



NASDAQ: HBIO
Q2'20 Earnings Presentation

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Forward-Looking Statements and Non-GAAP Financial Information



Forward-Looking Statements

This 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, the Company's anticipated future revenues and earnings, the strength of the Company's market position and business model, industry outlook; the Company's business strategy, the positioning of the Company for growth, the market demand and opportunity for the Company's current products, or products it is developing or intends to develop, and the Company's plans, objectives and intentions that are not historical facts. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's 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 Form 10-K, including our Form 10-K for the year ended December 31, 2019, Form 10-Q and Form 8-K filings with the Securities and Exchange Commission and as otherwise enumerated herein or therein may cause the Company's 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. The Company's results may also be affected by factors of which the Company is not currently aware. The Company may not update these forward-looking statements, even though its situation may change in the future, unless it has 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, and adjusted earnings per diluted 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 of revenue and income have excluded certain revenue and 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 currency translation, amortization of intangibles related to acquisitions, costs related to acquisition, disposition and integration initiatives, impairment charges, gains or losses from divestitures, forensic investigation and remediation costs, severance and restructuring 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 and 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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2020 Q2 Earnings Presentation

Summary

Q2'20 Highlights

- Academic labs were down significantly as anticipated due to lab closures
- Combined CRO/Pharma revenue remained strong and growing
- Strict cost control, product mix drove strong margins, continued net debt reduction

2020 Looking Forward

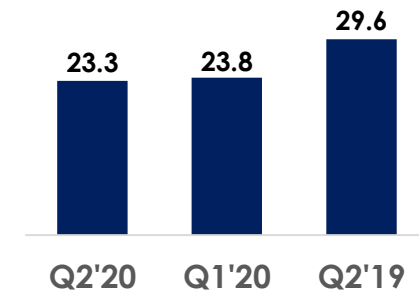
- Carefully aligning costs with revenue levels during expected recovery
- Strong cash management with further debt pay down
- Expect to be on track for September 2019 margin targets

2020 Q2 Earnings Presentation

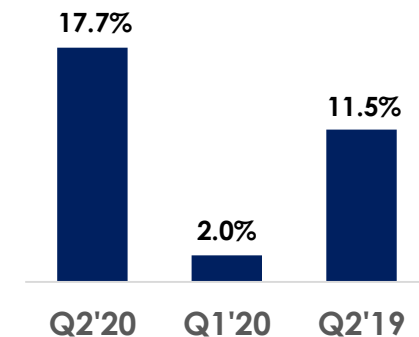
Q2 2020 Performance versus Q2 2019

▪ Revenue	\$23.3M, down \$6.3M (-21.3%)
▪ Gross Margin (GAAP)	59.4%, up 550 bps
▪ Adjusted Gross Margin*	59.8%, up 550 bps
▪ Operating Income / Margin (GAAP)	\$0.6 / 2.4%
▪ Adj. Operating Income / Margin*	\$4.1M / 17.7%
▪ EPS (GAAP)	(\$0.04)
▪ Adjusted Diluted EPS*	\$0.05, up \$0.01
▪ Cash Flow from Operations	\$2.4M
▪ Net Debt Reduction	\$2.2M versus Q1'20

Revenue (\$M)



Adj. Operating Margin *



* Non-GAAP measure, reconciliations to GAAP financial measures are available in the earnings press release and the appendix at the end of this presentation.

2020 Q2 Revenue by Product Family



(in \$M)	Q2 2020	Q1 2020	Q2 2019	△ vs. Q2'19	
Cellular & Molecular Product Family	12.8	15.5	19.0	-32.6%	<u>CMT Products</u> : Academic sales were down world-wide as many labs closed and sent their personnel home, many unable to process new orders or receive equipment
Pre-Clinical Product Family	10.7	8.5	10.6	0.9%	<u>Combination of Pharma and Contract Research Organizations (CROs)</u> : returned to overall growth in Q2, driven by strength in North America and China recovering, primarily on expansion of overall demand for telemetry and systems software <u>Academics</u> : down as many labs closed
Currency	(0.2)	(0.2)	-	-	
Revenue	23.3	23.8	29.6	-21.3%	

2020 Q2 Earnings Presentation

Restructuring and Covid-19 Response Update

Q4'19 Restructuring Status

- Connecticut manufacturing consolidation and UK downsizing on track for Q3 completion
- Reduction in force > 10% across overall business – substantially complete

