



Enabling discovery, safety and  
production of tomorrow's therapeutics

# NASDAQ: HBIO

## Q3'24 Earnings Presentation

Jim Green, Chairman, President & CEO

Jennifer Cote, CFO & Treasurer

November 7, 2024

Updated November 21, 2024

# 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, the strength of the Company’s market position and business model and anticipated macroeconomic conditions. 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.

## Use of Non-GAAP Financial Information

This document includes non-GAAP financial information including one or more of adjusted operating income (loss), adjusted operating margin, adjusted net income (loss), adjusted EBITDA, adjusted EBITDA margin, diluted adjusted earnings (loss) per share, foreign exchange adjusted revenue, and net debt. 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, other operating expenses, loss on equity securities, income taxes and 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 non-GAAP forward-looking measures, we provide an outlook for adjusted EBITDA margin. Many of the items that we exclude from this forward-looking measure calculation 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 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.

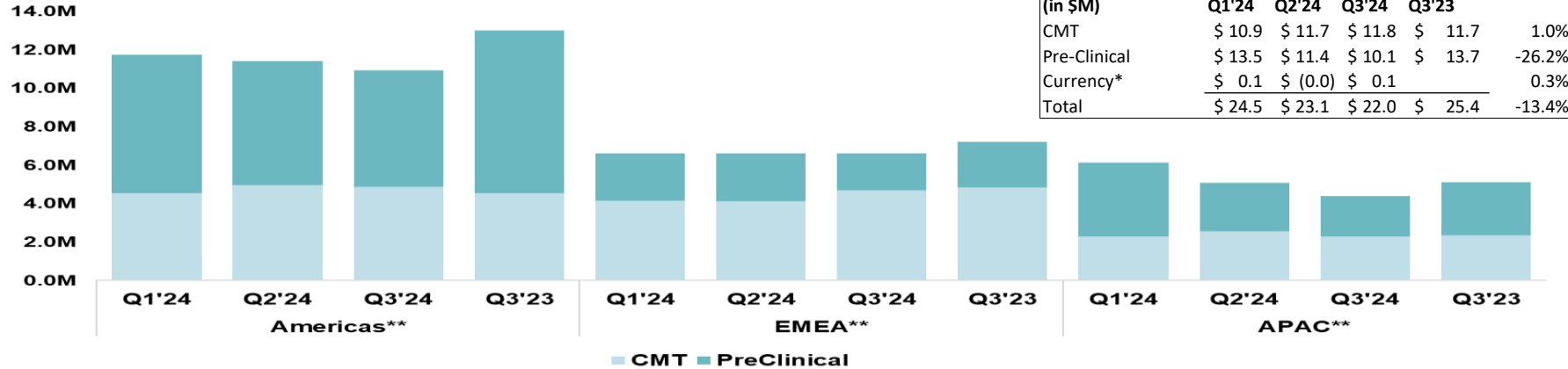
# CEO Summary: Q3'24 Highlights

*Stay the course, stay lean and remain focused on product commercializations for new revenue streams*

Income Statement Components (\$ in millions except percentages)	Q3 2024	Q3 2023
<b>Revenue</b>	<b>22.0</b>	<b>25.4</b>
<b>Gross Margin</b>	<b>12.8</b>	<b>14.7</b>
% of Revenue	58.1%	58.1%
<b>Operating Loss</b>	<b>(1.9)</b>	<b>(0.9)</b>
% of Revenue	(8.5%)	(3.7%)
<b>Adjusted Operating Income*</b>	<b>0.8</b>	<b>1.8</b>
% of Revenue	3.8%	7.3%
<b>Adjusted EBITDA*</b>	<b>1.3</b>	<b>2.2</b>
% of Revenue	6.0%	8.9%

\* Non-GAAP measure, see Appendix for reconciliation to GAAP financial measures

# Q3'24 Revenue by Geography – Updated\*\*



## Americas

- Overall: Down 15.9% yoy as reported, sequentially down 4.2%\*\*
- Pre-clinical: Decreases in Covid related Respiratory products, decreases in Telemetry and Ponemah™ enterprise SW
- CMT: Sequential growth in cell-based testing
- Academics/NIH slow - lack of budget clarity
- Pharma and CRO still keeping tight strings

## EMEA

- Overall: Down 8.4% as reported, stabilizing sequentially up 0.3%\*\*
- Pre-clinical: tight budgets continue
- CMT: Sequential growth in cell-based testing
- Environment has slowed with higher interest rates
- Ukraine funding affecting government spend

