTD	Q3'20 YTD	Q3'19 YTD
Revenue	29.7	24.0	27.4	85.8	71.1	85.2
Gross Profit <i>Gross Margin %</i>	16.3 55.0%	13.5 56.1%	15.0 54.6%	48.1 56.0%	40.3 56.7%	47.1 55.3%
Operating Expenses <i>% of revenue</i>	15.8 53.1%	13.3 55.4%	16.3 59.6%	47.7 55.6%	42.9 60.3%	48.3 56.7%
Operating Income (Loss) <i>Operating Margin %</i>	0.5 1.8%	0.2 0.8%	(1.4) -5.0%	0.4 0.4%	(2.5) -3.6%	(1.3) -1.5%
Net Loss	(0.2)	(1.1)	(2.6)	(1.2)	(7.2)	(5.2)
(Loss) Per Diluted Share	(0.00)	(0.03)	(0.07)	(0.03)	(0.19)	(0.14)

Amounts subject to rounding

Balance Sheets



(in \$ M)	Q3'21	Q4'20
<u>Assets</u>		
Cash & Cash Equivalents	5.5	8.3
Accounts Receivable	18.3	17.8
Inventories	26.0	22.3
Other Current Assets	5.8	3.4
Total Current Assets	55.7	51.7
Property, Plant, Equipment	3.5	4.0
Goodwill & Other Intangibles	86.9	91.7
Other Assets	7.8	8.9
Total Assets	153.9	156.3
<u>Liabilities & Stockholders' Equity</u>		
Current Portion, Lt Debt	2.5	1.7
Other Current Liabilities	21.0	19.3
Total Current Liabilities	23.5	21.1
Long-Term Debt	42.7	46.3
Other Long-Term Liabilities	10.7	12.2
Stockholders' Equity	76.9	76.7
Total Liabilities & Stockholders' Equity	153.9	156.3

Amounts subject to rounding

Cash Flow Statements: Nine Months Ended

(in \$ M)	Q3'21	Q3'20
Net Cash Provided by Operating Activities	1.1	6.8
Additions to PP&E	(0.8)	(1.1)
Other Investing Activities	(0.2)	-
Net Cash (Used in) Provided by Investing Activities	(1.0)	(1.1)
Repayments of Debt, Net	(3.0)	(10.6)
Other Financing Activities	0.2	(0.7)
Net Cash Used in Financing Activities	(2.8)	(11.3)
Effects of Exchange Rate Changes on Cash	(0.1)	-
Cash at Beginning of Period	8.3	8.3
Cash at End of Period	5.5	2.8
Decrease in Cash	(2.8)	(5.5)

Amounts subject to rounding

GAAP to Non-GAAP Reconciliation: Three Months Ended September 30, 2021



(in thousands, except per share data)

HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)
Three Months Ended September 30, 2021
(in thousands, except per share data)

Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets Amortization	Restructuring, Transformation	Income Taxes	ADJUSTED
Revenues	\$ 29,663	-	-	-	-	\$ 29,663
Cost of revenues	13,355	(32)	(15)	(94)	-	13,214
Gross profit	16,308	32	15	94	-	16,449
Gross Margin	55.0%					55.5%
Operating expenses:						
Sales and marketing expenses	6,183	(149)	(2)	(261)	-	5,771
General and administrative expenses	5,458	(790)	(16)	(426)	-	4,226
Research and development expenses	2,660	(33)	(10)	(113)	-	2,504
Amortization of intangible assets	1,459	-	(1,459)	-	-	-
Total operating expenses	15,760	(972)	(1,487)	(800)	-	12,501
Operating Expenses - % of Revenue	53.1%					42.1%
Operating income	548	1,004	1,502	894	-	3,948
Operating Margin	1.8%					13.3%
Other (expense) income:						
Interest expense	(373)	-	-	-	-	(373)
Other expense, net	(130)	-	-	-	-	(130)
Total other expense	(503)	-	-	-	-	(503)
Income before income taxes	45	1,004	1,502	894	-	3,445
Income tax expense	215	-	-	-	580	795
Net (loss) income	\$ (170)	\$ 1,004	\$ 1,502	\$ 894	\$ (580)	\$ 2,650
(Loss) income per share	\$ (0.00)					\$ 0.06
Diluted weighted average common shares	40,754					43,500