Covid-19 Response / 2020 Actions

- \$3M incremental Q2 savings from combination of temporary and permanent cost reductions
- Second half cost base set to maintain strong gross margins and operating margins

Financial Section



Q2 2020 Non-GAAP Results Sequential & Year-over-Year



(in \$ M)	Q2'20	Q1'20	Q2'19
Revenue	23.3	23.8	29.6
Adj. Gross Profit * <i>Adj. Gross Margin %</i>	13.9 59.8%	13.0 54.6%	16.1 54.3%
Adj. Operating Expenses * <i>% of revenue</i>	9.8 42.1%	12.5 52.6%	12.7 42.7%
Adj. Operating Income * <i>Adj. Operating Margin %</i>	4.1 17.7%	0.5 2.0%	3.4 11.5%
Adj. Tax Rate *	22.7%	32.6%	22.7%
Adj. Net Income (Loss) *	2.1	(0.5)	1.6
Diluted Shares Outstanding	39.5	38.3	37.9
Adjusted Diluted EPS *	0.05	(0.01)	0.04
(\$M)	Q2'20	Q1'20	Q2'19
Net Debt	42.1	44.3	51.3
Cash Flow From Operations	2.4	2.9	0.7

- Adj. Gross Margin: strong product mix plus positive impact of restructuring, cost reduction
- Adj. Operating Expense: sequential reductions due to rapid Covid-19 response
- Adj. Operating Margin: sequential and year-over-year growth on cost actions, product mix
- Net Debt: managing liquidity effectively through restructuring and Covid-19
 - Net debt reduction: \$4.6M in 2020; \$9.2M since Q2'19

* Non-GAAP measure, reconciliations to GAAP financial measures are available in the earnings press release and the appendix at the end of this presentation.

2020 Outlook



2020 Looking Forward

Covid-19 Pandemic Actions and Improved Business Structure put us back on Target

- Expect combined CROs and Pharma revenues to continue to grow
- Expect sequential growth as academic labs reopen over the coming few quarters
- Maintaining leaner organization with targeted product investments
- Maintain cash flows and continue to pay down debt

We expect the second half of 2020 to be on track to our original Sept '19 gross and operating margin targets

Thank You

GAAP to Non-GAAP Reconciliations

GAAP Income Statements: Quarterly



(in \$ M)	Q2'20	Q1'20	Q2'19
Revenue	23.3	23.8	29.6
Gross Profit <i>Gross Margin %</i>	13.9 59.4%	13.0 54.6%	16.0 53.9%
Operating Expenses <i>% of revenue</i>	13.3 57.1%	16.3 68.4%	15.7 53.2%
Operating Income (Loss) <i>Operating Margin %</i>	0.6 2.4%	(3.3) -13.8%	0.2 0.8%
Net Loss <i>% of revenue</i>	(1.6) -6.8%	(4.5) -19.0%	(0.3) -0.8%
EPS	(0.04)	(0.12)	(0.01)

GAAP Income Statements: Year-to-Date



(in \$ M)	Q2'20	Q2'19
Revenue	47.1	57.8
Gross Profit <i>Gross Margin %</i>	26.8 57.0%	32.1 55.6%
Operating Expenses <i>% of revenue</i>	29.6 62.8%	32.0 55.4%
Operating Income (Loss) <i>Operating Margin %</i>	(2.7) -5.8%	0.1 0.2%
Net Loss <i>% of revenue</i>	(6.1) -13.0%	(2.6) -4.5%
EPS	(0.16)	(0.07)

Balance Sheet



(in \$ M)	Q2'20	Q4'19
<u>Assets</u>		
Cash & Cash Equivalents	2.6	8.3
Accounts Receivable	14.7	20.7
Inventories	23.2	22.1
Other Current Assets	3.6	2.5
Total Current Assets	44.1	53.6
Property, Plant, Equipment	4.2	4.8
Goodwill & Other Intangibles	92.5	95.8
Other Assets	9.9	10.7
Total Assets	150.7	164.9
<u>Liabilities & Stockholders' Equity</u>		
Current Portion, Lt Debt	2.8	6.9
Other Current Liabilities	19.9	18.4
Total Current Liabilities	22.7	25.3
Long-Term Debt	40.9	46.9
Other Long-Term Liabilities	11.0	11.0
Stockholders' Equity	76.1	81.7
Total Liabilities & Stockholders' Equity	150.7	164.9