## APAC

- Overall: Down 13.9% as reported, sequentially down 13.1%\*\*
- Pre-clinical: saw further erosion from both prior year Q3 and sequentially vs Q2
- CMT: saw some erosion from both prior year Q3 and sequentially vs Q2
- Expect China/APAC flat to modest improvement starting Q4

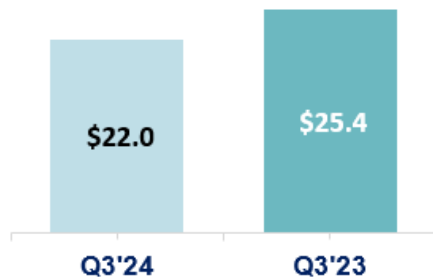
\* FX impact due to currency

\*\* Slide updated on November 21, 2024 to correct the allocation of revenues among the Americas, EMEA, and APAC. This slide replaces the slide originally presented on November 7, 2024 in connection with the Company's Q3'24 earnings call.

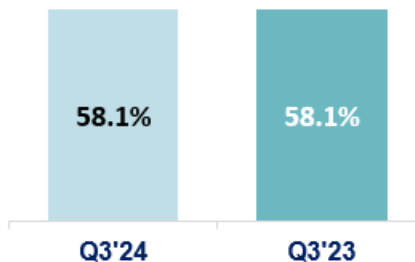
# Q3'24 Financial Metrics (GAAP except where noted)

\$ Million except  
per share data

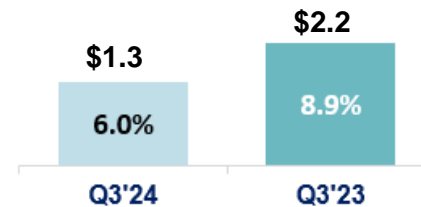
## REVENUE



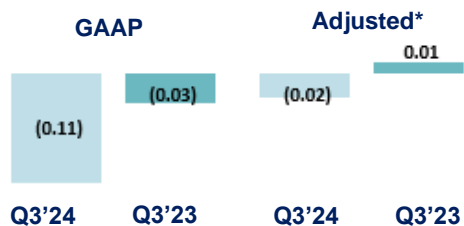
## GROSS MARGIN



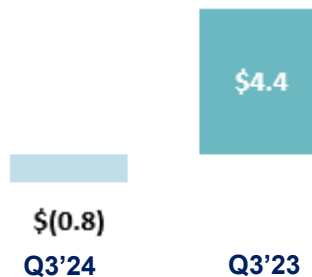
## ADJUSTED EBITDA\*



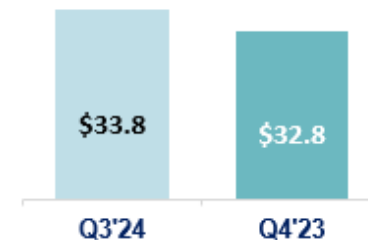
## (LOSS) EARNINGS PER SHARE



## CASH FLOW FROM OPERATIONS



## NET DEBT\*



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

# 2024 New Product Introductions: Supports Long Term Growth Targets

Growth Category	Product Line	Application	Customers	Production Status	Commercial Status
<b>Base</b>	<ul style="list-style-type: none"> <li>• SoHo™ Shared Housing Telemetry</li> <li>• VivaMARS™</li> </ul>	<ul style="list-style-type: none"> <li>• Safety Pharmacology</li> <li>• Toxicology</li> </ul>	<ul style="list-style-type: none"> <li>• CROs</li> <li>• Biopharma</li> <li>• Academics</li> </ul>	<ul style="list-style-type: none"> <li>• Q3: Soho Production Shipments</li> <li>• Q4: VivaMARS Additional Shipments</li> </ul>	<ul style="list-style-type: none"> <li>• Began first SoHo commercial shipments</li> <li>• Large first CRO customer planning to purchase for additional sites</li> </ul>
<b>Electroporation &amp; Bridge to Bioproduction</b>	<ul style="list-style-type: none"> <li>• BTX™ Electroporation</li> <li>• Amino Acid Analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Electroporation</li> <li>• Bioproduction</li> </ul>	<ul style="list-style-type: none"> <li>• Biopharma</li> </ul>	<ul style="list-style-type: none"> <li>• BTX in production</li> <li>• Q3: AAA cGMP production Shipments</li> </ul>	<ul style="list-style-type: none"> <li>• First customer now at ~\$1M consumables</li> <li>• In planning for second drug application</li> <li>• Shipped initial AAA units in Q3, expect another handful in Q4</li> </ul>
<b>MeshMEA™ / Organoid</b>	<ul style="list-style-type: none"> <li>• MEA Systems</li> <li>• 3D &amp; Mesh Sensors (consumables)</li> </ul>	<ul style="list-style-type: none"> <li>• Neuro Research</li> <li>• Cardiac Research</li> <li>• In-Vitro Safety Pharmacology &amp; Toxicology</li> </ul>	<ul style="list-style-type: none"> <li>• Academics</li> <li>• Biopharma</li> <li>• Advanced CROs</li> </ul>	<ul style="list-style-type: none"> <li>• Q2: Beta Sites in Operation</li> <li>• Q3/Q4: Early Adopters shipments</li> <li>• Q2'25: Production</li> </ul>	<ul style="list-style-type: none"> <li>• 5 Active Beta Sites                             <ul style="list-style-type: none"> <li>• Academics: UT, Michigan, expect NIH (Q1)</li> <li>• CRO: Synaxys for Neuro Safety/Tox</li> <li>• Leading BioPharma: Neuro &amp; Cardiac</li> </ul> </li> <li>• Early Adopters: up to 10 by end of Q4</li> <li>• Ramping Mesh-chip supply chain for 2025</li> </ul>