GAAP to Non-GAAP Reconciliation: Three Months Ended September 30, 2020



(in thousands, except per share data)

HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)
Three Months Ended September 30, 2020
(in thousands, except per share data)

Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets Amortization	Restructuring, Transformation	Income Taxes	ADJUSTED
Revenues	\$ 24,037	-	-	-	-	\$ 24,037
Cost of revenues	10,542	(18)	(19)	(19)	-	10,486
Gross profit	13,495	18	19	19	-	13,551
Gross Margin	56.1%					56.4%
Operating expenses:						
Sales and marketing expenses	4,588	(91)	(2)	(15)	-	4,480
General and administrative expenses	5,399	(908)	(18)	(834)	-	3,639
Research and development expenses	1,949	(62)	(13)	(9)	-	1,865
Amortization of intangible assets	1,377	-	(1,377)	-	-	-
Total operating expenses	13,313	(1,061)	(1,410)	(858)	-	9,984
Operating Expenses - % of Revenue	55.4%					41.5%
Operating income	182	1,079	1,429	877	-	3,567
Operating Margin	0.8%					14.8%
Other (expense) income:						
Interest expense	(1,205)	-	-	-	-	(1,205)
Other expense, net	(392)	-	-	-	-	(392)
Total other expense	(1,597)	-	-	-	-	(1,597)
(Loss) income before income taxes	(1,415)	1,079	1,429	877	-	1,970
Income tax (benefit) expense	(317)	-	-	-	823	506
Net (loss) income	\$ (1,098)	\$ 1,079	\$ 1,429	\$ 877	\$ (823)	\$ 1,464
(Loss) income per share	\$ (0.03)					\$ 0.04
Diluted weighted average common shares	38,920					40,307

GAAP to Non-GAAP Reconciliation: Three Months Ended September 30, 2019



(in thousands, except per share data)

HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)
Three Months Ended September 30, 2019
(in thousands, except per share data)

Statement of Operations	GAAP	Stock-Based Compensation	Acquired Assets Amortization & Impairments	Severance, Restructuring, Transformation	Income Taxes	ADJUSTED
Revenues	\$ 27,418	-	-	-	-	\$ 27,418
Cost of revenues	12,439	(13)	(20)	(237)	-	12,169
Gross profit	14,979	13	20	237	-	15,249
Gross Margin	54.6%					55.6%
Operating expenses:						
Sales and marketing expenses	5,294	(39)	-	-	-	5,255
General and administrative expenses	6,604	(895)	(39)	(1,522)	-	4,148
Research and development expenses	2,564	(40)	-	-	-	2,524
Amortization of intangible assets	1,422	-	(1,422)	-	-	-
Impairment charges	460	-	(460)	-	-	-
Total operating expenses	16,344	(974)	(1,921)	(1,522)	-	11,927
Operating Expenses - % of Revenue	59.6%					43.5%
Operating (loss) income	(1,365)	987	1,941	1,759	-	3,322
Operating Margin	-5.0%					12.1%
Other (expense) income:						
Interest expense	(1,348)	-	-	-	-	(1,348)
Other expense, net	39	-	-	-	-	39
Total other expense	(1,309)	-	-	-	-	(1,309)
(Loss) income before income taxes	(2,674)	987	1,941	1,759	-	2,013
Income tax (benefit) expense	(54)	-	-	-	341	287
Net (loss) income	\$ (2,620)	\$ 987	\$ 1,941	\$ 1,759	\$ (341)	\$ 1,726
(Loss) income per share	\$ (0.07)					\$ 0.04
Diluted weighted average common shares	38,036					38,603

GAAP to Non-GAAP Reconciliation: Adjusted EBITDA

(in thousands)



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

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Operating income	\$ 548	\$ 182	\$ 367	\$ (2,535)
Amortization of intangible assets	1,459	1,377	4,388	4,258
Depreciation expense	420	471	1,311	1,453
Stock-based compensation expense	1,004	1,079	3,136	2,641
Restructuring and transformation costs	893	877	3,408	3,635
Adjusted EBITDA	\$ 4,324	\$ 3,986	\$ 12,610	\$ 9,452