Cash Flow Statements: Year-to-Date



(in \$ M)	Q2'20	Q2'19
Net Cash Provided by Operating Activities	5.2	2.7
Additions to PP&E	(0.5)	(0.4)
Other Investing Activities	-	1.0
Net Cash (Used in) Provided by Investing Activities	(0.5)	0.6
Repayments of Debt, Net	(10.3)	(6.2)
Other Financing Activities	(0.1)	(0.3)
Net Cash Used in Financing Activities	(10.4)	(6.5)
Effects of Exchange Rate Changes on Cash	-	-
Cash at Beginning of Period	8.3	8.2
Cash at End of Period	2.6	4.9
Decrease in Cash	(5.7)	(3.2)

GAAP to Non-GAAP Reconciliation



(in thousands)

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
GAAP gross profit	\$ 13,856	\$ 12,982	\$ 15,955	\$ 26,838	\$ 32,109
Stock-based compensation expense	15	10	9	25	23
Severance, restructuring and acquisition costs	43	(41)	84	2	85
Non-cash expense - acquisition accounting	20	20	19	40	77
Adjusted gross profit	<u>\$ 13,934</u>	<u>\$ 12,971</u>	<u>\$ 16,067</u>	<u>\$ 26,905</u>	<u>\$ 32,294</u>
GAAP gross profit margin	59.4%	54.6%	53.9%	57.0%	55.6%
Adjusted gross profit margin	59.8%	54.6%	54.3%	57.1%	55.9%
GAAP operating expenses	\$ 13,300	\$ 16,255	\$ 15,727	\$ 29,555	\$ 32,001
Stock-based compensation expense	(754)	(783)	(606)	(1,537)	(1,179)
Severance, restructuring and acquisition costs	(1,244)	(1,512)	(54)	(2,756)	(547)
Intangible assets amortization and impairments	(1,455)	(1,427)	(2,378)	(2,882)	(3,808)
Non-cash expense - acquisition accounting	(33)	(37)	(38)	(69)	(80)
Adjusted operating expenses	<u>\$ 9,814</u>	<u>\$ 12,496</u>	<u>\$ 12,651</u>	<u>\$ 22,311</u>	<u>\$ 26,387</u>

GAAP to Non-GAAP Reconciliation



(in thousands, except per share data)

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>June 30,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
GAAP operating income (loss)	\$ 556	\$ (3,273)	\$ 228	\$ (2,717)	\$ 108
Stock-based compensation expense	769	793	615	1,562	1,202
Severance, restructuring and acquisition costs	1,287	1,471	138	2,758	632
Acquired intangible assets amortization and impairments	1,455	1,427	2,378	2,882	3,808
Non-cash expense - acquisition accounting	53	57	57	109	178
Adjusted operating income	\$ 4,120	\$ 475	\$ 3,416	\$ 4,594	\$ 5,928
GAAP operating margin	2.4%	-13.8%	0.8%	-5.8%	0.2%
Adjusted operating margin	17.7%	2.0%	11.5%	9.8%	10.3%
GAAP net loss	\$ (1,581)	\$ (4,516)	\$ (247)	\$ (6,097)	\$ (2,617)
Stock-based compensation expense	769	793	615	1,562	1,202
Severance, restructuring and acquisition costs	1,287	1,471	138	2,758	632
Acquired intangible assets amortization and impairments	1,455	1,427	2,378	2,882	3,808
Non-cash expense - acquisition accounting	53	57	57	109	176
Income taxes (A)	103	287	(1,352)	391	(953)
Adjusted net income (loss)	\$ 2,086	\$ (481)	\$ 1,589	\$ 1,605	\$ 2,248
GAAP loss per common share	\$ (0.04)	\$ (0.12)	\$ (0.01)	\$ (0.16)	\$ (0.07)
Adjusted items after tax per share assuming dilution	0.09	0.11	0.05	0.20	0.13
Adjusted diluted earnings (loss) per common share	\$ 0.05	\$ (0.01)	\$ 0.04	\$ 0.04	\$ 0.06

(A) Income taxes includes the tax effect of the adjustments to GAAP results