# Outlook

# 2024 Outlook

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## For FY2024, we now expect:

- Q4 revenues of ~ \$23-26M, full year 2024 revenue of ~\$93-\$96M
- Expanding adoption of our new telemetry and neuro behavior, bioproduction and the emerging MeshMEA™ organoid systems to support sequential growth.
- Q4 and full year Gross Margins in the 59-60% range.
- Q4 Adjusted EBITDA margins in the mid-teens and full year in the high single digits





# Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures (unaudited)  
(in thousands, except per share data and percentages)

# Reconciliation to GAAP P&L

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>GAAP operating (loss) income</b>	\$ (1,874)	\$ (933)	\$ (6,222)	\$ 1,612
Stock-based compensation	1,053	1,363	3,379	3,618
Acquired asset depreciation & amortization	1,343	1,369	4,017	4,167
Other operating expenses (1)	179	-	1,394	-
Other adjustments	137	42	256	450
<b>Adjusted operating income</b>	<u>\$ 838</u>	<u>\$ 1,841</u>	<u>\$ 2,824</u>	<u>\$ 9,847</u>
Operating margin	(8.5%)	(3.7%)	(8.9%)	1.9%
Adjusted operating margin	3.8%	7.3%	4.1%	11.7%

<b>GAAP net loss</b>	\$ (4,802)	\$ (1,239)	\$ (12,423)	\$ (1,597)
Stock-based compensation	1,053	1,363	3,379	3,618
Acquired asset depreciation & amortization	1,343	1,369	4,015	4,167
Other operating expenses (1)	179	-	1,394	-
Pension settlement expense	1,243	-	1,243	-
Other adjustments	137	42	256	46
(Gain) loss on equity securities	-	(1,208)	1,593	374
Income taxes	(214)	196	377	(1,919)
<b>Adjusted net (loss) income</b>	<u>(1,061)</u>	<u>523</u>	<u>(166)</u>	<u>4,689</u>
Depreciation & amortization	475	405	1,383	1,054
Interest and other expense, net	1,374	837	3,197	3,095
Adjusted income taxes (2)	525	481	(209)	2,063
<b>Adjusted EBITDA</b>	<u>\$ 1,313</u>	<u>\$ 2,246</u>	<u>\$ 4,205</u>	<u>\$ 10,901</u>
Adjusted EBITDA margin	6.0%	8.9%	6.0%	13.0%

<b>Diluted loss per share (GAAP)</b>	<u>\$ (0.11)</u>	<u>\$ (0.03)</u>	<u>\$ (0.29)</u>	<u>\$ (0.04)</u>
<b>Diluted adjusted earnings per share</b>	<u>\$ (0.02)</u>	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ 0.11</u>
Weighted-average common shares:				
Diluted GAAP	43,614	42,688	43,499	42,345
Diluted Adjusted	43,614	44,563	43,499	44,195

	September 30, 2024	December 31, 2023
<b>Debt, including unamortized deferred financing costs</b>	<u>\$ 37,858</u>	<u>\$ 36,563</u>
Unamortized deferred financing costs	492	560
Cash and cash equivalents	(4,569)	(4,283)
<b>Net debt</b>	<u>\$ 33,781</u>	<u>\$ 32,840</u>

(1) Other operating expenses for the three months ended September 30, 2024 includes \$0.2 million of restructuring-related charges. Other operating expenses for the nine months ended September 30, 2024 includes a \$0.5 million commission fee paid in connection with the receipt of employee retention tax credits, a loss of \$0.3 million related to an unclaimed property audit, and \$0.6 million of restructuring-related charges.

(2) 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..

